WULFF GROUP PLC'S HALF-YEAR FINANCIAL REPORT FOR JANUARY 1 – JUNE 30, 2021

The acquisition boosted revenue and operating profit growth

1.4.–30.6.2021 BRIEFLY

- Wulff became the market leader by acquiring workplace products and services expert Staples Finland Ltd and its Finnish parent company EMO Finland Ltd (hereinafter Wulff Solutions) on May 3, 2021 for EUR 6.0 million
- Net sales totaled EUR 23.2 million (15.1), an increase of 54.1%
- EBITDA grew to EUR 5.1 million (1.7) and comparable EBITDA was EUR 1.3 million (1.7)
- Operating profit was EUR 4.6 million (1.2) and comparable operating profit (EBIT) was EUR 0.8 million (1.2)
- Earnings per share (EPS) was EUR 0.65 (0.09) and comparable earnings per share (EPS) was EUR 0.09 (0.09)
- The equity ratio was 33.0% (38.9)
- Wulff updated the outlook for comparable operating profit on May 3, 2021; Wulff estimates that the net sales will grow to approximately EUR 90 million in 2021 (EUR 57.5 million in 2020), operating profit will grow significantly from the previous year and comparable operating profit will remain at a good level in 2021. Wulff maintains the operating guidelines for operating profits and updates the outlook for net sales: net sales are predicted to grow to more than EUR 90 million.

1.1.–30.6.2021 BRIEFLY

- Net sales totalled EUR 38.5 million (29.8), increased by 29.3%
- EBITDA was EUR 6.0 million (2.4) and comparable EBITDA was EUR 2.3 million (2.4)
- Operating profit was EUR 5.1 million (1.5) and comparable operating profit (EBIT) was EUR 1.4 million (1.5)
- Earnings per share (EPS) was EUR 0.68 (0.09) and comparable earnings per share was EUR 0.13 (0.09)

WULFF GROUP PLC'S CEO ELINA PIENIMÄKI

"Thanks to the acquisition of Staples' Finnish operations in May, we are now the market leader in work environment products and services in Finland. With the acquisition in line with our strategy, our service offering expanded, our purchasing power increased and our ability to renew our product and service offerings and invest in digitalisation improved. I am pleased with the positive feedback we have received regarding the acquisition from our customers, partners, staff and owners.

The two companies, which have both been operating in the market for more than 130 years, have the optimum conditions for merging their operations: the companies are achievers of a pandemic year capable of renewal and adaptation. Moreover, the values that guide their operations and the operating models are similar. The merge will create a strong foundation for future growth through economies of scale.

The merger is proceeding as planned. Our goal is a unified, customer-oriented and efficient management and operating model in Finland. Our goal is to achieve annual synergy benefits of approximately EUR 3 million by 2023. Benefits are expected as early as the end of 2021 and more broadly next year. A wider product range brings additional sales and efficient operating models increase productivity and the quality of the customer experience, and thereby increase competitiveness. We can offer employees more career options and be a more attractive employer.

The transaction was a growth leap for us to become a major domestic player in our industry, and the business outlook is positive for us. We are a competitive and attractive partner: responsibility, locality and multi-channel as values and features invite more and more companies to partner. Combined with the best sales expertise in the Nordic countries, active acquisition of new customers and an international partner network, growth is possible in the future as well."

GROUP'S NET SALES AND RESULT PERFORMANCE

In January-June 2021 net sales totaled EUR 38.5 million (29.8), and in April-June EUR 23.2 million (15.1). Net sales increased in the first half year period by 29.3% (2.0) and by 54.1% (-2.0) in the second quarter. Net sales increased mainly due to the acquisition of Wulff Solutions on May 3, 2021. The sales of the Expertise Sales segment's hygiene and protective products decreased from the peak year 2020.

EUR 6.0 million was paid from Wulff Solutions, which is less than the company's net assets at the time of acquisition on May 3, 2021, approximately EUR 10.5 million. EUR 4.5 million arising from the bargain purchase is recognized in the other operating income. The recognition of negative goodwill has been treated as a non-recurring item affecting comparability.

In January-June 2021 the gross margin amounted to EUR 12.4 million (11.0) being 32.2% (36.9) of net sales, and EUR 7.1 million (5.8) in the second quarter being 30.5% (38.6) of net sales. Gross margin increased by EUR 2.3 million thanks to the acquisition of Wulff Solutions on May 3, 2021 but decreased due to lower sales of hygiene and protective products in the Expertise Sales segment than in the comparison period. The gross margin level of the increased Contract Customers segment in relation to net sales is lower than the gross margin level of Expertise Sales segment. In addition, the gross margin level fell short of the comparison period after the price level of hygiene products stabilized from the peak of 2020.

In January-June 2021 employee benefit expenses amounted to EUR 7.5 million (6.5) and 19.4% (21.8) of net sales, and respectively, in the second quarter EUR 4.2 million (3.2), being 18.2% (21.5) of net sales. Wulff 's employees increased by 114 as a result of the acquisition. The increase in employee benefit expenses in relation to net sales was lower than the increase in net sales. In the second quarter of 2021, non-recurring personnel expenses arising from the completion of the acquisition and termination of employment amounted to approximately EUR 0.2 million.

Other operating expenses amounted to EUR 3.7 million (2.3) in January-June 2021, being 9.7% (7.7) of net sales and respectively EUR 2.5 million (1.0) in the second quarter, being 10.9% (6.3) of net sales. The non-recurring costs related to the completion of the acquisition were approximately EUR 0.5 million.

In January-June 2021 EBITDA amounted to EUR 6.0 million (2.4) being 15.6% (7.9) of net sales, and EUR 5.1 million (1.7) in the second quarter, being 21.9% (11.2) of net sales. Goodwill recognition of EUR 4.5 million due to the favorable acquisition and EUR 0.7 million of costs arising from the implementation of the acquisition have been deducted from the comparable results. The first half-year period of 2020 did not include items affecting comparability. In January-June 2021 comparable EBITDA amounted to EUR 2.3 million (2.4) being 5.9% (7.9) of net sales, and EUR 1.3 million (1.7) in the second quarter, being 5.8% (11.2) of net sales.

Operating profit (EBIT) amounted to EUR 5.1 million (1.5), 13.3% (5.0) of net sales and respectively EUR 4.6 million (1.2), 19.7% (8.1) in the second quarter. The comparable operating profit (EBIT) amounted to EUR 1.4 million (1.5), 3.6% (5.0) of net sales and respectively EUR 0.8 million (1.2), 3.5% (8.1) in the second quarter.

In January-June 2021 the net total of financial income and expenses totaled EUR -0.2 million (-0.4) including interest expenses EUR -0.1 million (-0.1) and mainly the net of currency-related other financial items and bank expenses EUR -0.1 million (-0.3). In the second quarter, the net total of financial income and expenses totaled (net) EUR -0.1 million (-0.2).

In January-June 2021 the result before taxes was EUR 5.0 million (1.1), in the second quarter the result before taxes was EUR 4.5 million (1.0). In January-June 2021 the comparable result before taxes was EUR 1.2 million (1.1), in the second quarter the comparable result before taxes was EUR 0.7 million (1.0)

The net profit for the reporting period was EUR 4.8 million (0.9) and in the second quarter the net profit was EUR 4.4 million (0.9). The comparable net profit for the reporting period was EUR 1.0 million (0.9) and in the second quarter the comparable net profit was EUR 0.6 million (0.9).

Earnings per share (EPS) was EUR 0.68 (0.09) in January-June 2021, and EUR 0.65 (0.09) in the second quarter. Comparable EPS was EUR 0.13 (0.09) in January-June 2021, and EUR 0.09 (0.09) in the second quarter.

CONTRACT CUSTOMERS SEGMENT

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

In January-June 2021 the Contract Customers segment's net sales totaled EUR 30.3 million (20.4), and EUR 19.9 million (8.2) in the second quarter. In January-June 2021 the operating profit (EBIT) was EUR 0.5 million (0.1), and EUR 0.2 million (-0.2) in the second quarter. The Contract Customers segment's net sales increased by EUR 9.7 million during the whole reporting period thanks to Wulff Solutions' net sales. Wulff Solutions is a strong player in the provision of products and services for work environments and its customer target groups include private sector and public administration customers. In the private sector, Wulff Solutions' customer portfolio is highly diversified, with important customer target groups in healthcare and industry, among others. Public administration customers include, for example, municipalities and schools. Wulff Solutions' diverse and competitive range of products and services focused on work environment solutions complements Wulff's contract sales offering, enabling sales synergies. The growth in contract sales from the Scandinavian units was mainly resulting in Norway.

Wulff Entre provided remote meeting services for its customers with its My Remote Studio and Exhibition on Demand concepts. In the sale of remote encounters, Wulff Entre fell short of net sales in 2020 during the review period, when the traditional international exhibition services were still sold in January-February. The net sales and the profitability were still impacted by the situation overshadowing the international exhibition industry: due to the traveling and gathering restrictions no exhibitions were held during the first half-year period. The company expects the industry to recover, with the appreciation and importance of traditional encounters rising after the pandemic crisis, even though the economic recovery may be slow. Companies that are boldly renewing the industry are thriving in the event market: for this reason Wulff Entre is investing heavily in the sale of new remote meeting services.

Wulff's Contract Customers include several major companies and corporations which purchased less traditional workplace related products, such as coffee and property maintenance products as well as office supplies, for their premises during the reporting period. At the same time, topical hygiene and protective products were sold to workplaces and work environments, which are believed now to remain part of the daily lives of companies.

In Finland, Wulff is the market leader and in Scandinavia it is one of the top actors in the industry with an exceptional number of large companies in the Nordics trusting its services. One of the most popular cost and time saving supply solutions in Finland is Wulff's MiniBar, which in Scandinaviais known as the Cabinet Service, which can be found in hundreds of companies and corporations. 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 supplies in total sales has decreased over the years as the rest of the workplace product range has expanded. The exceptional circumstances have also affected 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 leisure homes, for example. A significant share of work will be done remotely and in different changing environments in the future as well. For this reason Wulff is investing in a product portfolio that enables safe, ergonomic and pleasant ways of working in home offices and while moving from one place to another in addition to business premises.

The biggest impact of the coronavirus pandemic on the Wulff Group has been the decline in the sales of international exhibition services. No exhibitions have been held and several events have been moved forward. Despite the resent upturn, the recovery of the event industry is expected to be slow and the effects of the pandemic will accelerate change in the industry. Therefore, new remote encounter services have been developed at Wulff. The Exhibition on Demand and My Remote Studio service concepts enable exhibition-like and inspiring encounters safely and virtually. Wulff Entre's new experiential remote encounter services will be sold and implemented in the future under the leadership of the company's Chief Operating Officer Sami Hokkanen. Premium Exhibition services will be sold for the fall and next year. Under normal circumstances, the company annually exports the know-how of Finnish companies to more than 30 countries. In addition to Finnish companies, Wulff Entre serves customers from such countries as Germany, Sweden, Norway and the United States.

Printing services are increasingly being outsourced nowadays. 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.

Wulff's open web shop Wulffinkulma.fi is constantly being developed. Lately, the web shop, which is geared towards small companies and self-employed people has focused on also serving consumers. The web shop, which has always offered customers a product range that is more diverse than that of its traditional competitors, further expanded its assortment this year. The assortment has now got more than 4,000 products. In addition to hygiene and protective products the web shop is equipped with plentiful healthy snacks, salty dry foods, sweets, and pet food products.

The Wulffinkulma.fi web shop is known for its fast and reliable deliveries. This versatile and mobile-friendly web shop's advantages are secure and accurate delivery. Be it to business premises, the home, remote office or self-employed person's desk in a co-working space: 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 range. 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 latest products on the market with the most professional, personal, and local service.

In January-June 2021 the Expertise Sales Segment's net sales totaled EUR 8.2 million (9.4), and EUR 3.3 million (6.9) in the second quarter. In January-June 2021 operating profit was EUR 0.6 million (1.6), and EUR 0.1 million (1.5) in the second quarter. Sales of hygiene and protective products in the Expert Sales segment declined from the peak in 2020, and the stabilization of the price level of current products reduced operating profit. The Expertise Sales Segment's strength has been to take hold of the sales of current products fast and to contact regional customers quickly offering exactly the products they need. Wulff's sales expert is a trusted contact, whose knowledge and expertise is highly valued. Expertise sales provide personal and local service; identifying the specific characteristics of the customer's operations. Cleaning and hygiene products as well as equipment used in remote work still sold well and indoor air quality is also considered to be important.

Expertise Sales is an expert service that requires knowledge of the customer, the customer's business and operating environment, and it emphasizes the importance of personal contact. Wulff stands out from the competition due to its locality and domesticity. The Expertise Sales segment offers customers the latest products and favorites, as well as a broad range of wellbeing and ergonomic products for the workplace, first aid, and products improving work safety. Sustainability, locality and ecofriendliness are increasingly important grounds for choices. In the midst of the pandemic, 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. Office work will continue to account for an ever-increasing part of all labor 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 raises customer's awareness of solutions that make workdays better.

Wulff is known for being the workplace for 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 sales personnel have a significant effect on the performance of the Expertise Sales Segment in particular. New talent and future sales experts are always welcome at Wulff! Wulff's own induction 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 their expertise.

FINANCING, INVESTMENTS AND FINANCIAL POSITION

In January-June 2021 cash flow from operating activities was EUR 3.1 million (0.7). Cash flow from operating activities increased from sales. The timing of cash flows from working capital items had a positive effect particularly on the closing cash position for the reporting period. Usually in the industry, it is typical that the result and cash flow are generated in the last quarter.

Inventories increased with Wulff Solutions' products by EUR 7.1 million and trade receivables by EUR 7.4 million. The EUR 1.0 million of stock consisted mainly of school products to be delivered to customers in August. The company's trade payables were EUR 4.7 million and ordinary other liabilities and accrued liabilities related to business operations totaled EUR 4.8 million. The fully automated Tuusula logistics center, owned by Wulff Solutions, increased tangible fixed assets in the balance sheet by EUR 1.6 million. Wulff Solutions leases store premises in Helsinki's Sörnäinen district, Tampere and Jyväskylä as well as its main premises in Pitäjänmäki. The company also rents cars. These leases increased leasing assets and liabilities by EUR 0.9 million.

To finance the acquisition of Wulff Solutions, Wulff Group Plc took out a EUR 6.8 million senior financial loan, of which EUR 2.0 million will be repaid with cash flow released from working capital within one year of the completion of the transaction and EUR 4.8 million from the financial loan within 5 years. Wulff raised a one-million-euro loan on May 8, 2020 to cover additional financing needs during the Covid-19 pandemic and agreed to transfer two instalments of long-term loans in 2020 to the loan principal of future instalments.

Long-term loans were repaid in total of EUR 0.5 million (0.3). Short-term loans amounting to EUR 1.0 million (0.0) were procured.

Lease agreement payments were EUR 0.5 million (0.5). Recognition of lease agreements on the balance sheet increased group assets by EUR 2.2 million (1.5) and liabilities by EUR 2.3 million (1.5) at the end of reporting period. Investments during the reporting period were EUR 0.7 million (0.4) and included EUR 0.2 million in the refurbishment of the facade of Kilo's premises, which was completed in the spring.

In April 2021 a dividend of EUR 0.8 million was paid to the owners of the parent company.

The cash flow of financing activities was EUR 6.0 million (0.1) in January-June 2021.

The equity-to-assets ratio was 33.0% (38.9). Adjusted for interest-bearing short-term financial liabilities with cash and cash equivalents of EUR 4.0 million, the equity ratio was 35.6% on June 30, 2021.

The Group's cash balance increased by EUR 3.5 million (0.3) in January-June. The Group's bank and cash funds totaled EUR 0.5 million (0.3) at the beginning of the year and EUR 4.0 million (0.6) at the end of the reporting period.

Equity attributable to the shareholders of the parent company was EUR 2.55 per share (1.86).

SHARES AND SHARE CAPITAL

Wulff Group Plc's share is listed on the NASDAQ OMX Helsinki in the Small Cap segment under the Industrial Goods and Services sector. The company's trading code is WUF1V. At the end of the reporting period, the share was valued at EUR 4.42 (1.52) and the market capitalization of the outstanding shares totaled EUR 29.9 million (10.3).

In January-June 2021 the company did not reacquire any of its own shares. During the second quarter of 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 the NASDAQ OMX Helsinki, in accordance with the rules regarding the acquisition of a 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.

The Board of Directors decided to establish a short- and long-term incentive scheme for CEO Elina Pienimäki on February 22, 2021. The remuneration to be paid through the scheme excluding indirect wage costs is equal to the value of a maximum of 40,000 shares in Wulff Group Plc from financial years 2021-2023. In addition, 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 was based on the authorization given to the Board of Directors by the Annual General Meeting on April 23, 2020.

At the end of June 2021, the Group held 137,260 (144,260) treasury shares representing 2.0% (2.1) 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 8, 2021. The Annual General Meeting verified the financial statements for the financial year 2020 and discharged the members of the Board of Directors and CEO from liability for the financial period Jan 1– Dec 31, 2020. The Annual General Meeting decided on a dividend of a total of EUR 0.12 per share for the financial year 2020. The Annual General Meeting approved the remuneration report proposed by the Board of Directors.

Kari Juutilainen, Lauri Sipponen, Jussi Vienola and Kristina Vienola were re-elected as members of the Board. The organizing meeting of Wulff Group Plc's Board of Directors, held after the Annual General Meeting, elected Kari Juutilainen as Chair of the Board. 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 named the auditor of Wulff Group Plc.

The Annual General Meeting authorized the Board of Directors to decide on the acquisition of a maximum of 300,000 own shares. The authorization is valid until April 30, 2022. The Board of Directors decided to continue buying back own shares in accordance with the authorization granted by the Annual General Meeting on April 8, 2021.

The Annual General Meeting authorized the Board to decide on the issue of new shares, disposal of treasury shares and/or the issue of special rights. The authorization 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 authorization remains in force until April 30, 2022.

PERSONNEL

In January-June 2021 the Group's personnel totaled 216 (196) employees on average. Wulff's employees increased by 114 due to the acquisition of Wulff Solutions. At the end of June, the Group had 295 (187) employees of which 63 (60) persons were employed in Sweden, Norway or Denmark. Of the Group's personnel 48% (59) work in sales operations and 52% (41) in sales support, logistics and administration. 49% (48) of the personnel are women and 51% (52) are men.

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 and the restrictions in place to contain an mitigate the virus 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 digitalization 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, such as the integration of operations from business acquisitions, 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.

SUBSEQUENT EVENTS

Tomi Hilvo, President and CEO of Wulff Entre, resigned from his position and from Wulff-Group Plc’s Management Team on July 26, 2021. The Group has not had any other significant events after the reporting period.

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 knowledge 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. Digitalization 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: is the environment treated as a resource or is the goal to improve the state of the environment. Future success is strongly built on these themes and their importance is growing in business and consumer decision-making. Wulff has chosen responsibility, particularly positive climate action and increasing equality as important elements of its 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. Wulff estimates that the overall market for workplace products and services will remain stable, despite rapid changes in work environments. With the positive development in vaccine coverage, protection products will no longer be as necessary as they were at the onset of the pandemic. However, safe encounters will continue to be important. Wulff expects demand for hygiene, cleaning, cleaning, and protection products to remain at a good level despite the change. At the same time, the pandemic has brought lasting changes to the way we work; teleworking has increased and increased the number of workstations and the demand for products needed at workstations. Demand for IT supplies, printing products and traditional office supplies is expected to stabilize at pre-pandemic levels in the near future. This is due to the return to work and the increased number of new workstations created by the pandemic-driven change in working life in homes and leisure homes.

In Finland, the company focuses on unifying Wulff Solutions Oy's operations with regard to workplace products and services, with the aim of providing the best customer experience and the most responsible and constantly evolving products and services in the industry. Synergies are sought step by step in all activities. The Group's net sales and operating profit are weakened by the situation in the international exhibition services sector, which is recovering slowly. Demand for Wulff Entre's traditional Premium Exhibition services is still low due to the coronavirus pandemic.

Wulff aims to grow profitably and it has the continuing ability to be a more active player in M&A than its competitors.

On May 3, 2021, Wulff estimated that net sales in 2021 will increase to approximately EUR 90 million (EUR 57.5 million in 2020), operating profit will increase significantly from the previous year and comparable operating profit will remain at a good level in 2021. The company maintains its operating guidelines for operating profits and updates its net sales outlook: Wulff estimates that net sales are predicted to grow to more than EUR 90 million (EUR 57.5 million in 2020), operating profit will grow significantly from the previous year and 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 net sales, a growing comparable operating profit per cent and an increasing dividend per share.

WULFF GROUP PLC’S FINANCIAL REPORTING

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

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

In Espoo on July 26, 2021

WULFF GROUP PLC
BOARD OF DIRECTORS

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A better world – one workplace at a time. Wulff's goal is a perfect workday! We enable better working environments and create workplaces, wherever you may be. More comfortable, healthier, safer, more enjoyable, more active and more diverse? How do you want to better you workday and working environment? Wulff has the solution. We offer our customers hygiene- and protective products, air purifiers, office supplies, facility management products, catering solutions, IT supplies, ergonomics, first aid, and innovative products for worksites. Customers can also acquire international exhibition services from Wulff. In addition to Finland, Wulff operates in Sweden, Norway, and Denmark. Check out our products and services at wulff.fi/en/.

HALF-YEAR FINANCIAL REPORT, TABLE PART Jan 1 – Jun 30, 2021

The information presented in the report has not been audited.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (IFRS)	II	II	I–II	I–II	I–IV
EUR 1000	2021	2020	2021	2020	2020
Net sales	**23 228**	**15 072**	**38 542**	**29 802**	**57 541**
Other operating income	4 767	70	4 832	137	668
Materials and services	-16 141	-9 252	-26 129	-18 806	-36 793
Employee benefit expenses	-4 223	-3 245	-7 483	-6 499	-11 594
Other operating expenses	-2 536	-950	-3 739	-2 284	-4 618
EBITDA	**5 095**	**1 695**	**6 024**	**2 350**	**5 204**
Depreciation and amortization	-519	-474	-889	-859	-1 664
Operating profit/loss	**4 576**	**1 221**	**5 135**	**1 491**	**3 541**
Financial income	21	0	40	14	72
Financial expenses	-105	-179	-208	-407	-512
Profit/Loss before taxes	**4 491**	**1 042**	**4 967**	**1 098**	**3 101**
Income taxes	-105	-187	-192	-196	-558
Net profit/loss for the period	**4 387**	**856**	**4 775**	**903**	**2 543**
Attributable to:					
Equity holders of the parent company	4 368	620	4 631	641	2 174
Non-controlling interest	19	236	145	261	369
Earnings per share for profit attributable to the equity holders of the parent company:					
(diluted = non-diluted)	0.65	0.09	0.68	0.09	0.32
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
EUR 1000					
Net profit/loss for the period	**4 387**	**856**	**4 775**	**903**	**2 543**
Other comprehensive income which may be reclassified to profit or loss subsequently (net of tax)					
Change in translation differences	16	94	20	6	181
Total other comprehensive income	**16**	**94**	**20**	**6**	**181**
Total comprehensive income for the period	**4 403**	**949**	**4 795**	**909**	**2 724**
Total comprehensive income attributable to:					
Equity holders of the parent company	4 384	694	4 648	643	2 333
Non-controlling interest	18	256	147	265	390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)			
EUR 1000	30.6.2021	30.6.2020	31.12.2020
ASSETS			
Non-current assets			
Goodwill	8 182	8 124	8 194
Other intangible assets	1 062	565	689
Property, plant and equipment	10 741	8 460	8 051
Non-current financial assets			
Non-interest-bearing financial assets	195	105	105
Deferred tax assets	1 075	917	1 081
Total non-current assets	**21 255**	**18 171**	**18 120**
Current assets			
Inventories	14 650	8 086	8 687
Current receivables			
Interest-bearing receivables	17	19	17
Non-interest-bearing receivables	16 530	9 170	8 049
Cash and cash equivalents	4 037	598	480
Total current assets	**35 234**	**17 872**	**17 233**
TOTAL ASSETS	**56 489**	**36 043**	**35 353**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company:			
Share capital	2 650	2 650	2 650
Share premium fund	7 662	7 662	7 662
Invested unrestricted equity fund	676	676	676
Retained earnings	6 413	1 584	2 529
Non-controlling interest	956	616	742
Total equity	**18 358**	**13 189**	**14 260**
Non-current liabilities			
Interest-bearing liabilities	8 222	5 667	4 514
Leasing liabilities	1 194	882	683
Non-interest-bearing liabilities	229	430	421
Deferred tax liabilities	207	190	181
Total non-current liabilities	**9 852**	**7 168**	**5 799**
Current liabilities			
Interest-bearing liabilities	6 499	2 565	2 888
Leasing liabilities	1 134	682	581
Non-interest-bearing liabilities	20 647	12 439	11 825
Total current liabilities	**28 279**	**15 686**	**15 294**
TOTAL EQUITY AND LIABILITIES	**56 489**	**36 043**	**35 353**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)	I–II	I–II	I–IV
EUR 1000	2021	2020	2020
Cash flow from operating activities:			
Cash received from sales	38 302	28 624	57 747
Cash received from other operating income	328	97	279
Cash paid for operating expenses	-35 413	-27 907	-54 907
Cash flow from operating activities before financial items and income taxes	**3 217**	**814**	**3 119**
Interest paid	-108	-84	-181
Interest received	3	12	16
Income taxes paid	-59	-13	-171
Net cash flow from operating activities	**3 054**	**728**	**2 783**
Cash flow from investing activities:			
Investments in intangible and tangible assets	-721	-361	-719
Acquisition of subsidiary company shares*	-4 812	-216	-216
Proceeds from sales of intangible and tangible assets	36	40	125
Net cash flow from investing activities	**-5 497**	**-537**	**-810**
Cash flow from financing activities:			
Acquisition of own shares	-	-100	-100
Dividends paid	-834	-	-744
Repayments of finance lease liabilities	-457	-479	-833
Changes in the shares of minority shareholders	-54	-	-
Withdrawals and repayments of short-term loans	974	-4	343
Withdrawals of long-term loans	6 800	1 000	-
Repayments of long-term loans	-456	-275	-451
Net cash flow from financing activities	**5 972**	**142**	**-1 785**
Change in cash and cash equivalents	**3 529**	**333**	**188**
Cash and cash equivalents at the beginning of the period	480	348	348
Translation difference of cash	29	-83	-57
Cash and cash equivalents at the end of the period	4 037	598	480

*At the time of acquisition cash and cash equivalents of EUR 1.4 million have been deducted from Wulff Solution's purchase price of EUR 6.0 million

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Equity attributable to equity holders of the parent company								
	Share capital	Share premium fund	Fund for invested non-restricted equity	Own shares	Translation differences	Retained earnings	**Total**	Non-controlling interest	**TOTAL**
Equity on Jan 1, 2021	**2 650**	**7 662**	**676**	**-360**	**-443**	**3 332**	**13 518**	**742**	**14 260**
Net profit / loss for the period						4 631	**4 631**	145	**4 775**
Net profit / loss for the period Total						**4 631**	**4 631**	**145**	**4 775**
Other comprehensive income (net of taxes):									
Change in translation difference					17		**17**	2	**20**
Comprehensive income					**17**	**4 631**	**4 648**	**147**	**4 795**
Dividends paid						-812	**-812**	-22	**-834**
Transfer of own shares				17		6	**23**		**23**
Changes in ownership						-144	**-144**	90	**-54**
Equity on June 30, 2021	**2 650**	**7 662**	**676**	**-343**	**-425**	**7 012**	**17 233**	**956**	**18 189**
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						641	**641**	261	**903**
Net profit / loss for the period Total						**641**	**641**	**261**	**903**
Other comprehensive income (net of taxes):									
Change in translation difference					2		**2**	4	**6**
Comprehensive income					**2**	**641**	**643**	**265**	**909**
Purchase of own shares				-100			**-100**	-	**-100**
Equity on June 30, 2020	**2 650**	**7 662**	**676**	**-360**	**-599**	**2 544**	**12 573**	**616**	**13 189**

NOTES TO THE HALF-YEAR FINANCIAL REPORT

1. BASIS OF PREPARATION

This Half-Year Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles used in the preparation of this report are consistent with those used in the 2020 financial statements and take into account the IFRS standard changes adopted as of Jan 1, 2021.

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 results from sales and acquisitions of subsidiaries, and non-recurring costs related to their implementation, such as the acquisition of Wulff Solutions on May 3, 2021, and write-downs of goodwill and significant one-time expenses. The Alternative Performance Measures should not be taken as substitutes for the standards presented in the Generally Accepted Accounting Principles for IFRS.

In the industry, it is typical that the result and cash flow are generated in the last quarter. School sales will have an impact on working capital and cash flow, especially in the second and third quarters. In an ordinary situation the seasonality of the international exhibition business and the timing of the same exhibitions arranged yearly and every other year have an impact on accumulation of the net sales and net profit. Due to the coronavirus pandemic no international exhibitions have been held since the first quarter of 2020.

The IFRS principles require management to make estimates and assumptions when preparing financial reports. Due to the pandemic, operational risks in business increased. The business has bound more working capital because the product portfolio was expanded to meet customers' needs. Due to the market change, the valuation of inventories and trade receivables have been monitored more closely than before. Although these estimates and assumptions are based on management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements.

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

All figures in the tables are presented as thousands of euros and have been rounded to the nearest thousand euros.

The information presented in the Half-Year Report has not been audited.

This report is translation of the official Half-Year Report in Finnish. In case of differences, the Finnish-language report shall prevail.

2. CHANGES IN GROUP STRUCTURE

Acquisitions

On May 3, 2021, Wulff Group Plc, acquired another leading player in its field, Staples Finland Oy, and its Finnish parent company EMO Finland Oy (hereinafter Wulff Solutions). As a result of the transaction, Wulff became the most comprehensive provider of workplace products and services and the clear market leader in Finland.

The acquisition will bring customers an even more diverse and comprehensive service, while increasing the company's purchasing power and enabling more efficient logistical and other operational solutions. The acquisition, in line with Wulff's growth strategy, will enable the development of a contract customer concept for domestic customers in particular and will be a significant competitive advantage for the company. The acquisition strengthened the Contract Customers segment's product and service offering in Finland as expected and increased net sales for the review period by EUR 9.7 million and gross margin by EUR 2.3 million. If Staples had been part of the Wulff Group from the beginning of the financial year 2021, Wulff's net sales would have been EUR 54.6 million, margin EUR 16.5 million and operating profit EUR 5.2 million.

The initial purchase price of Wulff Solutions' share capital was approximately EUR 6.0 million and included approximately EUR 1.4 million in cash. The purchase price was paid in cash upon execution of the transaction. The balance sheet of the transaction included lease liabilities of approximately EUR 0.9 million and no other interest-bearing debt at the time of execution. The company estimates that a non-recurring income of approximately EUR 4.5 million from the recognition of negative goodwill will be recognized as a result of the acquisition based on a preliminary purchase price of EUR 6.0 million and an estimated equity of EUR 10.5 million at the time of acquisition. The recognition of negative goodwill due to a bargain purchase is specified in connection with the revision of the purchase price. The final purchase price will be revised in September after adjustments to the regular working capital and debt-type items implemented on May 1, 2021.

Key figures for the subject of the transaction

EUR 1000	
Fair values of acquired assets and liabilities at the time of acquisition	**1.5.2021**
Assets	
Tangible and intangible assets	1 732
Other long-term receivables	86
Inventories	8 301
Trade receivables and other current assets	8 084
Cash and cash equivalents	1 430
Total assets	**19 633**
Liabilities	
Liabilities to credit institutions	-
Accounts payables	5 456
Accrued liabilities and other liabilities	3 688
Total liabilities	**9 144**
Total identifiable fair value of net assets	**10 489**
Goodwill from the acquisition	-4 469
Total consideration transferred	**6 020**

Consolidated unaudited figures according to the Finnish Accounting Principles:

EUR million	**2019**	**2020**
Net sales	49.8	55.8
EBITDA	-1.7	-0.3
Adjusted EBITDA*	0.6	2.9
Operating profit	-2.1	-0.6
Adjusted operating profit*	-0.2	2.2
Equity	6.0	3.8
Balance sheet total	15.3	20.9
Personnel	119	110

*) Adjusted EBITDA and operating profit take into account group services that cease after the completion of the transaction

Aggregate key figures of the acquisition:

EUR million	**2020**
Net sales	113.4
EBITDA	4.9
Adjusted EBITDA**	8.5
Operating profit	2.9
Adjusted operating profit**	6.0

**) Adjusted EBITDA and operating profit take into account the estimate of missing Group services and added adjustments in accordance with IFRS accounting principles

The figures have been summed up on the basis of the figures in the financial statements of the Wulff Group for the financial period January 1 to December 31, 2020 and the figures in the consolidated unaudited financial statements of Wulff Solutions for the financial period February 1, 2020 to January 31, 2021

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

Mergers

Torkkelin Paperi, a subsidiary selling office supplies and services in Finland, was merged to its parent company Wulff Oy Ab on October 10, 2020. The goal for the merge was to attain even more efficient deliveries to customers and savings in personnel and other administrative costs.

The property company Fastigheten Ljungby 13 AB merged with Wulff Supplies AB on February 28, 2020.

3. SEGMENT INFORMATION

	II	II	I–II	I–II	I–IV
EUR 1000	2021	2020	2021	2020	2020
Net sales by operating segments					
Contract Customers Segment	19 903	8 190	30 313	20 444	42 537
Expertise Sales Segment	3 290	6 882	8 167	9 357	16 024
Group Services	372	708	747	988	1 126
Intersegment eliminations	-337	-708	-685	-986	-2 145
TOTAL NET SALES	**23 228**	**15 072**	**38 542**	**29 802**	**57 541**
Operating profit/loss by segments					
Contract Customers Segment	249	-218	456	68	1 497
Direct Sales Segment	131	1 469	577	1 579	2 380
Group Services and non-allocated items*	4 196	-30	4 102	-156	-336
TOTAL OPERATING PROFIT/LOSS	**4 576**	**1 221**	**5 135**	**1 491**	**3 541**

* In Group Services and unallocated items, goodwill income of EUR 4.5 million due to the favorable acquisition and EUR 0.5 million of costs arising from the completion of the acquisition are presented.

4. KEY FIGURES

	II	II	I–II	I–II	I–IV
EUR 1000	2021	2020	2021	2020	2020
Net sales	23 228	15 072	38 542	29 802	57 541
Change in net sales %	54.1%	-2.0%	29.3%	2.0%	2.1%
Gross profit	7 087	5 820	12 414	10 996	20 748
Gross profit. %	30.5%	38.6%	32.2%	36.9%	36.1%
EBITDA	5 095	1 695	6 024	2 350	5 204
EBITDA margin. %	21.9%	11.2%	15.6%	7.9%	9.0%
Comparable EBITDA	1 338	1 695	2 267	2 350	5 204
Comparable EBITDA margin. %	5.8%	11.2%	5.9%	7.9%	9.0%
Operating profit/loss	4 576	1 221	5 135	1 491	3 541
Operating profit/loss margin. %	19.7%	8.1%	13.3%	5.0%	6.2%
Comparable operating profit/loss	819	1 221	1 378	1 491	3 541
Comparable operating profit/loss margin. %	3.5%	8.1%	3.6%	5.0%	6.2%
Profit/Loss before taxes	4 491	1 042	4 967	1 098	3 101
Profit/Loss before taxes margin. %	19.3%	6.9%	12.9%	3.7%	5.4%
Comparable profit/Loss before taxes	734	1 042	1 210	1 098	3 101
Comparable profit/Loss before taxes margin. %	3.2%	6.9%	3.1%	3.7%	5.4%
Net profit/loss for the period attributable to equity holders of the parent company	4 368	620	4 631	641	2 174
Net profit/loss for the period. %	18.8%	4.1%	12.0%	2.2%	3.8%
Comparable net profit/loss for the period attributable to equity holders of the parent company	611	620	874	641	2 174
Comparable net profit/loss for the period. %	2.6%	4.1%	2.3%	2.2%	3.8%
Earnings per share. EUR (diluted = non-diluted)	0.65	0.09	0.68	0.09	0.32
Comparable earnings per share. EUR (diluted = non-diluted)	0.09	0.09	0.13	0.09	0.32
Return on equity (ROE). %	29.4%	6.7%	29.4%	7.1%	19.1%
Return on investment (ROI). %	17.5%	5.1%	17.5%	5.6%	15.2%
Equity-to-assets ratio at the end of period. %	33.0%	38.9%	33.0%	38.9%	41.9%
Debt-to-equity ratio at the end of period	71.4%	69.5%	71.4%	69.5%	57.3%
Equity per share at the end of period. EUR *	2.55	1.86	2.55	1.86	2.00
Investments in non-current assets	493	147	721	361	719
Investments in non-current assets. % of net sales	2.1%	1.0%	1.9%	1.2%	1.2%
Treasury shares held by the Group at the end of period	137 260	144 260	137 260	144 260	144 260
Treasury shares. % of total share capital and votes	2.0%	2.1%	2.0%	2.1%	2.1%
Average number of outstanding shares	6 770 368	6 509 415	6 768 318	6 519 022	6 791 043
Number of total issued shares at the end of period	6 907 628	6 907 628	6 907 628	6 907 628	6 907 628
Personnel on average during the period	255	193	216	196	189
Personnel at the end of period	295	187	295	187	176

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

CALCULATION OF KEY FIGURES

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