Annual Report 2014

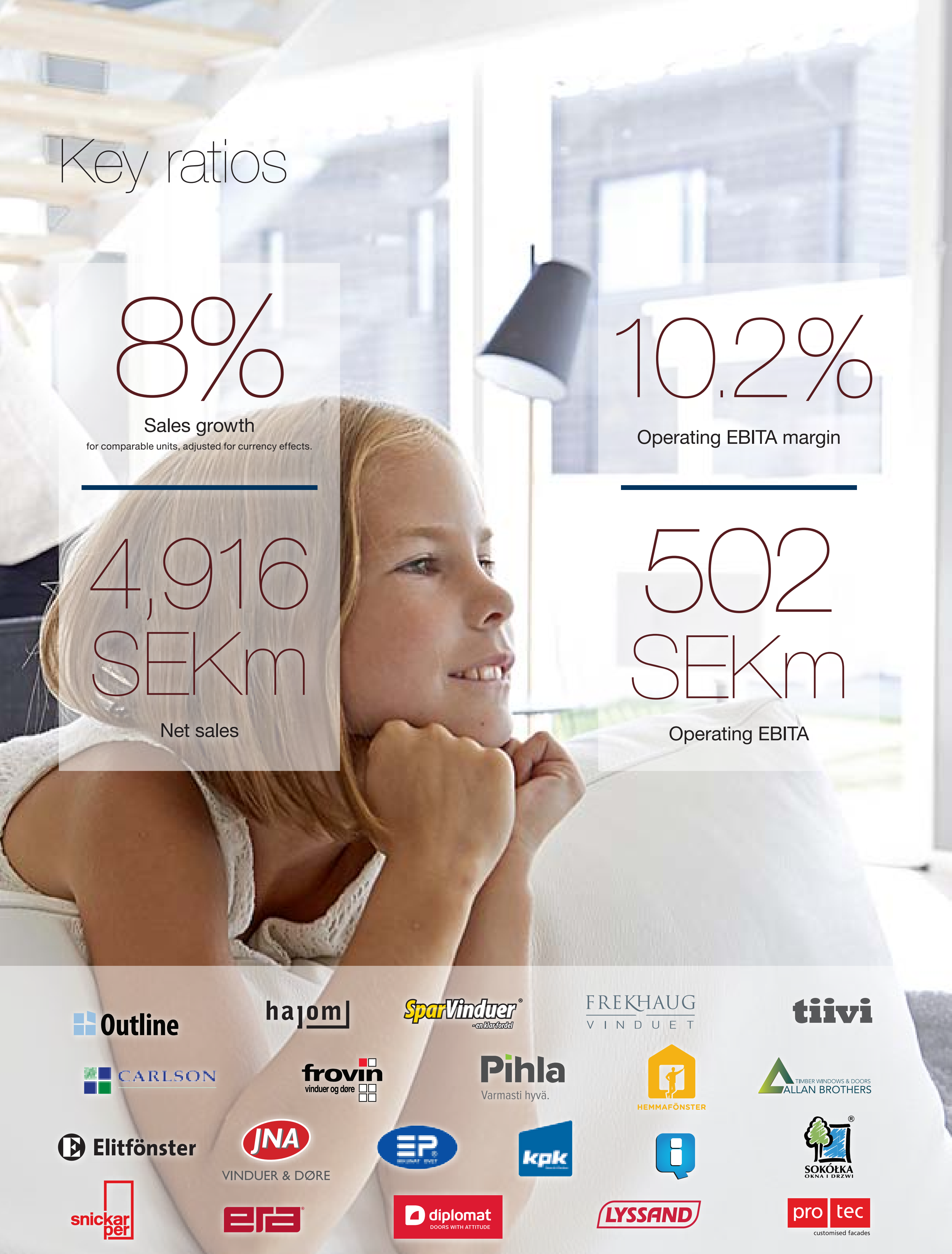
INWIDO

Great Windows & Doors

Bigger, stronger, smarter

Inwido is the largest manufacturer of windows and doors in Europe. Our innovative and modern products improve people's well-being. This philosophy has served us well, making us a profitable market leader.

And yet we still have much to achieve. We are brimming with ideas for smarter products, ways to create even more synergies and grow further on both existing and new markets. Because constant improvement is an integral part of our philosophy, to the benefit of both consumers and shareholders.



Key ratios

8%

Sales growth

for comparable units, adjusted for currency effects.

10.2%

Operating EBITA margin

4,916 SEKm

Net sales

502 SEKm

Operating EBITA

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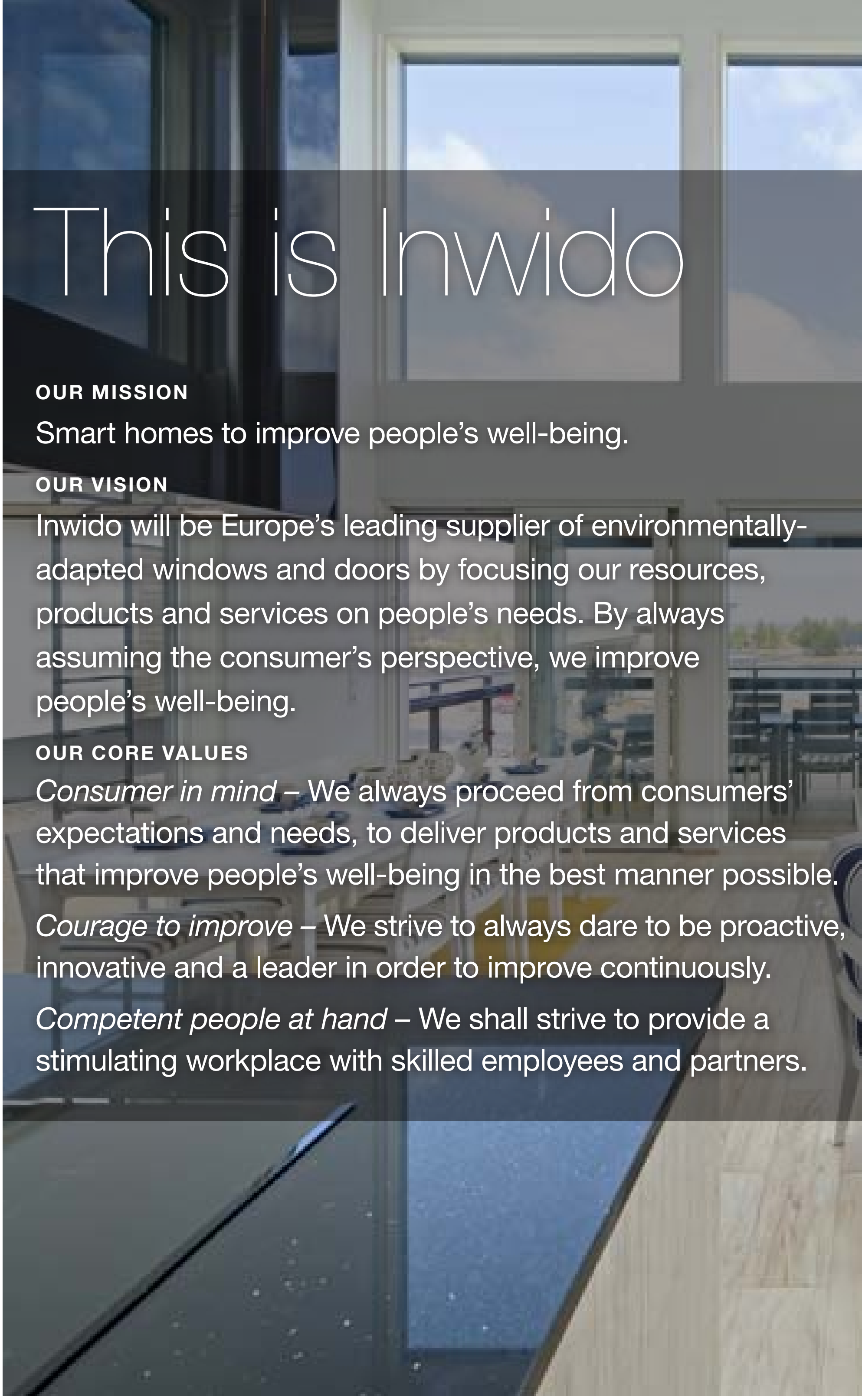


This is Inwido

OUR MISSION

Smart homes to improve people's well-being.

OUR VISION

Inwido will be Europe's leading supplier of environmentally-adapted windows and doors by focusing our resources, products and services on people's needs. By always assuming the consumer's perspective, we improve people's well-being.

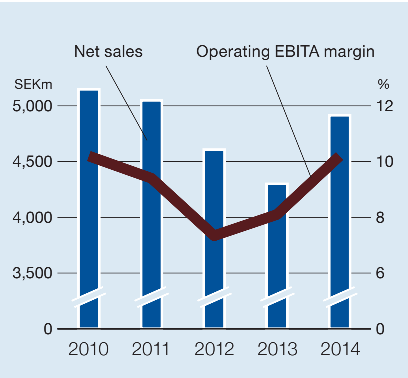
OUR CORE VALUES

Consumer in mind – We always proceed from consumers' expectations and needs, to deliver products and services that improve people's well-being in the best manner possible.

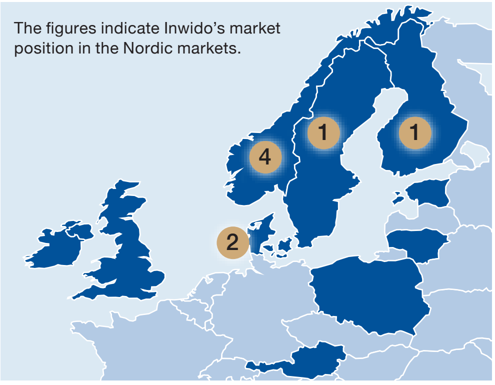
Courage to improve – We strive to always dare to be proactive, innovative and a leader in order to improve continuously.

Competent people at hand – We shall strive to provide a stimulating workplace with skilled employees and partners.

Sales and EBITA margin



Where we are



2014 in brief

Profitable fast grower. The Group's net sales for comparable units and adjusted for currency effects grew by 8 percent during the year, from SEK 4,300 million to SEK 4,916 million. The operating EBITA margin rose from 8.0 percent to 10.2 percent.

Listed company. The Inwido share was listed on the Nasdaq Stockholm exchange on 26 September.

Danish acquisitions. Inwido acquired Danish companies JNA and SPAR, which are strategically significant to the entire Group owing to their strong positions on the growing online market for windows and doors.

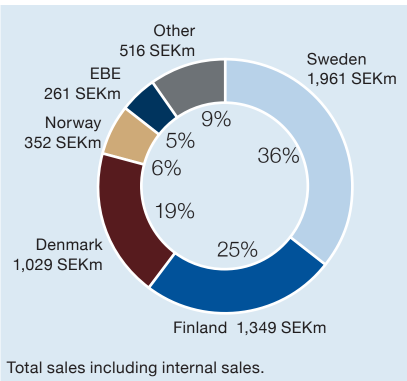
Record highs. Both Denmark and Finland achieved record high sales and profit.

Production relocation. Inwido moved production from Os in Norway to Lenhovda and Vetlanda in Sweden. The move provided a structure for Inwido Norway that is far more suited to the complex Norwegian market. Just over half of production in the UK was relocated to Poland for the same reason.

New trend report. A major survey of consumer attitudes to home improvements was conducted and compiled in Inwido's trend report "Renovating your home – heaven or hell".

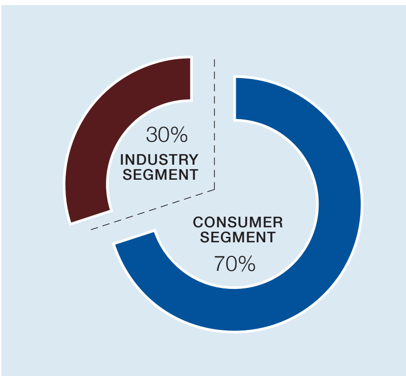
Tools for leaders. Inwido issued its Leadership Handbook, a reliable new tool for coordinating and developing leadership skills within the Group.

Net sales per segment 2014



Total sales including internal sales.

Customer segment breakdown 2014



More stable than in a long while

Stock exchange listing, record high profitability and successful structural changes. 2014 was the year when Inwido really proved its ability to combine stable development with greater profitability.

Although our motto at Inwido is there is always room for improvement, 2014 was a year of which we feel quite proud. We took a bold step towards the future when Inwido's shares were listed on the stock exchange in September, we continued to win market share and enjoyed our most profitable year to date, with an underlying gross margin exceeding 25 percent for the first time.

For me, this is significant evidence of primarily two things:

The first is that Inwido is actually more stable and less sensitive to economic fluctuations than many believe – particularly stock market investors, who often compare us with building companies, for example. Since the financial crisis hit, market volumes for windows and doors have decreased in the order of 25 percent in Europe, with major consequences for all the stakeholders involved. During the same period, however, Inwido has experienced three of the most profitable years in the company's history. Furthermore, in the same period our operating margin has not once dipped below 7.5 percent on an annual basis, despite the fact that we are operating in a small-scale industry with generally low margins. We have also managed to swiftly adapt operations to changing market conditions. The window segment is an environment with many particular circumstances to consider – made-to-measure products, fragmented markets, prevailing consumer confidence, local specifications, considerable seasonal variations – but I am keen to emphasize that Inwido copes with this complex environment well.

The second is that our performance in 2014 is also proof that we are on the right track in order to pick up additional underlying margins. The year's good result stems from the structural changes and improvements that Inwido's talented employees have been working with for such a long time. Together we have relocated production, streamlined processes and identified synergies. By continually developing new, smart products and enhancing our sales and marketing initiatives, we have built an increasingly stable platform for future development. Our leaders and employees have all done a great job.

Now the figures are testament that their hard work is paying off. Of our increased sales, fully 30 percent translated into increased profit. We will be well-equipped in the event of a market upswing – even as the market stabilizes we are already seeing the clear effects of the leverage we have gained.

So what did we do right in 2014? Let me give our Finnish operations as an example. When our largest competitor disappeared, we were able to go in and secure market volumes, to the benefit of both our own profitability and the market as a whole. I would also like to mention Inwido Denmark, which has probably managed to achieve Europe's single highest level of profitability for a window company. In addition we are extremely happy with our acquisition of JNA/Spar in Denmark, which has given us a real boost within e-commerce and has thus far been integrated into the Inwido family in

Håkan Jeppsson, President and CEO

a good manner. Operations in Ireland have finally picked up and grown by a tremendous 80 percent, albeit from low levels.

Meanwhile we are well aware of all the challenges we still face. Sweden, our largest unit, has healthy earnings but could be more profitable. Our exciting launch in Austria is progressing well, but there is plenty of work still to do. We are not satisfied with developments in the UK, which has great potential. We have therefore established a new sales office with a showroom in London, moved parts of production to Poland and are continuing to work on various brand-strengthening initiatives. Norway has also seen some major changes, with the relocation of production to Sweden. This process has exceeded expectations and we now have a solid structure in place. The next stage will be to prove that we can advance our position in the Norwegian market.

One more important, but enjoyable challenge will be to develop and sell even more new windows and door solutions. One example of this is our IQ concept, which we launched in 2014. The concept is based on the increasingly common view of the home as an ecosystem in which more and more smart units are linked together – including windows and doors! As always, we will base the concept on consumer needs in relation to sustainability and comfort. This is where all Inwido's actions should start from, whether we are working with product development and sales strategies, or strategic acquisitions.

The list of challenges could of course go on. For example, we will never know in advance exactly how consumers will react to global factors, such as political developments and interest rate trends. But I would rather focus on what we are currently certain of: The fact that there is a continued great need for our innovative and environmentally-adapted products. Housing shortages, urban densification, energy efficiency requirements, environmental responsibility and digitalization will remain key drivers. The environment is a particularly important area for us. Our choice of wood as our main raw material gives us an advantage over, for example, competitors who opt for plastic. If everyone were to replace their windows with modern, sustainable and energy-efficient ones, it would have a huge positive impact on the environment in the form of reduced emissions. Inwido can make a specific contribution here to encourage a positive social trend by providing increasingly smart products and through the fact that wood is renewable, recyclable and absorbs carbon dioxide.

Finally, I would like to take this opportunity to welcome all our new shareholders! We are delighted that you have chosen to join us on our journey. Our plan is to put all our energy into ensuring Inwido's optimum development, with a focus on customers, constant development and expertise. Life on the stock exchange is often likened to a marathon, but that is exactly how we are already used to working – approaching our goals one step at a time.

MALMÖ, SWEDEN, MARCH 2015

Håkan Jeppsson,
President and CEO

A quick guide to Inwido

1 We sell where we have optimum impact

Consumer behaviour differs, depending on the market. It is for this reason that we sell locally adapted brands via several different channels. The products can also be purchased direct from one of Inwido's businesses and via manufacturers of prefabricated homes, building companies, DIY chains, builders' merchants and carpenters.

2 We manufacture to order

Inwido does not have any window warehouses. Our products are made almost exclusively to order. This is because most homes are different, with varying window dimensions and character. A typical order comprises two to three uniquely adapted products, which are supplied to an individual who is carrying out improvements. Since most people prefer to replace windows during the summer months, Inwido is affected by seasonal variations.

A young Group with a long history

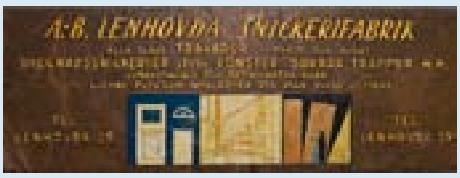
1811
British Allan Brothers, the Group's oldest brand, is established.

1924
Lenhovda Snickerifabrik begins operations in Småland.

1996
Following the construction crisis in the 1990s, Myresjöfönster and Elitfönster merge to form Elitfönstergruppen.

2000 / 2001
Private equity firm Triton acquires Elitfönstergruppen and forms Elitgruppen.

2002
Exterior doors join the offering with the acquisition of Bruksdörren.



PHASE I From joinery to wooden window specialist.

The love of wood and good craftsmanship is deeply rooted in Inwido's history. Several of the Group's modern factories began life as local joineries, before specializing in windows and doors.

4 We combine local presence with large-scale operations

Made-to-measure and uniquely configured products involve complex production and logistics chains. A local presence facilitates this process. At the same time we can utilize Group synergies within functions such as purchasing, transportation and innovation.

3 Each product is individually equipped

Not only are the products made to measure, they are also individually equipped based on the requirements of the end customer. There are considerable variations: Glazing bars, hinges and fittings, colour, digital locking functions, dimmable glass…

Inwido's production locations

2004 Ratos buys Elitgruppen to form Inwido.

2005

2011 Opening of Stockholm showroom for our premium brands, SnickarPer and Hajom.

2012

2013 Hemmafönster brand established in Austria.

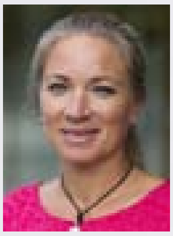
2014 Inwido share listed on the Nasdaq Stockholm exchange in September.

PHASE II **Growth in Sweden and Nordics.** Between 2005 and 2009, Inwido carried out around 30 acquisitions of leading local brands, primarily in the Nordic region. The Group quickly adopted leading market positions in several countries.

PHASE III **Consolidation and listing.** In 2009, work began on consolidating and refining the company. In September 2014, Inwido's share was listed on the Nasdaq Stockholm exchange, marking the beginning of a new chapter in the company's history.

An approach based on consumer insight

The home is not only a place for rest and relaxation. It also says something about who we are. The importance of the home as a lifestyle indicator is particularly evident in consumers' passion for home improvements. According to the Inwido report published in 2014, "Renovating your home – heaven or hell", many people find carrying out home improvements positively addictive.



"In the longer term, renovation is often about more than just maintenance. It's about improving yourself and your identity. That's why we wanted to take a closer look at consumer attitudes to home improvement," says Jonna Opitz, SVP Marketing, Sales & Communication at Inwido.

The report is part of Inwido's ongoing work on monitoring and analyzing significant lifestyle trends. It is important to do this as lifestyle trends ultimately also govern consumer choices as regards windows and doors.

"Inwido operates in many countries and each market has its own unique characteristics. Accurate consumer insights are essential to help us streamline sales processes and develop new products," continues Jonna Opitz.

48%

of Nordic consumers have windows and doors that are older than 15 years.

Source: "Renovating your home – heaven or hell" Inwido 2014

"Home improvements are about identity"


HAPPINESS
IS NOT A
DESTINATION
IT IS A
WAY
OF LIFE

How we achieve our business targets

Inwido works to improve people's well-being. We have therefore chosen a consumer-focused strategy. This section gives a brief outline of how we work to achieve our goals based on a market, product and efficiency perspective.

Focus areas	Strategic ambitions	Activities in 2014
Market	Create a consumer-driven company with top-class sales and marketing Grow with profitability in selected European markets, segments and distribution channels	Acquired Danish JNA and SPAR in March, both with strong e-commerce solutions *(see page 15)* Continued work on establishment of Hemmafönster in Austria Sales record despite an otherwise weak market in Finland
Products	From an end-user perspective develop the next generation of smart and innovative window and door concepts together with accessories for: * Lower cost of living * Green environment * Smart design * Higher security * Enhanced user friendliness	Hajom and SnickarPer become the first brands with products in Inwido's IQ concept: Windows, sliding doors and doors featuring smart technology such as control using a mobile application Elitfönster launched a new window with ultra slim frames: Elit Vision Launched a triple-glazed window unit from Frekhaug in completely new design Developed a window featuring new, minimalist design from ERA: Era Art
Efficiency	Together, in one coordinated Group with the right leadership, cooperation and a lean approach, reach maximum operational efficiency Strive to have the best people and competences for the business	Implemented extensive structural changes in Norway, including relocation of production from Os in Norway to Lenhovda and Vetlanda in Sweden Moved parts of window production in the UK to Poland Initiated a project on efficiency in sales. The objective is to streamline both organization, sales efforts and follow up. The project was initially launched in the UK and Norway Continued work on analyzing and eliminating risk factors in production to avoid workplace accidents Compiled the first version of a handbook for Inwido's leaders: The Leadership Handbook *(see page 29)*

Our financial targets

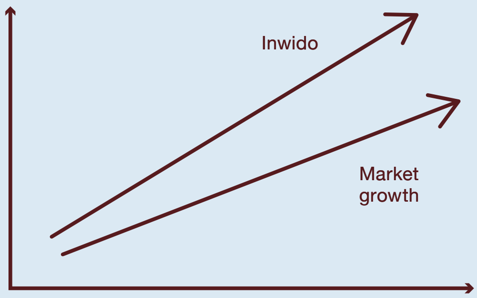
Profitability

Inwido's profitability target is an operating EBITA margin of 12 percent. We believe it will be possible to achieve this target within a few years. This is based on the improvements that have been made and existing plans. The profitability target is also dependent on no dramatic changes occurring as regards general market demand. Inwido may not achieve its profitability targets during years when the market trend is weaker. When this happens, Inwido will undertake measures to further enhance profitability, which we have been successful with in the past.

12%

Growth

Inwido's objective is to exceed growth in our current markets through organic growth, as well as selective acquisitions and initiatives in Europe.



Capital structure

Inwido's net debt in relation to operating EBITDA shall, excluding temporary deviations, not exceed a multiple of 2.5.

<2.5x

Dividend policy

Inwido aims to pay its shareholders an annual dividend that corresponds to approximately 50 percent of net profit, with the company´s financial position, cash flow and future outlook being taken into consideration.

50%

Local operations offering large scale business advantages

In the window segment, no two markets are the same. Each region features unique market conditions and specific customer preferences. The same applies in part to the door segment. Inwido's business model is therefore built on strong local brands, a mix of sales channels and central synergies.

A business model combining local and central

We add value by combining the local presence of a small company with the synergy gains of a large company. The products are primarily marketed via national brands and sold in the channel mix that is best suited to each individual market.

Matrix organization improves efficiency

Local base. We have opted for a matrix organization to make our work as efficient as possible. At local level, the business areas, which have the best knowledge of their markets, can make decisions immediately and flexibly. The business area and business unit managers are responsible for:

- Work relating to the business area's customers, value chains and business strategies
- Own activities
- Financial earnings
- Balance sheet for the business area

Central staff units. At central level, the Group-wide staff functions are tasked with maintaining an overall perspective with regard to:

- Support to business areas and business units in relation to optimizing production, purchasing, communication and financial processes
- Group-wide strategic initiatives, for example innovation and process development
- Establish guidelines for the future and specifically support the business areas with their implementation

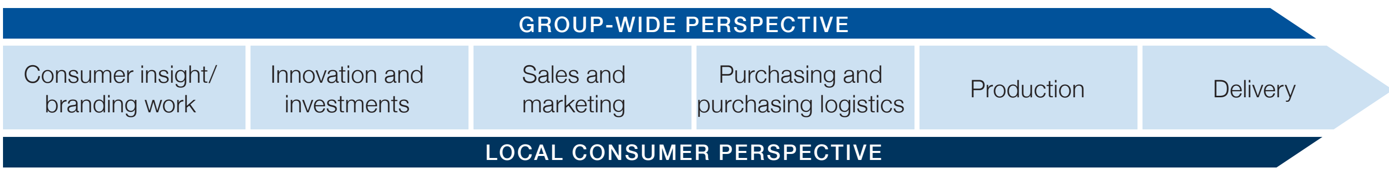
Product efficiency. One example of centrally coordinated work is the development of product platforms. As with the automotive industry, different products can be developed using the same platform, which is something that facilitates both production and innovation. If several factories are capable of handling the same types of products, it simplifies the process of allocating production resources. The process becomes more cost effective, while providing consumers with a wider range of product options.

New acquisitions. The matrix organization is also effective when acquiring new companies. Companies are quickly integrated into the organization and can take advantage of Group synergies, while continuing to focus on improving business from day one.

Five market strengths

- ▶ Largest in Europe
- ▶ The consumer in focus
- ▶ Broad presence in sales channels
- ▶ Locally adapted brands
- ▶ Balance between local and central

Our value chain



Danish acquisitions boost e-commerce position

"JNA and SPAR suit us very well"

Growing via acquisitions has always been a key part of Inwido's history, and to this day it remains a central element of the company's growth strategy. But acquisitions involve careful choices: The companies that Inwido buys must either have a strong market position, strong distribution channel and/or a strong presence in the European "wood belt" or Nordic Region.

The Inwido Group's most recent additions should be seen in light of this strategy. In March, Inwido bought Danish firms JNA and SPAR, two companies with solid and well-established e-commerce solutions for direct sales.

"JNA and SPAR are both good examples of the kinds of companies we're interested in. They have a strong consumer focus, they've succeeded in taking market share on a market that is price sensitive and highly competitive and they are contributing profit from day one," says Mads Storgaard Mehlsen, SVP Inwido Denmark.

Both these Danish companies have also brought synergy opportunities for the Group. Their e-commerce solutions are an excellent springboard for efforts to establish a position in the growing market for direct online sales.

Common trends show the way

The market for windows in Europe is complex, and there are major national and regional differences. But there are a number of common megatrends: Increased focus on environmentally-adapted products, the urbanization process and a growing interest in smart, technical solutions.

Market data

- ▶ Wooden and wood-aluminium windows dominate in the Nordic region, while plastic windows dominate the rest of Europe
- ▶ Each market has unique conditions based on current building standards, local regulations, preferences with regard to design, brands, sales channels, etc.
- ▶ In some regions in Europe there is substantial interest in wooden and wood-aluminium windows, for example northern Italy, Switzerland, southern Germany and Austria – also referred to as the European wood belt
- ▶ The industry is characterized by major seasonal variations. There is still a strong tradition of only replacing windows during the summer months, despite the fact that there is really nothing preventing windows from being replaced during the winter season
- ▶ Inwido's main markets include Sweden, Finland, Denmark, Norway, the UK, Poland, Ireland and Austria
- ▶ Inwido has its own production facilities on all markets apart from Austria and Ireland. Being able to manufacture products close to the market where they are being sold results in shorter logistics chains

The window and door market is divided into residential and non-residential buildings. Both of these sectors can in turn be broken down into renovation and new building. Inwido operates primarily in the residential market sector. In the Nordic window market, the residential sector accounts for about 70 percent of the total market. The renovation sector represents just over two thirds of this market.
The majority of Inwido's sales (approx. 70 percent) are within renovation.

The external driving forces that most clearly impact on the market are, for example, consumer confidence, disposable income trends, the development of the construction market within renovation and new building, price trends on the housing market, interest rate trends and regulations and political governance.

Since the majority of our products end up in the home environment, we keep a careful watch on the trends that determine people's investments in the home. Despite the differences between our markets, there

Significant trends for the modern home

▶ **Large windows and plenty of natural light.** The trend is for smaller houses, which increases the need for more light.

▶ **Towards a smarter future.** Technology is beginning to permeate all aspects of our lives.

▶ **Downsizing.** Urbanization is fuelling demand for smaller houses.

▶ **The return of craftsmanship.** Interest in old styles and genuine crafts is continuing to rise.

▶ **Country life.** More and more people dream of setting up home in the countryside, away from it all.

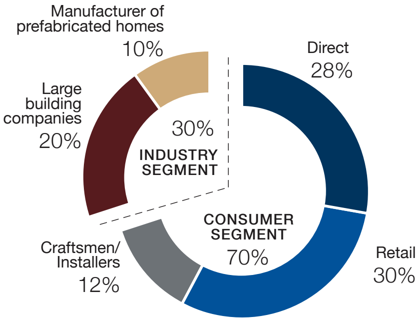
▶ **Personal energy is the new hard currency.** Consumers are short on time and therefore attracted by solutions that make life easier, allowing them to devote their energy to things they genuinely like doing.

▶ **There's no place like home.** In turbulent times, people want a place where they feel safe and can spend time with their loved ones.

are some common factors, such as urbanization, energy regulations, interior design trends and new technology. Environmental impact, cost effectiveness, attractive design, comfort and feeling secure are all factors that we know people value highly. These are important things to keep in mind as we develop new products and solutions.

We are continually carrying out small and large-scale analyzes into customer and consumer satisfaction with us and our products, and we work towards a number of measurable satisfaction targets.

Net sales per customer segment



Excluding consumer and industry sales as part of external exports.

Inwido's route to the market

1 We get to know our consumers

Inwido always starts with the consumer. For our product development and sales and marketing efforts, we are guided by seven different consumer archetypes.

1. **The biggest bunch:** *"My home is my castle"* Born 1950-60s. They want to feel safe and relaxed, and be close to family and friends. **66%** of all homeowners.

2. **The ruralist:** *"Real quality of life is found in the countryside"* Born 1950-60s. They prefer an older house and enjoy conversations about homes. **35%** of homeowners.

3. **The social gatherer:** *"Welcome to my home"* Born 1970s or later. They see their homes as extensions of themselves and like to impress. **33%** of all homeowners.

4. **The economist:** *"Energy waste is a sin"* Born 1950-60s. A smaller energy bill is a good reason to make modifications to their home. **33%** of homeowners.

5. **The status seeker:** *"One day my home will stun you all"* Born 1970s or later. Always on the house hunt, waiting to find their own style and identity. **27%** of homeowners.

6. **The indifferent:** *"More important things in life than the home"* Born 1950-60s. As long as the house is clean and rational, they are happy. **22%** of all homeowners.

7. **The home connoisseur:** *"I set the trend"* Born 1970s or later. Quite obsessed house hunters with home improvement as a constant topic with friends. **13%** of all homeowners.

Survey developed with Kairos Future, 2012.
End users may have elements of more than one archetype.

2 Several channels to the market

Inwido's customers want to buy their products in different ways, depending on which market...

The consumer segment

Sales channels where the consumer takes the initiative in making a purchase

Retailers
The consumer buys Inwido's products via, for example, builders' merchants and DIY chains, as well as building supply retailers

The industry segment

Sales channels where industrial players take the initiative

Building companies
Large companies that make purchases prior to new construction or major renovation projects

...and segment they belong to. This is why we use a number of different sales channels.

Direct sales
Inwido sells direct to the consumer via e-commerce solutions or home visits

Craftsmen, installers or small building companies
The consumer buys Inwido's products via local, smaller operators such as craftsmen

Manufacturers of prefabricated homes
Buy based on instructions from designers and architects

3 Strong local brands

Inwido has a locally-centred brand strategy. We use the following brand archetypes to meet the various expectations of consumers effectively.

Value for money
MARKET SEGMENT: *Low/mid end brand*
PROMISE: Basic and it works fine.
POSITION: Often holds the position of challenger in the market.

Popular reassurance
MARKET SEGMENT: *Mid-end brand*
PROMISE: High performance, excellent function and good design.
POSITION: Often holds market leading position.

Personal statement
MARKET SEGMENT: *High-end brand*
PROMISE: Demonstrating that you can afford and appreciate the very best.
POSITION: Often a niche or a specialist brand.

Ready to use
MARKET SEGMENT: *Mid-end brand*
PROMISE: Best comfort in the most comfortable way.
POSITION: When the consumers wants to buy both service and products in one package/from one supplier.

B2B-brands
POSITION: Serves industry customers only or is a branded distribution channel for Inwidos windows and doors.

Inwido's operating segments

Inwido divides its operations into the following five operating segments: Sweden, Finland, Denmark, Norway and EBE (Emerging Business Europe). All in all, 2014 was a strong year with improvements in both profitability and volumes. The following pages give an outline of the key events during the year for all segments, along with a description of the specific characteristics of each market.

The year in brief

	Net sales, SEKm	Operating EBITA margin, %
Sweden	1,961	10.8
Finland	1,349	14.3
Denmark	1,029	17.1
Norway	352	–8.6
EBE	261	–7.5

SWEDEN

Defending positions

On the whole, Inwido retained its market share in the Swedish market during the year.

Summary of 2014. Following three years of declining market volumes, the Swedish window market once again saw growth, at a rate of approx. 3 percent. Demand mainly grew from building companies and manufacturers of prefabricated homes as activity increased on the new construction market. At the end of the year, Inwido's order backlog was 33 percent higher than at the same point in 2013.

Throughout the decline Inwido has defended its Swedish position as market leader and at the end of 2014 the company noted that its market share has increased slightly.

The relocation of Norwegian production to Swedish units affects comparative figures for the year. The proportion of internal sales to Norway has risen, and combined with an unfavourable customer mix as regards external sales, the gross margins have dropped. On the other hand this was offset to a certain extent by improved efficiency at the factories.

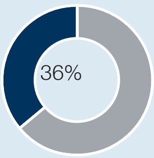
Net sales in total increased by 13 percent in 2014, and the operating EBITA margin ended up at 10.8 percent (11.4).

Sweden in brief. Swedish consumers often prefer windows and doors in wood and wood/aluminium. The market itself is relatively mature, with three dominant players.

Sweden in brief

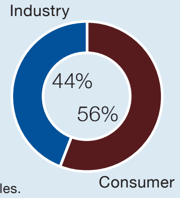
SEKm	2014	2013
Net sales	1,961	1,737
Operating EBITA	211	198
Operating EBITA margin, %	10.8	11.4
EBITA	206	198
EBITA margin, %	10.5	11.4

Share of total net sales



Total sales including internal sales.

Sales per customer segment



Inwido is market leader and has some of the most popular brands, including Elitfönster, Diplomat and Hajom. Around 55 percent of Swedish sales derive from orders where the consumer lives primarily in either a house or a holiday home. In the industry segment, Inwido sells direct to large building companies and to manufacturers of prefabricated homes, such as Fiskarhedenvillan, Eksjöhus, Trivselhus, Myresjöhus and Götenehus.

Significant events in 2014

- Increased market share mainly within new built
- The factories in Lenhovda and Vetlanda took over production that was previously based in Os, Norway
- Hajom and SnickarPer launched products under the IQ concept, a range of smart windows and doors that, for example, can be controlled using a mobile application
- Erafönster launched ERA Art, featuring slim, angled frames that give a larger glazed surface, letting in more natural light
- Elitfönster launched Elit Vision, an energy-efficient window with extra slim and elegant frames, and Elit Retro, which features a design that is specially adapted for older houses
- A new sales organization was created, which manages a shared brand portfolio
- Opened a new sales office in Gothenburg
- Increased sales of Hemmafönster, which are sold direct to consumers
- Celebrated Elitfönster's 90th anniversary

FINLAND

Sales record despite weak market

Finland's tough economic situation featured heavily in 2014. Yet Inwido still managed to increase sales and improve efficiency in its Finnish factories, which contributed to the best result to date.

Summary of 2014. The level of demand for windows and doors among Finnish consumers has been considerably affected by the country's tough economic situation. However, Inwido still succeeded in increasing its total sales. This was largely due to greater demand from building companies and tenant-owner housing associations, an effect of Inwido's chief competitor being declared bankrupt at the start of the year. There has also been a considerable focus on improving efficiency at the factories through better use of product platforms.

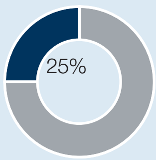
Net sales in total increased by 11 percent in 2014 when adjusted for currency effects, and the operating EBITA margin rose to 14.3 percent (10.9). At the end of the year, the order backlog was 4 percent lower in local currency compared with the preceding year.

Finland in brief. The Finnish market is dominated by a small number of companies. Inwido is the market leader. Over 70 percent of sales derive from the consumer market, while the remainder comes from the industry segment. The primary sales channel in Finland is direct sales, which sets the country apart from the rest of the Nordic region. Inwido cooperates with several well-known manufacturers of prefabricated homes, including Kannustalo, Kastellitalot and Designtalo.

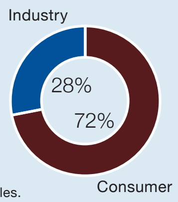
Finland in brief

SEKm	2014	2013
Net sales	1,349	1,156
Operating EBITA	193	126
Operating EBITA margin, %	14.3	10.9
EBITA	169	122
EBITA margin, %	12.5	10.6

Share of total net sales



Sales per customer segment



Total sales including internal sales.

Significant events in 2014

- Record high sales and profit
- Optimized production capacity through development of a shared window platform
- General increase in efficiency through, for example, improved cooperation between production units
- Created a new business unit for sales of Invent, a smart ventilation system that saves energy and enhances indoor air quality

DENMARK

Best year for growth to date

In 2014, Inwido grew faster than ever before on the Danish market. During the year the company also acquired JNA and SPAR, which enjoy strong positions within e-commerce.

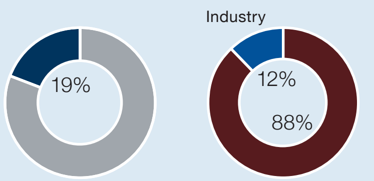
Summary of 2014. The Danish window market experienced a solid recovery in 2014, following almost two years of falling demand. Inwido used this period of decline to advance its positions, primarily through successful investments in developing consumer sales via carpenters and small building companies, but also via builders' merchants and DIY chains. Inwido grew in particular on the renovation market, increasing its market share.

March saw the strategically significant acquisitions of JNA and SPAR, companies that access end consumers through their e-commerce solutions, without the need for intermediaries. Net sales rose by a total of 16 percent in 2014 for comparable units, adjusted for currency effects. However, the operating EBITA margin experienced a slight drop due to a change in the customer and channel mix. At the end of the year, the order backlog was 59 percent higher in local currency for comparable units, compared with the preceding year.

Denmark in brief

SEKm	2014	2013
Net sales	1,029	695
Operating EBITA	176	120
Operating EBITA margin, %	17.1	17.3
EBITA	174	120
EBITA margin, %	16.9	17.3

Share of total net sales | **Sales per customer segment**



Total sales including internal sales.

Denmark in brief. The Danish window market is dominated by a small group of major companies, with Inwido in second place. Other than that, a number of smaller local players are also active on the market. Renovation is an extremely strong driver among Danish consumers. Almost 90 percent of Inwido sales derive from the consumer segment, while the remainder comes from industry customers.

Significant events in 2014

- Record high sales and profit
- Acquisitions of JNA and SPAR (see page 15)
- Acquisition of minority holding in design company Art Andersen, with which Inwido has worked previously
- Launch of the smart solar shading system Energy Frames, developed by Art Andersen. Energy Frames was also acknowledged with the sustainability award Ingeniørens Bæredygdighetspris, one of Denmark's most prestigious technology prizes (see next page)
- Acquisition of the brand X-frame, which has one of the market's most energy-efficient windows

“We identify solutions for the smart home

Intelligent aesthetics

Today’s smart and energy-efficient windows can make a huge difference to energy consumption. But the technology needs to be combined with attractive design.

Energy Frames is a new product from Inwido that brings together intelligent and attractive design, and it was recognized with the prestigious Danish sustainability award, Ingeniørens bæretygdighetspris 2014. Energy Frames is a dynamic system for solar shading, developed in partnership with Copenhagen-based design company Art Andersen, which is co-owned by Inwido.

The vision was to create the optimum interaction between architecture and saving energy. The result was solar shades that are assembled directly on the window frames. The shades are then adapted using a smart system according to weather conditions. This in turn optimises energy consumption for lighting, heating and cooling in the indoor environment.

Inwido is now continuing along its chosen path of developing products that combine attractive design and smart technology.

“The trend is increasingly towards regarding the home as an ecosystem, with products that communicate with each other. This is exactly what we’re working on – identifying solutions for the smart home,” says Gabriel Grelte, VP Research & Development at Inwido.

NORWAY

Vigorous measures to raise profitability

Norwegian operations were characterized by extensive structural measures during the year. The positive effects of these measures began to emerge towards the end of the year.

Summary of 2014. Inwido was under pressure, mainly during the first half of the year, owing to weaker economic development and a drop in the price of windows and doors due to increasing competition from importers. Inwido therefore implemented several tough structural changes to improve the situation. The more substantial changes included moving production from Os in Norway to the factories at Lenhovda and Vetlanda in Sweden, as well as the relocation of the door storage facility in Norway to existing warehouse facilities in Sweden. The initial effects of these measures became apparent in the third quarter, in the form of lower fixed costs. This in turn helped boost profitability.

Net sales in total decreased by 13 percent in 2014 when adjusted for currency effects, and the operating EBITA margin was a negative 8.6 percent (neg. 10.3). At the end of the year, the order backlog was 23 percent higher in local currency compared with the preceding year.

Norway in brief. The Norwegian window market is more fragmented than the other Nordic markets. For Inwido, it is dominated by the consumer segment, which accounts for over 90 percent. The market is also characterized by a large portion of window imports from neighbouring countries, along with Poland and the Baltic countries.

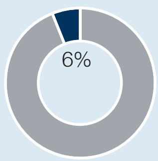
Significant events in 2014

- ▶ Relocation of production from Os to Lenhovda and Vetlanda in Sweden
- ▶ Optimized sales through creation of a new sales organization for Inwido's Norwegian brands
- ▶ Launched a new, more energy-efficient triple-glazed window for Frekhaug
- ▶ Relocation of door storage facility from Stokke to Lenhovda in Sweden
- ▶ Lowest number of product claims ever – a 65 percent decrease from May to December

Norway in brief

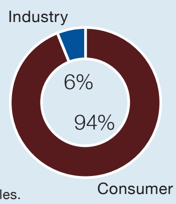
SEKm	2014	2013
Net sales	352	411
Operating EBITA	-30	-42
Operating EBITA margin, %	-8.6	-10.3
EBITA	-85	-74
EBITA margin, %	-24.1	-17.9

Share of total net sales



Total sales including internal sales.

Sales per customer segment



EMERGING BUSINESS EUROPE

Increased sales and improved cost controll

The trend turned in 2014. It was mainly business in Ireland that saw a lift. Meanwhile, efficiency measures within the business area continued, including the relocation of production from the UK to Poland.

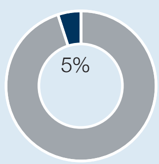
Summary of 2014. Sales and profitability in the countries that come under Emerging Business Europe (EBE) have fluctuated in recent years due to a generally weak economic trend. However, the economies in these countries are expected to recover going forward, which increases opportunities for Inwido when paired with additional rationalization potential and synergies.

Operations in Poland have reduced sales to the industry market during the year due to insufficient profitability, to instead shift the focus onto internal and external exports, but with a continued presence in the domestic consumer market. In Ireland, there was a sharp rise in market activity, albeit from low levels. Even Austria, the most recent addition to the segment, performed well. Several business deals have been completed since the launch last year, and orders are on the increase. During the year, part of UK production was moved to Poland. Net sales in total increased by 1 percent compared with the previous year, when adjusted for currency effects, and the operating EBITA margin was a negative 7.5 percent (neg. 12.1).

EBE in brief

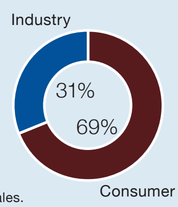
SEKm	2014	2013
Net sales	261	243
Operating EBITA	-19	-29
Operating EBITA margin, %	-7.5	-12.1
EBITA	-43	-36
EBITA margin, %	-16.3	-14.6

Share of total net sales



Total sales including internal sales.

Sales per customer segment



EBE in brief. The segment comprises the UK, Poland, Ireland and Austria. Austria is the most recent market addition. Operations in Austria were launched in 2013 under the Hemmafönster brand. Russia was previously included in the area, but is now one of Inwido's export markets instead.

Significant events in 2014

- Strong growth in Ireland, with increasing market share
- Just over half of UK volumes were moved to Inwido's production unit in Poland
- ProTec brand was launched on several markets
- Launched a franchise concept in Poland to expand presence on the consumer market
- Opened a sales office in Braintree outside London, which will serve as the new base for sales in the southeast of England
- Sold operations in Russia in the first quarter

An inspirational leadership culture

Inwido takes a strategic view of its HR work: If we are to achieve our business targets we need motivated employees who are performing at their best. This in turn requires systematic efforts to encourage inspired, clear leadership and a corporate culture that fuels innovation.

Inwido currently employs over 3,000 people. They possess a range of skills, work on different markets and deal with varying local conditions. When combined with many other challenges, this places high demands on the Group's leaders. Leadership is often provided remotely, with employees from different cultures being guided in the same direction.

Effective leadership is essential to enable employees to perform at their best and therefore help Inwido achieve its business targets. We want a performance-based, positive and respectful corporate culture permeating all areas of the organization. The Group uses three strategic principles as part of this work.

Inwido's three strategic principles

1 Clear core values

We ensure our core values permeate everything we do, to create the kind of culture we need (see page 3).

Consumer in mind.
Courage to improve.
Competent people at hand.

2 Continual skills development

Inwido will be a learning organization, both formally and informally. We will analyze the skills that are needed and internal mobility will be encouraged. We endeavour to achieve diversity with representation from different cultures, ages, backgrounds and experience. Inwido also aims to have an even gender distribution. In 2014, Inwido achieved its long-term goal of 25 percent of the company's leading positions being held by women.

3 Effective leadership

Inwido's leadership philosophy can be summarized in three parts:

Identifying leaders. Recruitment is not solely based on formal qualifications – leaders' personal attributes and individual experiences must also be consistent with Inwido's culture and core values. We recruit leaders both from within the organization and externally. Our long-term goal is for half of our managerial positions to be filled internally.

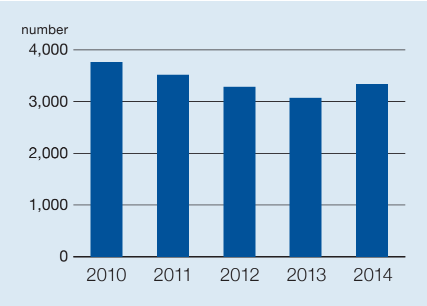
Training leaders. By providing customized leadership training, we ensure that our culture and values are firmly rooted throughout the organization, while we spread knowledge on how to lead and on various types of leadership. Training is also our way of giving our leaders the right tools to help creativity and innovation become a natural element of their daily work.

Sharing best practice. New ideas and insights will be shared within the organization. We do this by working across organizational borders and using our Intranet as a strategic tool.

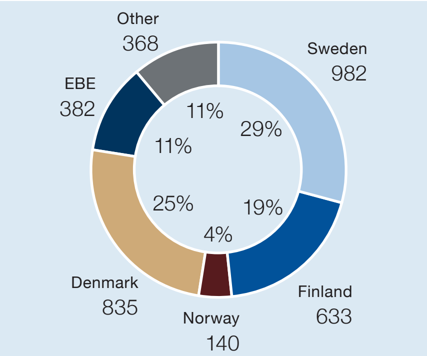
Significant events in 2014

- New leadership handbook (see next page)
- This year, the percentage of women in leading positions at Inwido totalled 26 percent, one percentage point above the target of 25 percent
- An employee survey was conducted for the fifth consecutive year, and it revealed a continued improvement in employee satisfaction
- A management audit to ensure that the business has the right skills and leadership was carried out (for the second time since 2012)

Average number of employees 2014



Staff by segment 2014



The diagrams above relate to the average during the year.

"A new, tangible tool to use as part of their job

Handbook shows the way

The more Inwido's products, offerings and processes are developed, the higher the demands on leadership. To give additional support to the Group's leaders, Inwido developed an entirely new tool in 2014 – a leadership handbook.

"The handbook gives a concise account of what is expected of Inwido's leaders. They need to be able to work based on both local conditions and Group-wide goals. But we noticed that our leaders sometimes found it hard to know what was expected of them as leaders at Inwido. The handbook has become a new, tangible tool for them to use as part of their job," explains Lena Wessner, SVP Human Resources, Organization and Sustainability.

Strategic ambitions, Group values, significant trends, history and our Code of Conduct are all examples of topics covered by the handbook in a straight-forward way.

"We think the handbook is very good! We published the first edition as a paper copy and in digital format, but in the future the idea is for it to be mainly digital – the handbook is after all meant to be continually updated with new material," continues Lena Wessner.

23 km

Inwido's production is based on a feeling for wood and skilled craftsmanship. An environmental approach and cost control must go hand in hand, for example in Nykøbing, Denmark. The units in Nykøbing and Farsø managed to save 23 km of heartwood in 2014 thanks to carefully thought out module lengths and by recycling window casements and frames.

Sustainable and profitable

By developing environmentally-adapted products that help consumers reduce their energy consumption, Inwido is able to contribute to a long-term sustainable society. But accountability issues are also about our employees and our business targets.

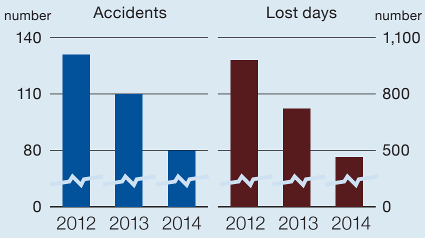
There are plenty of reasons why Inwido has chosen wood as its main material, in addition to craftsmanship traditions. From an environmental perspective, wood wins on most fronts: It is renewable, recyclable and absorbs carbon dioxide. But wood also gives us strategic advantages. The material's environmental benefits often mean that consumers choose us in preference to competitors who sell plastic products.

However, our view of sustainability extends beyond the materials we choose. It is about our environmental work as a whole, about how we can help consumers reduce their energy consumption, about our business ethics, about safe products, a healthy work environment and our own level of expertise.

We govern our daily work based on three prioritized focus areas and our Code of Conduct, which sets out our approach to the environment, ethics and social responsibility.

Every quarter, Group Management and the heads of operations and HR within each business area receive a consolidated sustainability report. The Board of Directors reviews the annual report. We also evaluate annually whether there are any additional sustainability issues that should be addressed in the long term.

Accidents and lost working days



Our aim is not to have any work-related accidents. We therefore continually strive to identity new and improved ways of avoiding accidents.

Responsibility focus areas

Sustainable products and business

We will use wood from sustainable forestry, we will use sustainable refinement processes and offer products that contribute to a sustainable indoor environment.

Events in focus area 2014

- The percentage of third-party certified wood from sustainable forestry rose to 86 percent during the year
- Launched Energy Frames, a new solar shading system that reduces energy consumption and enhances indoor climate

A safe and stimulating working environment

We should not have any work-related accidents, we will reduce the amount of sick leave and we will assist our employees in their development.

Events in focus area 2014

- The number of accidents in workplaces dropped from 110 to 80, a decline of 27 percent. The aim continues to be zero tolerance, i.e. no accidents at all
- Decision to introduce Safety RCA (Root Cause Analysis), a method of eliminating safety risks by identifying the cause. The method means that Inwido makes improvements over and above that required by law
- Total absence due to illness decreased by 0.2 percentage points to 5 percent, of which short-term sick leave (<60 days) accounted for 3.1 percent. The goal is total absence due to illness of less than 3 percent and short-term sick leave of less than 2 percent

Reduced environmental impact from production

We will reduce our energy consumption, carbon dioxide emissions and other emissions, as well as monitor and control waste and materials.

Events in focus area 2014

- Some forty different measures have been implemented to reduce the amount of material used in production, including reuse of window casements and frames
- Some thirty different measures have been implemented to reduce energy consumption per produced unit, including a review of compressed air systems. Energy consumption dropped by 4.5 percent
- The proportion of hazardous waste has decreased by 10.5 percent, for example through investment in evaporation of paint spills. The goal is a 5-percent reduction per year
- All electrical energy to Inwido in Sweden now comes from wind power

Five-year summary key ratios

Amounts in SEK million (unless otherwise stated)	2014	2013	2012	2011	2010
Income measures					
Net sales	4,916	4,300	4,607	5,050	5,149
Gross profit	1,174	971	1,007	1,130	1,170
EBITDA	508	402	386	541	625
Operating EBITDA	608	447	449	593	657
EBITA	376	294	273	407	446
Operating EBITA	502	345	343	476	527
Operating profit (EBIT)	374	294	273	395	439
Profit before tax	253	215	232	315	328
Profit after tax	181	146	161	208	207
Profit after tax attributable to Parent Company's shareholders	181	146	160	208	208
Margin measures					
Gross margin, %	23.9	22.6	21.9	22.4	22.7
EBITDA margin, %	10.3	9.3	8.4	10.7	12.1
Operating EBITDA margin, %	12.4	10.4	9.7	11.7	12.8
EBITA margin, %	7.7	6.8	5.9	8.1	8.7
Operating EBITA margin, %	10.2	8.0	7.4	9.4	10.2
Operating margin (EBIT), %	7.6	6.8	5.9	7.8	8.5
Cash flow					
Cash flow from operating activities	310	376	248	547	383
Gross investments	174	88	87	81	68
Capital structure					
Net debt	1,131	979	1,131	1,371	1,501
Net debt/Operating EBITDA, multiple	1.9	2.2	2.5	2.3	2.3
Net debt/equity ratio, multiple	0.4	0.4	0.5	0.6	0.6
Interest coverage ratio, multiple	2.9	3.5	4.0	4.1	3.2
Shareholders' equity	2,793	2,525	2,356	2,227	2,340
Shareholders' equity attributable to Parent Company's shareholders	2,793	2,524	2,352	2,224	2,314
Total assets	5,094	4,724	4,768	5,476	5,754
Equity/assets ratio, %	55	53	49	41	41
Capital employed	4,028	3,598	3,609	3,904	4,382
Operating capital	3,924	3,504	3,487	3,599	3,841
Return measures					
Return on equity, %	6.8	6.0	7.0	9.2	9.2
Return on capital employed, %	10.0	8.4	8.3	10.1	10.1
Return on operating capital, %	10.1	8.4	7.7	10.6	10.7
Employees					
Average number of employees	3,340	3,077	3,287	3,523	3,759
Share data					
Basic earnings per share, SEK	3.12	2.52	2.76	3.59	3.60
Diluted earnings per share, SEK	3.12	2.52	2.76	3.59	3.60
Shareholders' equity per share before dilution, SEK	48.17	43.55	40.57	38.36	39.92
Shareholders' equity per share after dilution, SEK	48.17	43.55	40.57	38.36	39.92
Number of shares before dilution	57,967,528	57,967,528	57,967,528	57,967,528	57,967,528
Number of shares after dilution	57,967,528	57,967,528	57,967,528	57,967,528	57,967,528
Average number of shares before dilution	57,967,528	57,967,528	57,967,528	57,967,528	57,753,567
Average number of shares after dilution	57,967,528	57,967,528	57,967,528	57,967,528	57,753,567

Definitions of key ratios

Income measures

Gross profit	Net sales less costs of goods sold
EBITDA	Earnings before interest, tax, depreciation and amortization
Operating EBITDA	EBITDA before items affecting comparability
EBITA	Earnings after depreciation, amortization and impairment but before deduction for impairment of goodwill as well as amortization and impairment of other intangible assets that arose in conjunction with company acquisitions
Operating EBITA	EBITA before items affecting comparability
Operating profit (EBIT)	Earnings before financial items and tax
Items affecting comparability	An income statement item that is non-recurring, has a significant impact on profit and is important for understanding the underlying development of operations. In particular, the costs are attributable to restructuring measures during a consolidation phase, in which the company is streamlining its operations through, among other things, closures of production facilities and sales units. These expenses consist primarily of impairment of assets, personnel costs and other external expenses

Margin measures

Gross margin	Gross profit as a percentage of net sales for the period
EBITDA margin	EBITDA as a percentage of net sales for the period
Operating EBITDA margin	Operating EBITDA as a percentage of net sales for the period
EBITA margin	EBITA as a percentage of net sales for the period
Operating EBITA margin	Operating EBITA as a percentage of net sales for the period
Operating margin (EBIT)	Operating profit (EBIT) as a percentage of net sales for the period

Cash flow

Cash flow from operating activities	Cash flow from operating activities after changes in working capital
Gross investments	Acquisitions of tangible and intangible non-current assets

Capital structure

Net debt	Interest-bearing liabilities and interest-bearing provisions less interest-bearing assets, including cash and equivalents
Net debt/Operating EBITDA	Net debt in relation to operating EBITDA for the last 12 months (LTM)
Net debt/equity ratio	Net debt in relation to shareholders' equity
Interest coverage ratio	Profit after net financial items plus financial expenses in relation to financial expenses
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets
Capital employed	Total assets less non-interest-bearing provisions and liabilities
Operating capital	Total assets less cash and equivalents, other interest-bearing assets and non-interest-bearing provisions and liabilities

Return measures

Return on shareholders' equity	Profit after tax attributable to the Parent Company's shareholders as a percentage of average shareholders' equity, excluding non-controlling interests
Return on capital employed	Profit after net financial items plus financial expenses as a percentage of average capital employed
Return on operating capital	Operating profit (EBIT) as a percentage of average operating capital

Share data

Basic earnings per share	Profit after tax for the period attributable to Parent Company's shareholders divided by the weighted average number of shares for the period before dilution
Diluted earnings per share	Profit after tax for the period attributable to Parent Company's shareholders divided by the weighted average number of shares for the period after dilution
Shareholders' equity per share, before dilution	Shareholders' equity attributable to Parent Company's shareholders divided by the number of shares at the end of the period before dilution
Shareholders' equity per share, after dilution	Shareholders' equity attributable to Parent Company's shareholders divided by the number of shares at the end of the period after dilution

Corporate governance, development and quality

Arne Frank, Chairman of the Board

"Functioning and effective corporate governance and transparency are prerequisites to realize our long-term plans."

Quality – a word I frequently come back to when talking about Inwido. I was privileged to be elected Chairman of the Board in the spring of 2014, and I am still discovering proof of the fact that this is an exciting quality company that has a long-term sustainable approach.

Inwido is a market leading company with a consumer-focused strategy, offering innovative products. With long-term ambitions for geographical expansion and an intensive product development plan, the company is also building on its success for the future. The stock exchange listing and broadened ownership have now provided the company with a new platform from which to grow.

A major reason why Inwido is renowned for its quality is the professional work carried out by the company's management team and many other key individuals over several years. Work that has won Inwido its current market leading positions.

The company's endeavour to offer new, innovative and environmentally-adapted products is another significant success factor for the future. Innovation and product development within windows and doors plays a highly important role in light of the continuing need for solutions to support a more energy-efficient society.

Yet another quality factor is the fact that Inwido is a well-managed company from a governance perspective. Functioning and effective corporate governance and transparency are prerequisites to realize our long-term plans. Reassurance must be provided to all stakeholders regarding satisfactory controls of relevant issues: Owners, customers, employees, credit providers, suppliers, agencies, society, the Board of Directors and management.

Corporate governance covers the processes, laws and regulations that set out how a company is managed and controlled, and therefore also provides quality assurance. The concept extends to the relationships between the many stakeholders concerned, division of responsibility within the organization and the goals that the company is aiming to achieve.

We regard corporate governance as an important area at Inwido. We have all the necessary tools in place, owing to the fact that Inwido already complied with several sections of the Swedish Corporate Governance Code prior to the company's listing on the Nasdaq Stockholm exchange. Inwido's corporate governance is also designed to support its business model, where decisions are made at as local a level as possible, in an effective manner.

The aim of this corporate governance report is to demonstrate to all Inwido's stakeholders that the company's daily operations are characterized by effective governance and control. The report gives details of how various means of control interact, and describes the structures that ensure good governance. We also highlight significant events and initiatives related to the work of the Board of Directors over the year that has passed.

We hereby look forward to continuing to create long-term shareholder value and utilize owners' and other stakeholders' interests in the best way we can by managing and developing Inwido in a manner that is sustainable in the long term.

MALMÖ, MARCH 2015

Arne Frank
Chairman of the Board

Corporate Governance Report

Operations

Inwido is Europe's largest supplier of windows and doors, with some 20 different brands. The company has operations in Sweden, Finland, Denmark, Norway, Poland, Austria, the UK and Ireland, and exports to a large number of other countries. Inwido is listed on the Nasdaq Stockholm exchange.

Governance principles

The governance of Inwido is based on the Articles of Association, the Swedish Companies Act, other relevant Swedish and foreign regulations and legislation, and internal guidelines. Inwido's governance is also based on Nasdaq Stockholm's regulations for issuers, as well as the Swedish Corporate Governance Code ("the Code"). The Code applies to all companies whose shares are listed on a regulated market. Companies are not obliged to follow all regulations stipulated in the Code on every occasion, but may choose alternative solutions deemed more appropriate to their circumstances, provided they account for all deviations, describe the alternative solution and explain why (according to the comply-or-explain principle). Companies whose shares are traded on a regulated market shall apply the Code as soon as possible thereafter and at the latest in conjunction with the Annual General Meeting held following the listing. Inwido's share was listed on the Nasdaq Stockholm exchange in September 2014, but the company already applied the Code in certain areas before the share was listed.

Share capital and voting rights

The share capital in Inwido AB (publ) amounted, on 31 December 2014, to SEK 231,870,112 shared among 57,967,528 shares of a single class of shares. The shares have a par value of SEK 4 each. Each share entitles the holder to one vote and equal entitlement to participation in the company's assets and earnings.

Shareholders

At the end of the year, the number of shareholders totalled 2,756. The largest single shareholder is Ratos AB (publ), with a 31.3 percent stake at 31 December, 2014. See page 88 of the annual report for further information about owners and share capital.

Annual General Meeting

The Annual General Meeting for the 2013 financial year was held on 26 March 2014. The Chairman of the Board, Arne Frank, was elected Chairman of the meeting. The Annual General Meeting approved the income statement and balance sheet, as well as the consolidated statement of comprehensive income and statement of financial position. The company's retained earnings and profit for the year were carried forward. The meeting discharged the members of the Board and the CEO from responsibility and approved the fees to be paid to the members of the Board and the auditor.

New Articles of Association were adopted at an Extraordinary General Meeting held on 8 July 2014 prior to the stock exchange listing.

Remuneration to the Board

At the Annual General Meeting of 26 March 2014, the fees paid to the Board for 2014 were set at SEK 1,000,000, of which SEK 400,000 is paid to the Chairman of the Board and SEK 200,000 each to the Board members not employed by the Inwido Group or Ratos AB (publ).

The Board and its work in 2014

• Composition and Nomination Committee

The Board of Directors of Inwido AB (publ) consists of six members elected by the Annual General Meeting. Employees appoint three representatives to the Board. The CEO is not a member of the Board but participates in all Board meetings on a co-opted basis. Other officers in the Group participate in Board meetings to present reports and to act as secretary.

A Nomination Committee shall be established annually at the initiative of the Chairman of the Board and elected at the Annual General Meeting. The principle is that the Nomination Committee shall comprise representatives from the company's largest shareholders.

Based on the ownership structure as of October 2014, the three largest shareholders in Inwido in terms of voting rights were consulted regarding participation in the nomination process for 2015. Together with Chairman of the Board Arne Frank, Thomas Wuolikainen, Fourth AP Fund, Jan Särlvik, Nordea Investment Management and Bo Jungner, Ratos (committee chairman) were elected.

• Rules of procedure of the Board

Each year, the Board adopts written rules of procedure that clarify its responsibilities and regulate the division of labour within the Board and its committees including the role of the Chairman, decision-making procedures, meeting schedules, procedures for calling Board meetings, agendas and minutes, as well as the Board's work in connection with accounting, auditing and financial reporting. The Board has also adopted a set of instructions for the CEO and other special policies.

The responsibility of the Board includes monitoring the work of the CEO through the continuous review of operations over the year, as well as safeguarding a structure for the appropriate management of Inwido's interests. The Board's responsibilities also involve setting strategies and targets, developing special policies, making decisions regarding large-scale acquisitions and divestments of operations, making decisions on other major investments, determining investments and loans in accordance with the Group's finance policy, issuing financial reports, evaluating operational management and planning succession.

The Board safeguards the quality of the financial reports by means of adopted control instruments and instructions to the President & CEO, and through its consideration of reports from the audit committee in the form of minutes and observations, as well as recommendations and proposed decisions and measures. The Board also safeguards the quality of the financial reports by addressing the relevant documents in detail during Board meetings.

• Role of the Chairman of the Board

The Chairman organizes and manages the work of the Board, ensuring that it is conducted in accordance with the Swedish Companies Act, other legislation and regulations, as well as the Board's internal control instruments. The Chairman monitors operations through ongoing contacts with the CEO and is responsible for ensuring that the other members of the Board receive satisfactory information and data on which to make decisions. The Chairman is responsible for ensuring that the Board continuously updates and deepens its knowledge of Inwido and that it receives the training otherwise necessary to be able to conduct its work efficiently.

• Work of the Board in 2014

According to the current rules of procedure, the Board meets on six occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary. In 2014, the Board held a total of 14 meetings.

Significant matters discussed during the year include:

- Long-term goals and strategic direction for the business
- Business plans, financial plans and forecasts
- Major investments
- Interim reports and year-end report
- The stock market listing process

Composition of the Board of Directors

Member	Attendance at meetings: Board meetings, of total of 14	Attendance at meetings: Audit committee, of total of 5	Approved remuneration SEK 000's	Elected year	Position (i.e. dependent or independent) in relation to: Company	Position (i.e. dependent or independent) in relation to: Owners
Arne Frank**	10	4	400	2014	Independent	Independent
Benny Ernstson	14	—	200	2004	Independent	Independent
Eva S Halén	13	—	200	2011	Independent	Independent
Henrik Lundh	13	5	—	2012	Independent	Dependent
Leif Johansson	13	—	—	2004	Independent	Dependent
Anders Wassberg**	14	4	200	2009	Independent	Independent
Ulf Jacobsson*	14	—	—	2012	—	—
Robert Wernersson*	14	—	—	2012	—	—
Tony Johansson*	14	—	—	2012	—	—

* Employee representative. ** ** Elected to the second Audit committee meeting.

Apart from the members of the Board, other officers in Inwido participated in Board meetings to present reports on particular issues and when otherwise deemed appropriate. A summary of the composition of the Board is given in the table above.

• Audit committee

The audit committee consists of members of the Board. The committee does not have decision-making powers and members are appointed annually by the Board at its statutory meeting. The work of the audit committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The committee's work focuses on the quality and accuracy of the financial accounts and reports, efforts in internal financial control, the Group's adherence to applicable regulations and, where appropriate, transactions between the Group and related parties.

In addition, the audit committee maintains regular contact with the auditor for Inwido AB (publ) and the Group in order to engender an ongoing exchange of ideas and information between the Board and the auditor on audit issues. Furthermore, the committee shall assess the auditor's work and set guidelines for the additional services, besides auditing, that Inwido may procure from its auditor.

In 2014, the audit committee comprised Arne Frank (chairman), Henrik Lundh and Anders Wassberg. During 2014, the audit committee held five meetings, which were attended by all members. The meetings of the audit committee are minuted and reported verbally at Board meetings.

• Remuneration Committee

The Board has also established a special remuneration committee. The members of the committee is Arne Frank and Henrik Lundh. The Chairman is Arne Frank. The remuneration committee has an advisory function and a preparatory function as regards matters on which decisions must be taken, before they are addressed and decided upon by Inwido's Board. The remuneration committee works in accordance with the rules of procedures adopted by the Board. The main duties of the remuneration committee are to prepare decisions by the Board on issues concerning remuneration principles, remuneration and other employment terms for company management; to monitor and assess variable remuneration programmes for company management; and to monitor and assess the application of the guidelines for remuneration to the executive management decided upon by the Annual General Meeting, as well as applicable remuneration structures and remuneration levels in Inwido.

• Reporting and control

The Board and its audit committee monitor the quality of the financial reports and Inwido's internal control systems and review Inwido's risk scenario. This is achieved by issuing instructions to the CEO, setting requirements for the contents of regular reports on financial conditions to the Board, and through reviews conducted together with the Board and auditors. Financial reports, such as the annual report, are subject to review and approval by the Board and audit committee.

• Group management

Group management holds regular meetings led by the CEO. The CEO leads operations in accordance with the Companies Act and within the parameters set by the Board. In consultation with the Chairman of the Board, the CEO prepares the data and materials the Board requires to make its decisions, presents matters and explains proposed decisions. The CEO is also responsible for Inwido's commercial, strategic and financial development, leading and coordinating daily operations in line with the Board's guidelines and decisions. The CEO also appoints the members of Group management in consultation with the Chairman of the Board.

• Auditors

At the 2014 Annual General Meeting, authorized public accountant Eva Melzig Henriksson of the KPMG Bohlins AB firm of auditors was re-elected auditor for Inwido AB (publ), a role she has held since 2007. The auditor maintains regular contact with the Chairman of the Board, the audit committee and Group management. Inwido's auditor shall review the annual report and accounts, as well as the CEO's management work.

The auditor works according to an audit plan that takes into account comments submitted by the Board via the audit committee. The auditor has submitted her observations to the Board. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2014 annual report on 18 March 2015. The auditor also participates in one Board meeting per year, where she outlines the audit process and her observations in an audit report.

Over the year, the auditor has also performed certain consulting assignments outside the scope of the audit – these have mainly involved advice on accounting matters.

The external audit is conducted in accordance with generally accepted accounting principles in Sweden. The auditing of documentation for the annual report for legal units outside Sweden is conducted in accordance with legal requirements and other applicable regulations in the relevant countries, in accordance with generally accepted accounting principles and accompanied by audit reports where so required by local legislation.

• Internal audit

Inwido has developed systems for governance and internal control. The Board and audit committee follow up Inwido's assessment of internal control through measures including contact with Inwido's auditors. Given the above, the Board has elected not to establish a special internal audit unit.

Board of Directors' report on internal control

The responsibility of the Board and CEO regarding internal control is regulated by the Swedish Companies Act. The responsibility of the Board is also regulated by the

Swedish Code of Corporate Governance, which includes requirements on the annual provision of information externally regarding how internal control is organized vis-à-vis financial reporting.

The principal purpose of internal control is to ensure the achievement of the company's targets for appropriate and efficient operations, reliable reporting and adherence to applicable legislation and regulations. Internal control relating to financial reporting serves to provide reasonable security regarding the reliability of external financial reporting and to ensure that external financial reports are prepared in accordance with legislation and applicable accounting standards. This report on internal control has not been reviewed by the company's auditors.

• Control environment

The Board bears the overall responsibility for internal control regarding financial reporting. To establish and maintain a functioning control environment, the Board has adopted a set of basic documents that have a bearing on financial reporting. In particular, these include the formal work plan for the Board and the instructions for the CEO. In addition, the Board has appointed an audit committee whose principal task is to ensure that the established principles for financial reporting and internal control are complied with and that appropriate relations are maintained with the company's auditors. Responsibility for maintaining an effective control environment and for ongoing internal control efforts regarding financial reporting is delegated to the CEO. In turn, the CEO reports to the Board in accordance with established procedures. In addition, reports are provided by the company's auditors.

The internal control structure also builds on a management system based on the company's organization with clearly defined roles, areas of responsibility and delegated authority. Operational decisions are made at company or business area level, while decisions regarding strategy, overarching financial matters, acquisitions and major investments are made by Inwido's Board and Group management.

Control documents addressing accounting and financial reporting represent crucial components in the control environment with regard to financial reporting. These documents are updated regularly in connection with changes in accounting standards and legislation.

• Risk assessment

The Group conducts continuous risk assessment to identify key risks relating to financial reporting. With regard to financial reporting, risk is primarily judged to involve significant errors in the accounts; for example with regard to the reporting and valuation of assets, liabilities, revenues and costs or other discrepancies. Fraud and losses through embezzlement represent another risk. Risk management is built into all processes and various methods are used to assess and limit risks and to ensure that the risks to which Inwido is exposed are managed in accordance with established policies, instructions and follow-up procedures designed to reduce possible risks and to promote correct accounting, reporting and information.

• Control activities

The risks identified with regard to financial reporting are managed through the company's control activities, such as authorization controls in IT systems and signature authentication. The control structure includes clear organizational roles that enable an efficient division of responsibilities for specific control activities serving to uncover or prevent the risk of errors arising in reports. All units have their own controllers/finance managers who participate in the assessment of their own reporting alongside the central controller function. The continuous analysis of financial reporting, alongside the analysis conducted at Group level, is highly important in ensuring that financial reports are free of material errors. The Group's controller organization plays a key role in the internal control process, which is responsible for ensuring that financial reports from each unit are submitted correct, complete and on time.

• Information and communication

Inwido continually provides the market with information on the Group's development and financial position in relevant channels. Policies, guidelines and internal instructions regarding financial reporting ensure quality in external communication. These are available in digital and printed format. The employees concerned are given access to and notified of regular updates and messages regarding changes in accounting principles, reporting requirements or other provision of information.

• Follow-up

The CEO is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board. The CEO is responsible for ensuring that independent and objective reviews are conducted with the aim of systematically assessing and proposing improvements to the Group's processes for governance, internal control and risk management. Financial control is exercised by the Group finance function. Inwido's management reviews results on a monthly basis, analyzing deviations from budget, forecasts and comparative data from the preceding year; all monthly accounts are discussed with the management of the business units. The Board receives monthly financial reports and follows up on financial reporting at each of its meetings. The Board and Group management review financial reporting ahead of the publication of the annual report. An audit is carried out of the year-end accounts for the period January – September, known as 'hard close', as well as of the annual accounts. The company's auditors present their observations to the Board. The auditors' duties also include monitoring internal control within the Group's subsidiaries on an annual basis.

MALMÖ, 18 MARCH 2015

The Board of Directors of Inwido AB (publ)

Auditors' report of the Corporate Governance Report

To the annual meeting of the shareholders in Inwido AB, Corporate identity number 556633-3828

It is the Board of Directors who is responsible for the Corporate Governance Report for the year 2014 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for my opinion that the Corporate Governance Report has been prepared and is consistent with the annual accounts and the consolidated accounts, I have read the Corporate Governance Report and assessed its statutory content based on my knowledge of the company. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

In my opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

MALMÖ 18 MARCH 2015

Eva Melzig Henriksson
Authorized Public Accountant

Board of Directors and Auditors

Arne Frank

Chairman of the Board

Born: 1958

Education: Master of Science in Industrial Engineering and Management, Linköping Institute of Technology

Member of the Board since: 2014

Other assignments: President and CEO AAK AB (publ), Board member Alfa Laval

Previous positions: Senior Advisor Schneider Electric, Chairman and CEO TAC. Chairman and CEO Carl Zeiss Vision. Board member Nibe, Senior Industrial Advisor EQT

Own holdings and holdings of related parties: 71,000 shares

Benny Ernstson

Board member

Born: 1949

Education: Bachelor of Science in Business and Economics, Lund University

Member of the Board since: 2004

Other assignments: Business consultant, Chairman Svensk Husproduktion

Previous positions: President Universal Hardwood Flooring, President and Business Area Manager Tarkett AB, Business Area Manager Nobia AB, divisional manager Perstorp AB and LB Invest AB

Own holdings and holdings of related parties: 21,074 shares

Eva S Halén

Board member

Born: 1966

Education: Master of Science in Engineering, Royal Institute of Technology, Stockholm

Member of the Board since: 2011

Other assignments: CEO Audionomerna & Hörsam AB

Previous positions: International Sales & Service Director Etac AB, CEO Electrolux Home AB, various senior positions with Electrolux HemProdukter AB

Own holdings and holdings of related parties: 10,000 shares

Leif Johansson

Board member

Born: 1949

Education: Advanced degree in business administration

Member of the Board since: 2004

Other assignments: Industrial Advisor Ratos AB. Chairman Euromaint AB, Aalborg Ejendom and Fort Nox AB. Board member Arcus A/S, Profura AB and Latour Industrier AB. Deputy Director Aibel

Previous positions: Deputy CEO and Investment Director Ratos AB, President and CEO LB-Invest, leading positions at Procuritas KB and own consultancy firm

Own holdings and holdings of related parties: 1,985 shares

Henrik Lundh

Board member

Born: 1972

Education: Bachelor of Science in Economics and Business, Stockholm School of Economics and NYU Stern School of Business

Member of the Board since: 2012

Other assignments: Senior Investment Director Ratos AB

Previous positions: Keystone Advisers, UBS Warburg

Own holdings and holdings of related parties: –

Anders Wassberg

Board member

Born: 1965

Education: Master of Science in Engineering, Chalmers University of Technology

Member of the Board since: 2009

Other assignments: President and CEO Ballingslöv International AB, Board member Kährs Holding AB

Previous positions: President AB Gustaf Kähr, President Beijer Byggmaterial AB

Own holdings and holdings of related parties: 10,000 shares

Ulf Jacobsson

Employee representative

Born: 1960

Member of the Board since: 2012

Other assignments: Chairman GS Bjurträsk trade union

Own holdings and holdings of related parties: –

Robert Wernersson

Employee representative

Born: 1965

Member of the Board since: 2012

Other assignments: Board member Inwido Produktion AB and Elitfönster AB, Chairman Unionen Lenhovda

Own holdings and holdings of related parties: –

Tony Johansson

Employee representative (substitute)

Born: 1967

Member of the Board since: 2012

Other assignments: Board member GS department 3 Halland/Kronoberg trade union

Own holdings and holdings of related parties: –

Eva Melzig Henriksson

Authorized Public Accountant, KPMG AB

Born: 1961

Auditor for Inwido AB since: 2007

Group Management

Håkan Jeppsson

President and Chief Executive Officer, CEO

Born: 1961

Education: Bachelor of Science in Business and Economics, Lund University and several training programmes for senior executives

Employed since: 2009
Member of Group Management since 2009

Other assignments: Chairman of Malmö FF, Board member Handelsbanken Malmö City, member Advisory Council, Lund University School of Economics and Management

Previous positions: President and CEO BE Group AB (2002-2009), President Papyrus AB (1999-2002) where he has also been a Board member

Own holdings and holdings of related parties: 443,052 shares

Mikael Carleson

Senior Vice President, Sweden

Born: 1962

Education: Bachelor of Science in Economics, Lund University

Employed since: 2012
Member of Group Management since 2012

Previous positions: SVP Inwido Emerging Business Europe (2012-2014), President Region EMEA & Global Manager Service Operations Cardo Flow solutions (2009-2011)

Own holdings and holdings of related parties: 25,000 shares

Espen Hoff

Senior Vice President, Norway

Born: 1965

Education: Business and Administration, Handelsakademiet/Handelshöyskolen BI

Employed since: 2012
Member of Group Management since 2012

Previous positions: Managing Director/CEO Byggmakker Norge AS (2006-2012), Vice President ICA Norge AS (2002-2006)

Own holdings and holdings of related parties: 17,500 shares

Lars Jonsson

Senior Vice President, Operations and Development

Born: 1965

Education: Law and personal management, University West Trollhättan/Uddevalla and several international executives management programmes

Employed since: 2015
Member of Group Management since 2015

Previous positions: Executive VP/COO Specma Group AB (2012-2015), CEO Crane AB (2010-2012)

Own holdings and holdings of related parties: 140 shares

Timo Luhtaniemi

Senior Vice President, Finland

Born: 1963

Education: Master of Science in Engineering, Helsinki University of Technology and Master of Business Administration, Helsinki School of Economics

Employed since: 2006
Member of Group Management since 2007

Other assignments: Board member Siili Solutions AB and Träproduktindustrin rf

Previous positions: President Siili Solutions AB (2005-2006), President Endero Abp (2001-2005)

Own holdings and holdings of related parties: 78,401 shares (through companies)

Jonna Opitz

Senior Vice President, Marketing, Sales & Communication

Born: 1969

Education: Bachelor of Arts degree, Media and Communication, Växjö University

Employed since: 2009
Member of Group Management since 2009

Previous positions: VP Corporate Communications ReadSoft AB (2006-2009), Corporate Communications Manager PartnerTech AB (2001-2006)

Own holdings and holdings of related parties: 37,500 shares

Mads Storgaard Mehlsen

Senior Vice President, Denmark

Born: 1971

Education: Master of Arts, Economics, Aalborg University

Employed since: 2007
Member of Group Management since 2010

Other assignments: Chairman of the board Celebert A/S, Chairman of the board Dansk Profilteknik A/S, Board member Dansk Byggeri (and Chairman ”Industry section” and ”Danish Building material”)

Previous positions: Board assistant Aalborg Industries A/S (2004-2007), Authorized Public Accountant KPMG (1993-2004)

Own holdings and holdings of related parties: 37,500 shares

Peter Welin

Chief Financial Officer, CFO

Born: 1973

Education: Master of Arts, Economics, Lund University

Employed since: 1998
Member of Group Management since 2004

Previous positions: Business Area Manager Inwido Sweden AB (2003-2004), President Allmogefönster in Sweden (2000-2003)

Own holdings and holdings of related parties: 141,528 shares

Lena Wessner

Senior Vice President, Human Resources, Organization and Sustainability

Born: 1961

Education: Bachelor of Science in Business and Economics, Lund University

Employed since: 2010
Member of Group Management since 2010

Other assignments: Board member Resources On Internet Sweden AB

Previous positions: HR Manager E.ON ES (2009-2010), Head of HR Operations Sony Ericsson Mobil Communication AB (2006-2009)

Own holdings and holdings of related parties: 12,500 shares

2014 financial statements

Directors' Report 2014

The Board of Directors and the President of Inwido AB (publ), corporate identity number 556633-3828, domiciled in Sweden and with registered offices in Malmö, hereby present their annual report and consolidated annual accounts for the 2014 financial year.

Group relationships

Inwido AB (publ) is the Parent Company for the Inwido Group. Since 26 September 2014, Inwido's shares are listed on the Nasdaq Stockholm exchange.

Operations

Inwido is Europe's largest supplier of windows and doors, with some 20 different brands. Inwido has operations in Sweden, Finland, Denmark, Norway, Poland, Austria, the UK and Ireland, and exports to a large number of other countries. In 2014, Inwido had sales of SEK 4.9 billion and approximately 3,300 employees.

Inwido targets both the consumer and industry markets, thereby achieving broad market coverage. In 2014, sales to the consumer market accounted for 70 percent of total net sales, while sales to the industry market accounted for about 30 percent.

The consumer market is dominated by residential renovation, remodelling and extension projects. Sales to industry customers, such as major building companies and manufacturers of prefabricated homes, are generally conducted through framework agreements or larger volumes for specific building projects.

Seasonal variations

Inwido's operations are materially affected by seasonal variations and about 60 percent of sales occur during the periods April-June and August-October. The weakest period is the first quarter with about 20 percent of sales. The largest seasonal variations are within the consumer market, although sales to the industry market are also dependent on the season and weather. Normally a certain accumulation of inventory takes place in the first quarter, particularly in Sweden, which, in the second and third quarters transitions into a reduction in inventories as a result of the increased activity in the market.

Financial targets

Inwido's operations are governed by four financial targets aimed at providing shareholders with good returns and long-term growth in value.

• Profitability

Inwido's profitability target is an operating EBITA margin of 12 percent. We believe it will be possible to attain this target within a few years. This is based on the improvements that have been made and existing plans. The profitability target is also dependent on no dramatic changes occurring as regards general market demand. Inwido may not achieve its profitability targets during years when the market trend is weaker. When this happens, Inwido will undertake measures to further enhance profitability, which we have been successful with in the past.

• Sales growth

Inwido's objective is to exceed growth in our current markets through organic growth, as well as selective acquisitions and initiatives in Europe.

• Capital structure

Inwido's net debt in relation to operating EBITDA shall, excluding temporary deviations, not exceed a multiple of 2.5.

• Dividend policy

Inwido aims to pay its shareholders an annual dividend that corresponds to approximately 50 percent of net profit, However, Inwido's financial status in relation to the target, cash flow and future prospects shall be taken into consideration.

Market development *

In 2014, market development in the individual Nordic markets was varied in terms of total market volumes. Market volumes increased, particularly in Denmark and Sweden, where they rose by 6 percent and 3 percent respectively. In Denmark, it was primarily the renovation market that drove demand, while in Sweden, new construction was the main growth segment. In Norway, an increase of slightly less than 1 percent was noted although the trend was negative towards the end of the year. Market volumes in Finland have been negatively affected by the generally weak economic situation in the country with volumes declining 15 percent. Within EBE, it was Ireland in particular that showed good market growth after several years of declining volumes.

Group development

In recent years Inwido has implemented several process and structural changes. This work will continue as part of our strategy to achieve synergies in a gradually more coordinated group. Since the current strategy was launched in 2009, Inwido has improved its gross margin by slightly more than 6 percentage points, primarily as the result of a more efficient production structure and the cost savings that have been implemented, as well as sales volume increases in 2014.

During the year, operations in Norway were characterized by extensive structural measures. The door operations' distribution centre in Stokke was moved to Lenhovda in Sweden during the first quarter. In the second quarter, the production unit in Os was closed and its operations moved to Lenhovda and Vetlanda in Sweden. These measures are aimed at reducing costs in Norway to a competitive level.

In the UK, some production was moved to Inwido's manufacturing unit in Poland in the third quarter, increasing local competitiveness. Also in the UK, a sales office was opened in Braintree outside London, which will serve as the new base for sales in the south-east of England.

In April the Group acquired JNA Vinduer & Døre A/S and Säästke OÜ. In addition, Inwido divested its operations in Russia to a private investor in the third quarter. See "Corporate acquisitions and divestments" on the next page for further information.

As part of Inwido's strategy to increase its presence in the consumer market by continuously being able to offer products and solutions for improved well-being, a number of product launches took place during the year within the new IQ concept. Products in this concept are combined with smart technologies. The Invent concept was, for example launched earlier in Finland. Invent is a ventilation concept that combines energy savings with an improved indoor climate. The Energy Frames concept has also been launched in Denmark. Energy Frames consists of energy-efficient façade solutions combined with modern design. In 2014 we intensified our focus on developing even better and smarter products. Some of these were exhibited at the Stockholm Furniture Fair, in February 2014, where we launched new smart windows, doors and sliding doors under the IQ concept for Hajom's and SnickarPer's products.

Inwido's shares were listed on the Nasdaq Stockholm exchange on 26 September 2014.

*Market growth rates have been gathered from sector organizations in each country.

Corporate acquisitions and divestments

On 7 March 2014, Inwido divested its operations in Russia to a private investor through the sale of the assets in those operations. The disposal of the legal entity was completed in the third quarter of 2014.

On 2 April 2014, the Group paid in cash to acquire 100 percent of the shares and votes in the businesses JNA Vinduer & Døre A/S and Säästke OÜ for SEK 203.6 million. The acquisitions also include three subsidiaries to Säästke OÜ (SparVinduer ApS, SpareVinduer AS and SparFönster AB). The acquisitions are in line with Inwido's strategy of growing both organically and through acquisitions. The acquisitions are also motivated by the ambition of being represented in the growing market for windows and doors on the Internet – an area where Inwido has not previously maintained a presence of its own.

Consolidated net sales and profit

• Group

Consolidated net sales rose to SEK 4,916 million (4,300) in 2014. This corresponds to an increase of 8 percent for comparable units and adjusted for exchange rate effects.

Consolidated EBITA rose to SEK 376 million (294) and the EBITA margin rose to 7.7 percent (6.8). Operating EBITA, that is, EBITA before items affecting comparability, increased to SEK 502 million (345). See "Items affecting comparability" below for additional information. The operating EBITA margin rose to 10.2 percent (8.0). The improvement in profitability was primarily due to higher sales volumes combined with increased efficiency.

Net financial items amounted to an expense of SEK 121 million (79). The negative deviation is explained by a revaluation concerning issued synthetic options which resulted in a net financial expense of SEK 51 million. All synthetic options expired in connection with the listing of Inwido's shares in September 2014. Slightly higher net debt in 2014 than in 2013, due to the acquisitions of JNA and SPAR, was offset by generally lower interest rates.

Consolidated profit before tax rose to SEK 253 million (215). Income taxes for 2014 amounted to SEK 72 million (69). The Group incurred a tax expense due to non-deductible expenses, of which most were attributable to the increased provision for issued synthetic options. Profit after tax rose to SEK 181 million (146). Earnings per share rose to SEK 3.12 (2.52).

Following the publication of the 2013 Annual Report, Inwido discovered errors in connection with the bookkeeping of two Norwegian subsidiaries. As a consequence of this, the financial statements for the financial year 2013 have been restated effective from the interim report for the second quarter of 2014. See Note 30 for further information.

• Operating segments

I ***Sweden***, net sales rose to SEK 1,961 million (1,737), corresponding to an increase of 13 percent. In Sweden, Inwido's market share increased somewhat in 2014. Operating EBITA rose to SEK 211 million (198) and the operating EBITA margin was 10.8 percent (11.4). In Sweden, capacity had to be increased to supply windows to Norway. Since this increased production costs, efficiency in Sweden temporarily decreased. This, combined with lower gross margins due to a less favourable customer mix, including increased internal sales, resulted in a lower EBITA margin for the Swedish operations. At the end of the period, Inwido's order backlog was 33 percent higher than at the end of the equivalent period last year.

In ***Finland***, net sales rose to SEK 1,349 million (1,156), corresponding to an increase of 11 percent adjusted for exchange rate effects in a diminishing market. The increased market share in Finland is mainly explained by one of the major competitors having been declared bankrupt in early 2014. Operating EBITA rose to SEK 193 million (126) and the operating EBITA margin rose to 14.3 percent (10.9). Profitability was boosted by higher volumes and increased efficiency in the factories, resulting from, for example, better utilization of product platforms. At the end of the period, Inwido's order backlog was 4 percent lower in local currency than at the end of the equivalent period last year.

In ***Denmark***, net sales rose to SEK 1,029 million (695), corresponding to an increase of 16 percent for comparable units and adjusted for exchange rate effects. In recent years, with market volumes falling in Denmark, Inwido has further advanced its position mainly through a favourable trend in consumer sales through craftsmen/installers and small building companies, as well as through builders' merchants and DIY chains. With the newly acquired companies JNA and SPAR, Inwido also adds an online sales channel that reaches the end customer without intermediaries. The start of the year was weak in terms of industry sales although order bookings rose from the second quarter of 2014. Operating EBITA amounted to SEK 176 million (120), while the operating EBITA margin decreased somewhat to SEK 17.1 million (17.3). Higher volumes and improved efficiency boosted earnings. Despite a significant increase in volume, a changed customer and channel mix had a negative effect on profitability. At the end of the period, Inwido's order backlog was 59 percent higher in local currency for comparable units than at the end of the corresponding period last year.

In ***Norway*** net sales amounted to SEK 352 million (411), corresponding to a decrease of 13 percent adjusted for currency effects. Over the year, the Norwegian operations were characterized by extensive structural measures. The door operations' distribution centre in Stokke was moved to Lenhovda in Sweden during the first quarter. In the second quarter, the production unit in Os was closed and its operations moved to Lenhovda and Vetlanda in Sweden. These measures are aimed at enhancing competitiveness, although they have, in the short term, created challenges in the Norwegian sales organization and Inwido has lost market share. At the same time, Inwido has consciously reduced its sales to the industry market and the door market, where increased price pressure has resulted in increasingly insufficient profitability. Operating EBITA amounted to a negative SEK 30 million (42) and the operating EBITA margin was a negative 8.6 percent (10.3). Towards the end of the year, the initial effects of the structural measures in Norway could be observed with lower fixed costs helping improve profitability. At the end of the period, Inwido's order backlog was 23 percent higher in local currency than at the end of the equivalent period last year.

In ***EBE***, net sales rose to SEK 261 million (243), corresponding to an increase of 1 percent adjusted for currency effects. Operating EBITA amounted to a negative SEK 19 million (29) and the operating EBITA margin was a negative 7.5 percent (12.1). In EBE, profitability rose in pace with increasing volumes and lower fixed costs. It was primarily the earnings trend in Ireland that took a positive direction. At the end of the period, Inwido's order backlog was 35 percent higher than at the end of the equivalent period last year.

Items affecting comparability

Items affecting comparability relates to income statement items that are non-recurring, have a significant impact on profit and are important for understanding the underlying development of operations. In particular, these relate to restructuring expenses during a consolidation phase, in which the Company streamlines its operations by means of measures including closures of production facilities and sales units. These expenses primarily consist of impairment of assets, personnel costs and other external expenses.

In 2014, items affecting comparability amounted to a negative SEK 125 million (51). In the first and second quarters, items affecting comparability of a negative SEK 104 million (3) were reported, mainly related to the relocation of window production from the manufacturing unit in Os, Norway to Lenhovda and Vetlanda in Sweden, the relocation of some production in the UK to Inwido's manufacturing unit in Poland and to the impairment of equipment acquired in connection with a competitor's bankruptcy in Finland. In the third quarter, items affecting comparability of a negative SEK 21 million (3) were reported, which mostly related to costs associated with the listing of Inwido's shares on the Nasdaq Stockholm exchange. In the fourth quarter, items affecting comparability amounted to SEK 0 million (negative 45).

Cash flow

Cash flow from operating activities was SEK 310 million (376). The deviation from the previous year is mainly attributable to a cash disbursement in connection with the maturity of all outstanding synthetic options and the implementation of restructuring measures.

Cash flow from investing operations amounted to a negative SEK 343 million (74). The deviation from the previous year is mainly attributable to the acquisitions of JNA and SPAR and the acquisition of equipment in connection with the bankruptcy of a competitor.

Cash flow from financing activities was SEK 43 million (negative 323). The deviation from the previous year is mainly attributable to bank loans raised in connection with the acquisitions of JNA and SPAR and lower amortizations in accordance with a new bank agreement.

Gross investments, depreciation, amortization and impairment

Gross investments amounted to SEK 174 million (88) and depreciation/amortization and impairment amounted to SEK 134 million (108), of which SEK 2 million relates to the impairment of intangible assets arising in connection with the acquisitions of JNA and SPAR. The deviation from the previous year is mainly attributable to the acquisition of equipment in connection with the bankruptcy of a competitor and investments in machinery in Sweden and Denmark.

Financial status and liquidity

Inwido's principal external financing consists of bank loans. On 12 September 2014, Inwido signed by a new credit agreement with Nordea. The new long-term credit lines amount to SEK 1,750 million divided into so-called term loans totalling SEK 1,100 million and a revolving credit facility of SEK 650 million. The credit agreement covers a period of five years and replaces the previous agreement with Nordea. The new long-term loans have been used to repay the loans linked to the previous agreement. On the whole, the new credit agreement entails an improvement in terms with regard to both margin and flexibility. The agreement includes financial covenants that are followed up on a quarterly basis. Inwido meets the terms of existing credit agreements.

Consolidated net debt was SEK 1,131 million (979) at the end of the period. The increase in debt is mainly a result of bank financing raised in connection with the acquisitions of JNA and SPAR. Calculated as interest-bearing net debt divided by operating EBITDA, indebtedness was 1.9 (2.2) at the end of the period and the net debt/equity ratio was 0.4 (0.4). Consolidated cash and equivalents were SEK 88 million (77) at the end of the period. Available funds, including unutilized credit facilities, amounted to SEK 603 million (558).

Staff

There was an average of 3,340 (3,077) employees in the Inwido Group during the year.

Efficient HR work forms an important part of our strategy and efforts to establish a Group-wide business culture and shared values continued during 2014.

To achieve our ambitious business targets, we must make sure we have the right employees for both current and future assignments. During the year, a leadership handbook was produced with the aim of providing further support to the Group's leaders. The leadership handbook provides a concentrated account of what is expected of Inwido's leaders.

Our HR work is based on three principal areas: corporate culture, competence development and leadership.

• Corporate culture

Since 2011, Inwido applies three values that form the foundation of a shared corporate culture. These values act as basic guidelines to how we should conducts business: consumer in mind, courage to improve and competent people at hand.

• Competence development

Attracting and developing the most competent, committed and best suited employees for the future is decisive for all companies. Inwido uses several tools to secure competence and succession, including encouraging internal mobility, identifying necessary skills and working for an even gender distributions and cultural diversity.

• Leadership

Strong leadership is a decisive success factor, particularly in a changeable and growing organization like Inwido. In the recruitment of managers both inside and outside the organization, we place considerable emphasis on attributes beyond the applicant's formal background. Training our managers is another important factor. In 2011, we initiated a tailored management programme to train and support Inwido's current and future leaders. With time, this programme will create a Group-wide management platform.

In 2014, an employee survey was carried out, with the resulting index improving for the fifth consecutive year.

Environment and sustainability

The Group ascribes great importance to adhering to and exceeding legal requirements in the area of the environment and conforming to the Group's environmental policy. Of the Group's total net sales in Sweden, a large proportion derive from activities requiring permits or compulsory registration. The Group's other production units in Denmark, Finland, Norway, Poland and the UK have been inspected by local environmental authorities and meet local environmental legislation.

The subsidiary Inwido Sverige AB and its subsidiaries, as well and Inwido Supply AB are affiliated to an active and goal-oriented environmental programme. Inwido's Swedish units operate in a network, working together on environmental issues and improvement projects. Inwido Sweden's production units in Vetlanda, Lenhovda and Bjurträsk have been certified in accordance with ISO 14001.

All production units within Inwido Sweden conduct operations requiring permits or registration in accordance with Swedish environmental legislation. The obligation to undergo testing applies to the use of solvents and the operation of solid fuel furnaces.

Inwido Supply's production units at Bankeryd and Sävsjö conduct operations requiring permits or registration in accordance with Swedish environmental legislation. In Sweden, Inwido conducts operations requiring permits at five operational locations: Lenhovda in Kronoberg County, Vetlanda, Hånger, Bankeryd and Sävsjö in Jönköping County. The permit for Lenhovda applies to the manufacture of windows and sealed glass panes. The permit for Vetlanda applies to the manufacture of windows. The permits for Hånger and Bankeryd apply to the manufacture of doors. The probationary permit for Sävsjö applies to the pre-treatment and powder coating of aluminium profiles. Operations requiring registration are conducted at four sites: Vetlanda in Jönköping County, Bjurträsk in Västerbotten County, Hajom in Västra Götaland County and Väröbacka in Halland County. The facilities for which permits are required adhere to the decisions made by the environmental committees of the relevant municipalities.

The operations primarily affect the environment through emissions of solvents and dust to the atmosphere as a result of surface treatment and impregnation, as well as the operation of solid fuel furnaces. Solvent-filtration plants have been installed in Lenhovda, Vetlanda, Hånger and Bankeryd. In Hajom and Väröbacka, solvents are used to such a minor extent that filtration is not required. At the other facilities, surface treatments are carried out using water-based paints and filtration is not required. Flue-gas filtration to reduce dust emissions has been installed at all operation facilities.

Current permits cover the production volumes expected in 2015.

Inwido is working purposefully to reduce the Group's energy consumption, carbon dioxide emissions and other emissions, as well as monitoring and controlling waste and materials with the objective of reducing the negative environmental impact. Other key sustainability-related areas of focus for Inwido are sustainable products and transactions and a safe and stimulating work environment. See the "Sustainability" section on page 31 for further information on Inwido's sustainability efforts.

Risks and risk management

The significant risks that have been identified are managed continuously at various levels in Inwido and in its overarching strategic planning. This allows Inwido to identify and manage risks at an early stage. In addition, the Group continuously reports risk related matters to the Board of Inwido, which bears the ultimate responsibility for the Company's risk management. Inwido divides risks between financial, operational and external risks.

Financial risks

RISK	MANAGEMENT/EXPOSURE
Financial credit risks	
Credit risks in financial management relate primarily to the probability of financial losses resulting from counterparties' incapacity to meet contractual obligations arising from financial transactions or instruments.	Financial credit risks are limited by using counterparties with a high level of creditworthiness. In 2014, no credit losses were incurred as a consequence of investments in cash equivalents or financial instruments.
Currency risks	
Transaction exposure The Group is exposed to currency risk in the form of transaction exposures arising through purchases and sales of goods and services in currencies other than each Group company's local currency.	The Group applies a finance policy adopted by the Board of Directors. Transaction exposure shall primarily be minimized through internal measures, such as matching of flows, choice of invoicing currency and the use of currency clauses, and secondarily through financial instruments. Each business unit shall currency hedge 40-60 percent of forecast net flows in the relevant foreign currency for the next six months. This applies if the forecast net exposure for an individual business unit exceeds the equivalent of EUR 500,000 annually for an individual foreign currency.
Translation exposure When subsidiaries' balance sheets in local currency are translated into SEK, a translation difference arises as a consequence of the current year being translated at a different closing rate than the previous year. The income statement is translated at the average exchange rate for the year while the balance sheet is translated at the exchange rate as per 31 December. The translation exposure forms the risk represented by the translation difference as the change in equity.	The Group does not hedge this risk. An annual analysis is made of the translation exposure trend and the related risks. See Note 2.
Interest rate risks	
Interest rate risk represents how changes in market interest rates affect cash flow and the Group's earnings, as well as the value of financial instruments.	Management of the Group's interest exposure is centralized, meaning that the central finance function is responsible for identifying and managing this exposure in accordance with the finance policy adopted by the Board of Directors. The proportion of gross borrowing with fixed interest may not exceed 50 percent. The average period of fixed interest on the Group's gross borrowing may not exceed three years.
Financing and liquidity risks	
Financing and liquidity risks represent the risk that it will be difficult or costly to refinance loans reaching maturity or that it will not be possible to meet payment obligations due to insufficient liquidity or difficulties in obtaining external financing.	Inwido seeks to achieve good planning and foresight with regard to funding issues with the objective of Inwido always being offered cost-effective financing on favourable market terms for comparable borrowers. To safeguard adequate payment capacity, Inwido's objective is to secure sufficient liquidity or credit facilities. The Group's debt/equity ratio and forecasts of its liquidity are followed up on an on-going basis. See Note 2.

Operational Risks

RISK	MANAGEMENT/EXPOSURE
Risk of losses on trade and other receivables	
The risk that the Group's customers fail to meet their payment obligations for trade and other receivables constitutes a customer credit risk.	Inwido reduces counterparty risks relating to customers by applying the Group's credit policy. Credit checks are performed on the Group's customers with information regarding their financial status being obtained from various credit information agencies. The risk of credit losses is also limited through credit insurance, which covers the majority of Inwido's insurable receivables. Bank guarantees or other sureties are required of customers with low credit ratings or insufficient credit history. Trade and other receivables are subjected to on-going age analysis. The assessment of credit risk is primarily managed by each subsidiary. As per the balance sheet date, there were no significant concentrations of customer credit exposures. See Note 2.
Refund and product liability risks	
Inwido could incur expenses in correcting faults in delivered products and, in certain cases installation, and could be found liable for damages to individuals or property.	Inwido seeks to limit these risks by following locally adapted procedures for quality assurance and through extensive testing of the Group's products. In 2014, compensation expenses incurred as a consequence of complaints amounted to approximately 1.7 percent (2.0) of net sales.
Human capital risk	
It is important for Inwido to be able to attract and retain qualified employees. The loss of key individuals could negatively affect the Group's earning capacity.	Inwido works actively to safeguard regeneration and identify future leaders. Senior executives are regularly assessed to identify needs vis-à-vis on-going in-service training and competence development. In addition to applying a market-based salary structure, Inwido also uses various forms of incentives for key individuals within the Group.
Risk of operational interruptions	
Inwido could be affected by operational interruptions due to equipment failure, fire, strikes or natural disasters, for example.	Together with its insurance advisors, Inwido conducts regular risk inspections of its production units. The results of these inspections are used to implement preventative measures to reduce the risk of disruptions and accidents in operations. Inwido is, to a certain extent, able to transfer production to other units, mainly within each respective market, in the event that a unit becomes inoperative. Inwido also strives to maintain well-functioning cooperation with local trade union organizations, thereby reducing the risk of conflicts and strikes in which Inwido is directly involved.
Risk associated with product development	
Inwido's sustained earnings and competitive vigour is to some extent dependent on its capacity to develop and sell new innovative products and solutions demanded by customers. In recent years, market requirements have increased, including in terms of the products' energy performance. Extensive and successful product development by competitors could entail risks in the form of weaker sales for Inwido, and that Inwido must invest significant additional amounts in its own product development in the future. Furthermore, companies currently working in adjacent fields may decide to establish themselves in Inwido's area of operations.	Through Inwido's strong market presence, shifts, trends and new requirements from customers and other stakeholders are caught, providing a basis for the focused, on-going development of the product portfolio. An important part of Inwido's strategy is to develop new products in the areas it considers important for continued growth and to retain its market share. Among other things, Inwido prioritizes developing new "smart" products with integrated technology.
Business development risks	
Risks associated with business development such as corporate acquisitions and the Group's long-term strategic focus. In connection with acquisitions, there is a risk that business risks associated with the acquired companies arise. Establishing operations in new markets may also bring unexpected costs for Inwido. In addition to company-specific and geographic risks, the acquired company's relationships with key personnel, customers and suppliers may be adversely affected. There is also a risk that integration processes could take longer than planned, be more costly than anticipated and that expected and that expected synergies totally or partially fail to materialize. This may mean that the asset values attributable to the acquisitions (goodwill) cannot be realized and consequently that it may be necessary to recognize impairment in those values.	Inwido has established and develops procedures for the analysis, implementation, review and integration of acquisitions, including due diligence. Risks associated with the Group's long-term planning are primarily addressed once a year when the Board adopts the Group's strategic plan.

Operational risks, cont.

RISK	MANAGEMENT/EXPOSURE
Corporate governance and policy risks	
Risks associated with Group executives making decisions that do not agree with Inwido's strategy, internal guidelines and policy documents. Furthermore, employees at Inwido and others with a close relation to Inwido, as well as its customers and suppliers, could commit acts that are unethical, illegal (for example, in violation of applicable corruption and bribery legislation) or that otherwise conflict with applicable laws and regulations or Inwido's internal guidelines and policy documents. If Inwido's internal controls and other measures to safeguard compliance with laws, regulations, internal guidelines and policy documents prove insufficient, Inwido's reputation may be damaged and its operations, financial position and earnings could be affected negatively.	Inwido develops internal control procedures on an on-going basis. Examples include the division of duties between the Board and the CEO, reporting instructions and Inwido's code of conduct.
Insurance risks	
Insurance risk involves the expenses that Inwido could incur due to inadequate insurance cover for products, property, disruptions, liability, the environment, transport, life and pensions.	The Group applies a coordinated programme for insurance and secures insurance policies to the extent that this is considered commercially motivated. At the same time, continuous efforts are made to minimize risks in operations through proactive measures. Insurance cover is also maintained for Inwido's senior executives and Board members. Inwido takes the view that its insurance protection is appropriate for the risks normally associated with its operations. There is naturally no guarantee that Inwido will not incur losses beyond the scope of its insurance cover.
Risk associated with IT systems	
Inwido's ability to effectively and securely manage sales and other business-critical operations depends on Inwido's IT systems and processes working well and without interruption. Such systems can be disrupted by, for example, software failures, computer viruses, hacking, sabotage and physical damage. Several different business systems are used within Inwido. Most of these are customized and do not intercommunicate, resulting in a certain degree of task duplication and an increased risk of error in connection with internal sales, for example. Customized business systems can also entail Inwido being dependent on external and internal key competencies and access to external expertise regarding the Group's business systems being limited.	In late 2014, Inwido initiated a process to centralize IT. This will entail greater coordination between business units within Inwido and will facilitate the future use of common systems. Inwido is also focusing on maintaining and, to an appropriate extent, disseminating relevant IT skills in-house to minimize its vulnerability with regard to unique business systems.
Risk associated with suppliers	
Inwido's products consist of components from several different suppliers. To be able to manufacture, sell and deliver products, Inwido is dependent on external suppliers meeting agreed requirements regarding volumes, quality and delivery times for example. Deliveries from suppliers that are inaccurate, delayed or that fail to materialize may mean, in turn, that Inwido's deliveries are delayed or must be cancelled, or are deficient or incorrect. Inwido does not have full insight into its suppliers' operations and consequently it has only a limited capacity to ascertain that its efforts to ensure that suppliers operate in a sustainable and responsible way have an impact. Therefore, Inwido is also exposed to the risk that suppliers act in a manner that could harm Inwido's reputation and brands.	Inwido has close partnerships with leading suppliers within each component group and also reduces the risk of a possible dependence by sourcing through alternative suppliers. Furthermore, Inwido has pre-established contingency plans for the most critical supplies of components, and these plans are reviewed annually. To safeguard supply and to increase its control of the value chain, the Inwido Group also includes a number of companies that produce sealed window panes and fittings and refine aluminium profiles. Inwido is committed to responsible business and has the ambition that this approach should permeate the entire value chain. As part of this, Inwido requires all suppliers to acquaint themselves with and sign Inwido's code of conduct for business partners.

External risks

RISK	MANAGEMENT/EXPOSURE
Market risk	
Demand for Inwido's products is affected, among other things, by activity in the market for residential building. The new building market is more cyclical than the renovation market. In a general economic downturn with lower building activity, demand for Inwido's products and services could decrease. Political decisions can also influence customer demand independently of economic trends (see Political decisions below).	Inwido maintains a presence in a large number of countries and in different market segments, thereby balancing, to a certain extent, various country-specific risks. Inwido's operations are also affected favourably by the debate on climate change and increasing demands for energy-efficient housing, which are not particularly affected by economic trends.
Competition	
Inwido operates in markets that primarily comprise a large number of local competitors but that also include companies that operate internationally.	Inwido is Europe's largest supplier of windows and doors, with a strong market position in most of its markets. Inwido's size allows it to derive economies of scale and benefit from best practices in areas including purchasing, product development, production and processes. Inwido constantly strives to meet customer needs with new, innovative, energy-efficient and attractively designed products. This is one of the most important prerequisites for the Group's future competitiveness.
Prices for raw materials	
Inwido relies on on-going deliveries of wood, glass, aluminium, fittings, etc. Inadequate supply could entail increased expenses and, in certain cases, disrupted production. Normally, there is a certain displacement between purchase and sales price adjustments due to agreements entered with suppliers and customers. Altered price levels affect Inwido's purchasing prices with a delay of up to six months.	Inwido has built up its relations with key suppliers over many years. Inwido's central purchasing organization coordinates purchases of the major material categories. By centralising its purchasing, Inwido is able to enhance its negotiating position and cut costs for materials.
Political decisions	
Political decisions can affect demand positively or negatively. Political decisions include changes in tax legislation in countries where Inwido operates. Changes in taxation and subsidies for homes and residential building can, in the long term, affect demand for Inwido's products and services. In addition, changed standards and regulations regarding residential building can impose requirements for changes in the product range in specific markets.	The Group mostly operates in countries where the risk of political decisions that would drastically change its market conditions is judged to be relatively low. In addition, Inwido is active in local industrial organizations that often provide Inwido with early insight into external changes that may affect its business operations.
Risk of legal disputes	
This risk involves the expenses that the Group could incur as a consequence of pursuing legal processes, expenses associated with settlements and expenses for any damages it is required to pay.	Inwido's assessment is that there are currently no disputes that could have a material impact on the Group's financial position. Where necessary, Inwido makes provisions for perceived risks of possible losses.
Tax risks	
Inwido conducts operations in several countries. Operations, including the implementation of transactions between Group companies, are conducted in accordance with Inwido's interpretation of applicable tax laws, tax agreements and other regulations in the area of tax law and the requirements of the relevant tax authorities. It is not certain that Inwido's interpretation of the aforementioned laws, agreements, other regulations and requirements is correct in all regards and there is a risk that the tax authorities in the countries concerned will reach decisions that deviate from Inwido's interpretation.	Inwido works according to the guidelines in the Group's internal pricing policy.

Significant events after the end of the year

No significant events, other than standard operations, have occurred after the end of the financial year.

Parent Company

The Parent Company is a public limited company with registered offices in Sweden. The Parent Company, Inwido AB (publ), is purely a holding company with no operations of its own. The Parent Company's profit mainly reflects the net of revenues for joint Group services and deductions for wages, other remunerations and interest expenses. Over the year, the Parent Company incurred expenses for the listing process and for the redemption of synthetic options in connection with the listing of Inwido's shares in September 2014. In the third quarter, impairment of SEK 147 million was recognized in shares in the subsidiaries Inwido Norway AS and Inwido Polska S.A., which was matched by capital provided to these subsidiaries.

The share and ownership

On 26 September 2014, Inwido's shares were listed on the Nasdaq Stockholm exchange in the Mid-Cap segment. On 31 December 2014, Inwido AB's paid and registered share capital was SEK 231,870,112 and there was a total of 57,967,528 issued and registered shares. The Company has one (1) class of shares. Each share entitles the holder to one vote at general meetings.

On 31 December 2014, the closing price was SEK 67.75 and the Company's market capitalization was SEK 3,927 million. At the end of the year, the ten largest shareholders held approximately 62 percent of the shares. The single largest shareholder, Ratos AB (publ), owned approximately 31 percent of the shares. No other shareholder held more than 10 percent of the shares. See the section "The Inwido share" for further information about shares and shareholders.

Guidelines for remuneration and other terms of employment for Group management 2014

Under the Companies Act, the Annual General Meeting shall adopt guidelines for remuneration to the CEO and other senior executives. The following guidelines were adopted at an Extraordinary General Meeting in September 2014:

Remuneration and terms for senior executives shall be based on local market conditions and consist of a balanced mix of fixed salary, variable compensation, pension benefits, other benefits and terms of dismissal. Cash remuneration shall consist of fixed and variable remuneration. Fixed and variable remuneration shall be related to the executive's responsibilities and authority. Variable remuneration shall be based on performance in relation to set targets. Variable cash remuneration shall be maximized and may not exceed 50 percent of fixed annual salary. Variable remuneration may also be paid in the form of long-term incentive plans. Programmes for variable remuneration should be structured such that the Board, where exceptional circumstances prevail, is able to restrict or withhold payment of variable remuneration in the event that such action is deemed reasonable and consistent with the Company's responsibilities towards its shareholders, employees and other stakeholders. Pension benefits shall be in the form defined contribution plans. The retirement age for the CEO shall be 60 years and, for other senior executives, 65 years. Variable compensation of at most 50 percent of the maximum variable remuneration should be pension-qualifying for senior executives. For the CEO, pension provisions are to be made equivalent to 30 percent of fixed salary. Benefits other than fixed salary, variable remuneration and pension benefits are to be applied restrictively. Salary may be exchanged for a company car benefit or pension benefits. Combined, fixed salary during the period of notice and severance pay shall not exceed an amount equivalent to fixed salary for 12 months; for the CEO, a period of 18 months applies. The Board of Directors shall have the right to deviate from these guidelines in individual cases if specific reasons motivate this. In the event that the guidelines are disregarded, the reasons are to be accounted for at the ensuing Annual General Meeting. To the extent a Board member performs work on the Company's behalf, alongside his/her board work, it shall be possible to pay consulting fees and other compensation for such work. In the event that the employment contract is terminated by the Company, the CEO is entitled to remuneration over a period of 18 months. In the event of termination by the CEO, a notice period of six months applies. For other senior executives, the corresponding periods are twelve and six months respectively.

The Board's proposed guidelines for remuneration and other terms of employment for Group management 2015

The Board has resolved to propose to the 2015 Annual General Meeting that the guidelines for determining salaries and other remuneration to senior executives remain unchanged.

Corporate governance report

The key elements of internal control have been provided in the Corporate Governance Report on pages 37. See pages 35-37 in the separate Corporate Governance Report.

Proposed treatment of profit

The following funds in the Parent Company are at the disposal of the Annual General Meeting:

Share premium reserve	888,092,149
Accumulated profit	540,257,522
Profit for the year	-180,495,323
Total, SEK	**1,247,854,348**

The Board of Directors and President propose that the profit at the disposal of the Annual General Meeting be distributed in the following manner:

Distributed to shareholders: SEK 2.00 per share	115,935,056
Brought forward to new account	1,131,919,292
Total, SEK	**1,247,854,348**

The Board proposes a dividend for the 2014 financial year of SEK 2.00 per share (0). The proposed record date for entitlement to dividends is 15 May 2015. If the Annual General Meeting approves the proposal, it is anticipated that the dividend will be paid on 20 May 2015.

Outlook for 2015

In the short term, the first quarter of the year is seasonally the weakest. The underlying trend is that the global economy is moving in the right direction, although there is a risk that 2015 will be a year of continued sluggish recovery. The economy is recovering at different rates in different markets and globally there are considerable differences. However, it is Inwido's view that the macroeconomic situation and general market conditions remain relatively stable in Scandinavia, as well as in the UK and Ireland.

Consolidated statement of comprehensive income

1 January – 31 December, SEKm	Note	2014	2013
Net sales	3	4,915.8	4,300.0
Cost of goods sold	10	-3,742.0	-3,329.0
Gross profit		**1,173.8**	**971.0**
Other operating income	6	12.6	13.8
Selling expenses	10	-454.7	-405.4
Administrative expenses	9	-315.3	-244.1
Research and development expenses	10	-31.0	-27.3
Other operating expenses	7, 10	-13.1	-14.4
Participations in the profit of associated companies and joint ventures	10, 15	2.1	0.5
Operating profit	8, 25	**374.2**	**294.1**
Financial income	11	8.7	8.5
Financial expenses	11	-130.2	-87.4
Net financial items		**-121.5**	**-78.9**
Profit before tax		**252.7**	**215.2**
Taxes	12	-71.7	-69.3
Profit for the year		**181.0**	**146.0**
Other comprehensive income			
Items reallocated to, or that can be reallocated to profit for the year			
Translation differences, foreign operations		87.4	44.6
Tax attributable to other comprehensive income		-	-
Other comprehensive income for the year		**87.4**	**44.6**
Comprehensive income for the year		**268.4**	**190.6**
Profit for the year attributable to:			
Parent Company shareholders		180.9	145.9
Non-controlling interests		0.1	0.1
		181.0	**146.0**
Comprehensive income for the year attributable to:			
Parent Company shareholders		268.1	190.5
Non-controlling interests		0.3	0.1
		268.4	**190.6**
Earnings per share			
Before dilution (SEK)	20	3.12	2.52
After dilution (SEK)		**3.12**	**2.52**

Consolidated statement of financial position

As per 31 December, SEKm	Note	2014	2013
Assets	2		
Intangible non-current assets	13	3,284.4	2,975.9
Tangible non-current assets	14	636.5	573.8
Participations in associated companies	15	10.4	5.5
Financial investments	17	2.1	3.0
Deferred tax assets	12	81.2	61.3
Other non-current assets	17	35.2	33.1
Total non-current assets		**4,049.7**	**3,652.6**
Inventories	18	425.3	408.6
Current tax assets		24.9	18.5
Trade and other receivables	17	421.3	378.8
Receivables from Group companies	17	0.0	89.7
Prepaid expenses and accrued income		40.1	44.2
Other receivables	17	45.4	54.9
Cash and equivalents	17, 19	87.6	76.6
Total current assets		**1,044.6**	**1,071.4**
Total assets		**5,094.3**	**4,724.0**
Shareholders' equity	20		
Share capital		231.9	231.9
Other capital provided		943.5	943.5
Other reserves		47.8	-39.4
Profit brought forward including profit for the year		1,569.4	1,388.6
Shareholders' equity attributable to Parent Company shareholders		**2,792.5**	**2,524.5**
Non-controlling interests		**0.8**	**1.0**
Total shareholders' equity		**2,793.3**	**2,525.5**
Liabilities	2		
Non-current interest-bearing liabilities	21	1,141.1	845.1
Deferred tax liabilities	12	88.1	67.5
Other liabilities		7.1	16.7
Total non-current liabilities		**1,236.3**	**929.3**
Other current interest-bearing liabilities	21	93.9	227.9
Other provisions	23	38.9	68.7
Trade and other payables		330.4	316.2
Liabilities to Group companies		0.0	116.3
Current tax liabilities		78.6	66.4
Other liabilities		141.0	137.0
Accrued expenses and prepaid income	24	382.0	336.7
Total current liabilities		**1,064.6**	**1,269.3**
Total liabilities		**2,301.0**	**2,198.5**
Total equity and liabilities		**5,094.3**	**4,724.0**

Information on the Group's pledged assets and contingent liabilities, see Note 26.

Consolidated statement of changes in equity

2014, SEKm	Share capital	Other capital contri-butions	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity attributable to Parent Company shareholders						
Equity, opening balance, 1 Jan 2014	**231.9**	**943.5**	**-39.4**	**1,388.6**	**2,524.5**	**1.0**	**2,525.5**
Profit for the year				**180.9**	**180.9**	**0.1**	**181.0**
Other comprehensive income							
Change in translation reserve for the year (exchange rate difference)			87.2		87.2	0.1	87.4
Other comprehensive income for the period			**87.2**		**87.2**	**0.1**	**87.4**
Total comprehensive income for the period, excluding transactions with the Company's owners			**87.2**	**180.9**	**268.1**	**0.3**	**268.4**
Transactions with the Group's owners							
Acquisition/divestment of participation in non-controlling interests				-0.1	-0.1	-0.5	-0.6
Other changes in net wealth						0.0	0.0
Total transactions with the Group's owners	**-**	**-**	**-**	**-0.1**	**-0.1**	**-0.5**	**-0.6**
Equity, closing balance, 31 Dec 2014	**231.9**	**943.5**	**47.8**	**1,569.4**	**2,792.5**	**0.8**	**2,793.3**

2013, SEKm	Share capital	Other capital contri-butions	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity attributable to Parent Company shareholders						
Equity, opening balance, 1 Jan 2013	**231.9**	**943.5**	**-85.0**	**1,272.5**	**2,362.8**	**4.3**	**2,367.1**
Adjustment of equity			1.0	-10.9	-9.9		-9.9
Equity, adjusted opening balance, 1 Jan 2013	**231.9**	**943.5**	**-84.0**	**1,261.6**	**2,352.9**	**4.3**	**2,357.2**
Profit for the year				**145.9**	**145.9**	**0.1**	**146.0**
Other comprehensive income							
Change in translation reserve for the year (exchange rate difference)			44.6		44.6	0.0	44.6
Other comprehensive income for the period			**44.6**		**44.6**	**0.0**	**44.6**
Total comprehensive income for the period, excluding transactions with the Company's owners			**44.6**	**145.9**	**190.5**	**0.1**	**190.6**
Transactions with the Group's owners							
Unconditional shareholder's contribution				89.7	89.7		89.7
Group contributions paid				-116.3	-116.3		-116.3
Tax attributable to Group contributions				26.6	26.6		26.6
Acquisition/divestment of participation in non-controlling interests				-18.9	-18.9	-3.6	-22.5
Other changes in net wealth						0.2	0.2
Total transactions with the Group's owners	**-**	**-**	**-**	**-18.9**	**-18.9**	**-3.4**	**-22.3**
Equity, closing balance, 31 Dec 2013	**231.9**	**943.5**	**-39.4**	**1,388.6**	**2,524.5**	**1.0**	**2,525.5**

Consolidated cash flow statement

1 January – 31 December, SEKm	Note	2014	2013
Operating activities	19		
Profit before tax		252.7	215.2
Adjustment for items not included in cash flow:			
– Depreciation/amortization and impairment of assets		133.5	107.9
– Provisions		-30.8	38.7
– Unrealized exchange rate differences		-14.5	26.8
– Capital gains		-5.8	-3.6
– Change in provision for synthetic option		51.4	-1.1
– Changes in value of derivatives		-3.8	-4.9
– Participations in loss of associated companies		-2.1	-0.5
– Participations in taxes of associated companies		0.4	0.1
Income tax paid		-86.5	-45.5
Cash flow from operating activities before changes in working capital		**294.6**	**333.1**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		26.9	4.9
Increase (-)/decrease (+) in operating receivables		70.7	72.3
Increase (+)/decrease (-) in operating liabilities		-82.6	-34.8
Cash flow from operating activities		**309.6**	**375.5**
Investing activities			
Acquisitions of tangible non-current assets		-154.8	-73.3
Divestments of tangible non-current assets		11.1	8.4
Acquisitions of intangible assets		-18.7	-14.2
Acquisitions of subsidiary companies/businesses, net effect on liquidity	5	-184.7	-
Divestments of subsidiary companies/businesses, net effect on liquidity	5	-0.5	-
Divestments of financial assets		5.0	4.7
Cash flow from investing activities		**-342.7**	**-74.5**
Financing activities			
Acquisition of non-controlling holding	5	-	-18.9
Loans raised		978.5	48.1
Amortization of loans		-902.5	-253.8
Amortization of leasing liability		-6.3	-6.2
Shareholders' contributions received		89.6	76.3
Group contributions paid		-116.3	-168.3
Cash flow from financing activities		**42.9**	**-322.8**
Cash flow for the year		10.0	-21.8
Cash and equivalents at beginning of the year		76.6	98.7
Exchange rate difference in cash and equivalents		1.0	-0.3
Cash and equivalents at end of the year		**87.6**	**76.6**
Interest paid		-47.4	-51.9
Interest received		3.4	2.7

Income Statement, Parent Company

1 January – 31 December, SEKm	Note	2014	2013
Net sales	3	63.2	54.8
Gross profit		**63.2**	**54.8**
Administrative expenses	9	-88.1	-59.2
Other operating income	6	1.5	0.6
Other operating expenses	7	0.0	-3.1
Operating loss	8	**-23.5**	**-6.9**
Result from financial items:			
Loss from participations in Group companies	11	-146.8	-73.3
Profit/loss from participations in associated companies	11	0.0	0.0
Gain from other securities and receivables that are non-current assets	11	-	-
Other interest income and similar profit items	11	18.6	19.1
Interest expense and similar profit items	11	-88.7	-41.1
Loss after financial items		**-240.3**	**-102.2**
Appropriations			
Difference between depreciation/amortization according to plan and reported depreciation/amortization		-0.4	-
Group contributions received		130.5	181.6
Group contributions paid		-60.1	-7.5
Profit/loss before tax		**-170.2**	**72.0**
Taxes	12	-10.3	-33.0
Profit/loss for the year		**-180.5**	**39.0**

Statement of comprehensive income, Parent Company

Items reallocated to, or that can be reallocated to profit for the year			
Profit/loss for the year		-180.5	39.0
Other comprehensive income for the year			
Other comprehensive income for the year		**-**	**-**
Comprehensive income for the year		**-180.5**	**39.0**

Balance Sheet, Parent Company

As per 31 December, SEKm	Note	2014	2013
Assets			
Non-current assets			
Intangible non-current assets	13	1.1	1.4
Tangible non-current assets	14	0.1	0.2
Financial non-current assets:			
Participations in Group companies	28	1,934.2	1,885.8
Participations in associated companies	15	1.0	1.0
Receivables from Group companies	16	1,099.2	668.5
Deferred tax assets	12	3.3	2.1
Total financial non-current assets		**3,037.7**	**2,557.4**
Total non-current assets		**3,038.9**	**2,558.9**
Current assets			
Current receivables:			
Current tax assets		8.3	-
Receivables from Group companies		75.0	89.7
Prepaid expenses and accrued income		0.2	7.4
Other receivables		0.0	-
Total current receivables		**83.5**	**97.1**
Cash and equivalents		**-**	**-**
Total current assets		**83.5**	**97.1**
Total assets		**3,122.4**	**2,656.0**
Equity and liabilities			
Shareholders' equity	20		
Restricted equity:			
Share capital (57,967,528 shares)		231.9	231.9
Statutory reserve		55.3	55.3
Non-restricted equity:			
Share premium reserve		888.1	888.1
Accumulated profit		540.2	501.3
Profit for the year		-180.5	38.9
Total shareholders' equity		**1,535.1**	**1,715.5**
Untaxed reserves			
Accumulated depreciation/amortization in addition to plan		0.4	-
Total untaxed reserves		**0.4**	**-**
Non-current liabilities			
Liabilities to credit institutions	22	1,126.3	115.1
Liabilities to Group companies		395.9	627.1
Other liabilities		5.4	18.7
Total non-current liabilities		**1,527.6**	**760.9**
Current liabilities			
Liabilities to Group companies		1.2	76.3
Liabilities to credit institutions	22	29.7	57.0
Trade and other payables		1.5	2.4
Current tax liabilities		-	29.1
Other liabilities		8.3	7.2
Accrued expenses and prepaid income	24	18.7	7.6
Total current liabilities		**59.4**	**179.6**
Total equity, untaxed reserves and liabilities		**3,122.4**	**2,656.0**

Pledged assets and contingent liabilities, Parent Company

As per 31 December, SEKm	Note	2014	2013
Pledged assets	26	9.8	1,896.6
Contingent liabilities	26	123.7	861.4

Statement of changes in equity, Parent Company

	Restricted equity		Non-restricted equity			
2014, SEKm	**Share capital**	**Statutory reserve**	**Share reserve premium**	**Accumu-lated profit/loss**	**Profit/loss for the year**	**Total equity**
Equity, opening balance, 1 Jan 2014	**231.9**	**55.3**	**888.1**	**501.2**	**39.0**	**1,715.5**
Loss for the year					-180.5	-180.5
Other comprehensive income for the year					-	-
Comprehensive income for the year					**-180.5**	**-180.5**
Appropriation of profit				39.0	-39.0	-
Transactions with the Group's owners						
Unconditional shareholder's contribution				-		-
Group contributions paid				-		-
Tax attributable to Group contributions				-		-
Equity, closing balance, 31 Dec 2014	**231.9**	**55.3**	**888.1**	**540.2**	**-180.5**	**1,535.1**

	Restricted equity		Non-restricted equity			
2013, SEKm	**Share capital**	**Statutory reserve**	**Share reserve premium**	**Accumu-lated profit/loss**	**Profit/loss for the year**	**Total equity**
Equity, opening balance, 1 Jan 2013	**231.9**	**55.3**	**888.1**	**358.8**	**112.2**	**1,646.3**
Profit for the year					39.0	39.0
Other comprehensive income for the year					-	-
Comprehensive income for the year					**39.0**	**39.0**
Appropriation of profit				112.2	-112.2	-
Transactions with the Group's owners						
Unconditional shareholder's contribution				89.8		89.8
Group contributions paid				-76.3		-76.3
Tax attributable to Group contributions				16.8		16.8
Equity, closing balance, 31 Dec 2013	**231.9**	**55.3**	**888.1**	**501.3**	**39.0**	**1,715.6**

Cash flow statement, Parent Company

1 January – 31 December, SEKm	Note	2014	2013
Operating activities			
Profit after financial items		-240.3	-102.2
Adjustment for items not included in cash flow:			
– Depreciation/amortization and impairment of assets		147.2	74.1
– Capital loss/gains on sales of non-current assets		-	-
– Other provisions		-	5.4
– Changes in value of derivatives		-2.7	-1.6
– Change, synthetic option		-	-0.9
– Participations in profit of associated companies		0.0	0.0
– Unrealized exchange rate differences		-16.2	25.1
Income tax paid		-48.9	-5.8
Cash flow from operating activities before changes in working capital		**-160.9**	**-56.2**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-	-
Increase (-)/decrease (+) in operating receivables		1.4	-45.7
Increase (+)/decrease (-) in operating liabilities		35.2	22.7
Cash flow from operating activities		**-124.3**	**-79.1**
Investing activities			
Acquisitions of intangible assets		-	-
New share issue and shareholder contributions to subsidiaries	28	-195.2	-65.4
Acquisitions of subsidiary companies/businesses, net effect on liquidity	28	-	-3.1
Divestments of subsidiary companies/businesses net effect on liquidity		-0.5	-
Investments in financial assets		-339.0	-20.1
Divestments of financial assets		-	-
Cash flow from investing activities		**-534.7**	**-88.6**
Financing activities			
Option premium		-	-
Dividends paid		-	-
Loans raised		645.6	260.0
Amortization of loans		-	-
Shareholders’ contributions received		89.6	76.3
Group contributions paid		-76.3	-168.6
Cash flow from financing activities		**658.9**	**-167.6**
Cash flow for the year		-	-
Cash and equivalents at beginning of the year		-	-
Cash and equivalents at end of the year		**-**	**-**
Interest received		18.6	16.6
Interest paid		-15.5	-11.5

NOTE 1 Accounting principles

Agreement with standards and legislation

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

Valuation principles applied in the preparation of the consolidated financial accounts.

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities measured at fair value consist of derivatives and financial assets classified as financial assets recognized at fair value through profit.

Functional currency and reporting currency

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Group. Consequently, the financial accounts are presented in SEK. All amounts are rounded off to the nearest thousand unless otherwise stated.

Assessments and estimates in the financial accounts

Preparation of the financial accounts in accordance with IFRS requires management making assessments, estimations and assumptions that affect the application of the accounting principles and the figures reported for assets, liabilities and expenses. The actual outcome may deviate from these estimations and assessments. The estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods. Assessments made by management in the application of IFRS that have a significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of the ensuing year are described in greater detail under note 32.

Changes in accounting principles

As a result of amendments to IFRS, a number of new accounting principles are applied by the Group effective from 1 January 2014. Given the Group's operations, the amendments to IFRS taking effect from 1 January 2014 have not had a material effect on the consolidated financial statements.

New IFRS and interpretations yet to be applied

A number of new or amended IFRS will come into force during the coming financial year and have not been applied in advance in the preparation of these financial statements. These new and amended IFRS for future application are not expected to have any significant impact on the consolidated accounts.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The IASB has now prepared a complete "package" of amendments regarding the reporting of financial instruments. The package includes a model for the classification and measurement of financial instruments, a forward-looking (expected loss) impairment model and a substantially revised approach to hedge accounting. IFRS 9 is due to take effect in 1 January 2018, with premature application being permitted provided that the EU adopts the standard. No official timetable is yet available for when adoption may occur.

Other new and amended IFRS for future application, as listed below, are not expected to have any significant impact on the consolidated accounts.

- Amended IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amended IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 15 Revenue from Contracts with Customers
- Amended IAS 16 and IAS 41: Bearer Plants
- Amended IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amended IAS 19 Employee Benefits: Defined Benefit Plans: Employee Contributions
- Amended IAS 27 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
- IFRIC 21 Levies
- Annual improvements to IFRS (2010-2012), (2011-2013). (2012-2014)

Operating segment reporting

Operating segments are parts of the Group that conduct operations from which it can generate income and incur expenses and for which independent financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. In this context, the Group has identified the CEO and Group management as the highest executive decision maker. Inwido's operating segments are Sweden, Finland, Denmark, Norway and EBE. See Note 4 for further details of the operating segments.

Classification

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Consolidation principles

• Subsidiaries

Subsidiaries are companies over which the Parent Company has a controlling influence. A controlling influence exists if the Parent Company has an influence over the target of the investment, is exposed or has rights to variable returns on its commitment and can exercise its influence over the investment to affect the return. In assessing whether a controlling influence exists, shares potentially conveying voting rights are taken into account as is the existence of de facto control.

• Acquisitions on or after 1 January 2010

Subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value of the acquired identifiable assets and assumed liabilities, as well as any possible non-controlling interests on the date of acquisition. Transaction expenses that arise, with the exception of transaction expenses attributable to the issue of equity instruments or liability instruments, are recognized directly in profit for the year.

For business combinations for which payment made, possible non-controlling interests and fair value of previously owned participations (in the event of gradual acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognized separately, the difference is reported as goodwill. When the difference is negative, what is known as a bargain purchase, this is recognized directly in profit for the year.

Payment made in connection with the acquisition does not include payments that relate to the settlement of previous business connections. This type of settlement is recognized in profit.

Conditional purchase prices are recognized at fair value at the point of acquisition. In cases where the conditional purchase price is classified as an equity instrument, no revaluation or settlement is carried out under equity. Other conditional purchase prices are revalued on each report date and the change is recognized in profit for the year.

Acquisitions that do not relate to 100 percent of the subsidiary give rise to non-controlling interests. There are two options for reporting non-controlling interests. The two options are to recognize the percentage of non-controlling interests that makes up proportional net assets, or to recognize non-controlling interests at fair value, which means that non-controlling interests form a percentage of goodwill. The choice between the two alternatives for recognising non-controlling interests can be made on a case by case basis. For acquisitions that are made in stages, goodwill is determined on the day the controlling interest arises. Previous interests are valued at fair value and the change in value is recognized in profit for the year. For divestments that lead to the loss of a controlling influence, but where an interest remains, this interest is valued at fair value and the change in value is recognized in profit for the year.

• Acquisitions prior to 2010

For acquisitions made by the Company before 2010, where the cost exceeded the fair value of the acquired identifiable assets and liabilities, the difference has been recognized as goodwill. For acquisitions made before the date of transition to IFRS, goodwill is carried at cost, equivalent to the carrying amount in accordance with previous principles and taking impairment testing into account.

• Acquisitions from non-controlling holdings

Acquisitions from non-controlling interests are recognized as transactions under equity, i.e. between the Parent Company's owner (under profit brought forward) and non-controlling interests. Consequently no goodwill arises as a result of these transactions. The change in non-controlling interests is based on their proportional share of net assets.

• Sales to non-controlling interests

Sales to non-controlling interests where a controlling interest remains are recognized as transactions under equity, i.e. between the Parent Company's owner and non-controlling interests. The difference between proceeds received and the non-controlling interest's proportional share of acquired net assets is reported under retained profit.

• Associated companies

Associated companies are those in which the Group has a significant, but not controlling, influence over operational and financial control, commonly through holdings corresponding to between 20 and 50 percent of votes. From the point at which a significant influence is obtained, holdings in associated companies are reported in the consolidated accounts in accordance with the equity method. The equity method entails the value of holdings in associated companies reported in the consolidated accounts being equivalent to the Group's share of the associated companies' equity, as well as consolidated goodwill and any other consolidated surplus or deficit. In the consolidated income statement, participations in the earnings of associated companies include the Group's participations after tax in the net earnings of associated companies, adjusted for possible amortization/depreciation and impairment or reversals of acquired surpluses or deficits. Dividends received from an associated company decrease the reported value of the investment. The Group's participation in the other comprehensive income of its associated companies is reported as a separate item in the consolidated statement of comprehensive income. Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is reported in accordance with IFRS 3 Business Combinations. Transaction expenses that arise, with the exception of transaction expenses attributable to the issue of equity instruments or liability instruments, are included under cost. Where the Group's share of losses reported by the associated company exceeds the reported value of the Group's holdings, the value of the holdings is reduced to zero. Losses are also offset against non-current balances without security, the financial significance of which forms part of the owning company's net investment in the associated company. Continued losses are not recognized unless the Group has given guarantees to cover losses arising in the associated company. The equity method is applied until the time the significant influence ceases. Intragroup receivables and liabilities, income and expenses and unrealized gains or losses arising from intragroup transactions between Group companies are eliminated in full when preparing the consolidated accounts. Unrealized gains arising from transactions with associated companies and joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication that any write-down is necessary.

Foreign currency

• Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environments in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate in force at the balance sheet date. Exchange rate differences arising from the conversions are recognized in profit for the year. Non-monetary assets and liabilities recognized at their historical costs are translated at the exchange rate applicable at the time of the transaction. Non-monetary assets and liabilities recognized at fair value are converted to the functional currency at the rate in effect at the time of the fair value assessment.

• Foreign businesses financial statements

Assets and liabilities in foreign businesses, including goodwill and other groupwise surplus or deficit values, are translated from the foreign operation's functional currency into the Group's reporting currency, SEK, at the exchange rate applicable on the balance sheet date. Income and expenses in a foreign operation are translated into SEK at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of foreign operations are reported in other comprehensive income and accumulated in a separate component in equity titled translation reserve.

Income

• Sales of goods and execution of service assignments

Income from the sale of goods is recognized in profit or loss when significant risks and rewards associated with the ownership of the goods are transferred to the buyer. Income from service assignments is recognized in profit or loss on the basis of the degree of completion on the balance sheet date. The degree of completion is determined on the basis of the expenses hitherto incurred for the assignment in relation to the total calculated expenses for the assignment. Only expenses corresponding to work that has been carried out may be included in the expenses incurred as per the balance sheet date. Only expenses corresponding to work that has been carried out or that will be carried out may be included in the total calculated expenses.

Income is not recognized if it is likely that the economic benefits will not accrue to the Group. If there is significant uncertainty regarding payment, accompanying costs or the risk of returns and if the seller retains a commitment in the on-going administration which is usually associated with ownership, no revenue is recognized. Income is recognized at the fair value of what has been received or is expected to be received with deductions for discounts granted. Volume-based customer bonuses paid at year-end are reported among costs of goods sold.

• Contract assignments

Where the outcome of a construction contract can be calculated in a reliable manner, the income and expenses attributable to the assignment are recognized in consolidated profit or loss as income and expenses in relation to the assignment's degree of completion. This is known as successive income recognition. The degree of completion is determined by calculating the relationship between the expenses hitherto incurred for the assignment and the total calculated expenses for the assignment. For assignments where the outcome cannot be reliably calculated, income corresponding to the expenses incurred is recognized. A feared loss on a contract assignment is recognized immediately in consolidated profit or loss.

• Government subsidies

Government subsidies are recognized in the statement of financial position as deferred income when there is reasonable certainty that the subsidy will be received and that the Group will meet the conditions associated with the subsidy. Subsidies shall be systematically periodized in profit or loss in the same way and across the same periods as the expenses that the subsidies are intended to offset. Government subsidies associated with assets are recognized in the statement of financial position as a reduction in the recognized value of those assets.

Leasing

• Operating leasing agreements

Expenses relating to operating lease agreements are recognized in profit or loss on a linear basis over the leasing period. Benefits received in connection with the signature of an agreement are recognized in profit or loss as a reduction of the lease payments on a linear basis over the leasing period. Contingent rents are expensed in the periods in which they arise.

• Financial leasing agreements

The minimum lease payments are apportioned between interest expense and reduction of the outstanding liability. The interest expense is distributed over the lease term so that each accounting period is assigned an amount corresponding to a fixed interest rate for the liability in the respective period. Contingent rents are expensed in the periods in which they arise.

Financial income and expenses

Financial income consists of interest income from invested funds (including financial assets available for sale), dividend income, profit from disposals of financial assets available for sale and value gains from financial assets/liabilities valued at fair value in profit. Interest income from financial instruments is recognized according to the effective interest method. Effective interest is the rate at which the net present value of all future inward and outward payments during the anticipated term of the financial instrument is equal to the carrying amount of the receivable or liability. Dividend income is recognized when the right to receive the dividend has been established. Results from disposals of financial investments are recognized when the risks and rewards associated with ownership of the instruments have in all essentials been transferred to the buyer and the Group no longer has control of the instruments. Financial expenses consist of interest expenses on loans, the effect of the resolution of present value calculations for provisions, value losses on financial assets/liabilities valued at fair value via profit and the impairment of financial assets. Borrowing expenses are recognized in profit applying the effective interest method, except where they are directly attributable to the acquisition, construction or production of assets that take considerable time to complete for their intended use or sale, in which case they are included in the cost of those assets. Exchange rate gains and losses are reported net. Interest is expensed as at is incurred, since, in the Group's assessment, it does not have any assets that qualify in accordance with IAS 23.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit or loss unless the underlying transaction is recognized in other comprehensive income or in equity, whereby the associated tax effect is recognized outside profit or loss. Current tax is tax due for payment or receipt in respect of the financial year, using tax rates decided or virtually decided upon on the balance sheet date. Adjustment of current tax related to earlier periods is also included. Deferred tax is calculated in accordance with the balance sheet method, proceeding on the basis of temporary differences between the carrying amounts and taxable values of assets and liabilities. Temporary differences arising upon the initial recognition of goodwill are not taken into consideration, nor is the initial recognition of assets and liabilities that are not business combinations affect reported or taxable profit at the time of the transaction. Nor are temporary differences taken into account that are related to investments in subsidiaries and associated companies which are not expected to be reversed in the foreseeable future. The valuation of deferred tax provided is based on how carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and regulations decided or virtually decided upon at the balance sheet date. Deferred tax assets for tax-deductible temporary differences and loss carryforwards are recognized only to the extent it is likely that these items will be able to be utilized. The value of deferred tax assets is derecognized when it is no longer deemed likely that they can be utilized. Any additional income tax arising from a dividend is recognized at the same time as the dividend is recognized as a liability.

Financial instruments

Financial instruments recognized as assets in the statement of financial position include cash and cash equivalents, loan receivables and trade and other receivables. Liabilities include trade and other payables and borrowing. Derivatives are also included among financial instruments, both on the asset and liability side.

• Recognition in and derecognition from the statement of financial position

Liabilities are recognized once the counterparty has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. Trade and other receivables are recognized in the statement of financial position once an invoice has been sent. Liabilities are recognized once the counterparty has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. Trade and other payables are recognized once the invoice has been received. A financial asset is removed from the statement of financial position when the rights in the agreement are realized, fall due or the Company loses control over them. This also applies for parts of a financial asset. A financial liability is removed from the statement of financial position when the commitment in the agreement is fulfilled or extinguished in some other manner. The same applies for part of a financial liability. A financial asset and a financial liability are offset and recognized as a net amount in the statement of financial position only when a legal entitlement to offset the amounts is in place, and where there is an intention to balance the items with a net amount or to simultaneously realize the asset and settle the liability. Acquisitions and disposals of financial assets are reported on the transaction date, which is the date on which the Company pledges to acquire or sell the asset.

• Classification and measurement

Financial instruments which are not derivatives are initially recognized at a cost corresponding to the instrument's fair value with an addition for transaction expenses. Exceptions are those categorized as financial assets recognized at fair value via profit, which are recognized at fair value excluding transaction expenses. On first recognition, a financial instrument is classified based on the reason for its purchase. The classification determines how the financial instrument is measured after the first recognition as described below. Derivative instruments are initially recognized at fair value, which means that any transaction expenses are charged against the profit for the period. After the initial recognition, derivative instruments are accounted for as described below. Hedge accounting is not applied. Value gains and losses on derivatives are reported as income or expense in operating profit or in net financial items based on whether the use of the derivative is related to an operating or financial item. Cash and cash equivalents comprise cash and instantly accessible balances at banks and equivalent institutions as well as current investments with a term from the acquisition date of less than three months which are exposed to only a negligible risk of fluctuations.

• Financial assets recognized at fair value in profit

This category consists of two sub-groups: financial assets held for sale and other financial assets that the Group has initially chosen to place in this category. A financial asset is classified as being held for sale if it is retained with the intention of being sold in the near future. Derivatives with positive fair value are classified as being held for sale. Assets belonging to this category are continuously recognized at fair value with changes in value recognized in profit for the year.

• Changes in loans and trade and other receivables

Loan receivables and trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These assets are measured at the amortized cost. The amortized cost is determined based on the effective interest calculated at the time of acquisition. Trade and other receivables are recognized at the amount estimated to be paid, i.e. with a deduction for doubtful receivables.

• Financial assets available for sale

The Company's holdings of unlisted shares and participations are valued at cost in accordance with the exemption rule in IAS 39 for equity instruments for which fair value cannot be reliably determined. These are classified as financial assets available for sale.

• Financial liabilities recognized at fair value in profit

This category consists of two sub-groups: financial liabilities held for sale and other financial liabilities that the Group has initially chosen to place in this category. Derivatives with negative fair value are classified as being held for sale, with the exception of derivatives that are identified and effective hedging instruments. Fair value changes are recognized in profit for the year.

• Other financial liabilities

Loans and other financial liabilities, such as trade and other payables, are included in this category. The liabilities are measured at the amortized cost.

• Derivatives and hedge accounting

The Group's derivative instruments have been acquired to financially hedge its interest and exchange rate exposures. Currency forward contracts are used to hedge forecast sales in foreign currencies. To hedge the uncertainty in highly probably forecast interest flows in borrowing at variable rates, interest rate swaps are used whereby the Company receives variable interest but pays fixed interest. Derivatives are initially recognized at fair value, which means that any transaction expenses are charged against profit for the period. The Group has elected not to apply hedge accounting, meaning that on-going changes in the fair value of the derivatives are reported in profit for the year. For derivatives pertaining to financial assets and liabilities and interest rate swaps, the change in value is recognized in profit from financial items. For derivatives pertaining to the hedging of forecast currency flows, the change in value is recognized in operating profit.

Tangible assets

• Owned assets

Tangible non-current assets are stated in the Group at cost less accumulated depreciation and any write-downs. The cost includes the purchase price and expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Borrowing expenses directly attributable to the purchase, construction or production of assets that take considerable time to complete for the intended use or for sale are included in cost. Accounting principles for impairment of assets are shown below. The cost for self-constructed non-current assets includes expenses for materials, employee benefits, other manufacturing expenses considered directly attributable to the non-current asset where applicable, as well as estimated expenses for dismantling and removing the asset and restoring the site or area where it is located. Tangible non-current assets comprising parts with different useful lives are treated as separate components of tangible non-current assets. The carrying amount for a tangible non-current asset is derecognized from the statement of financial position on scrapping or disposal, or when no future economic benefits are expected from the use, scrapping or disposal of the asset. Gains or losses arising from the disposal or scrapping of an asset constitute the difference between the sale price and the asset's carrying amount less direct sales expenses. Gains and losses are recognized as other operating income/expense.

• Leased assets

Leases are classified in the consolidated accounts as either financial or operating leases. A financial lease is a lease whereby the financial risks and rewards associated with the ownership are in all essentials transferred to the lessee. If this is not the case the lease is considered an operating lease. Assets leased through financial leasing agreements are reported as assets in the statement of financial position and initially valued at the lower of the fair value of the leased item of the current value of the minimum leasing fees at the commencement of the agreement. Obligations to pay future lease payments have been recognized as non-current and current liabilities. The leased assets are depreciated according to plan while the lease payments are recognized as interest and reduction of the liabilities. For operating leases, the lease payment is expensed over the lease term in accordance with the usage, which may differ from what is de facto paid in leasing fees during the year.

• Subsequent expenses

Subsequent expenses are only added to the cost if it is probable that the future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. All other subsequent expenses are expensed in the period they arise. The question of whether a subsequent expense is attributable to the replacement of identified components, or parts thereof (whereby such expenses are capitalized) plays a decisive role in determining if that expense should be added to cost. Even in cases where new components are constructed, the expense is added to the cost. Any non-depreciated carrying amounts for replaced components, or parts of components, are scrapped and derecognized in connection with replacement. Repairs are expensed as they are incurred.

• Depreciation principles

Depreciation is carried out on a linear basis over the asset's estimated useful life. Leased assets are also depreciated over their estimated useful life or over the agreed lease term, whichever is shorter. The Group applies the component approach, whereby the components assessed useful life forms the basis for depreciation.

Estimated useful lives:
- Buildings . . . . 25–50 years
- Land improvements . . . . 20–27 years
- Machinery and technical plant . . . . 10 years
- Equipment, tools, fixtures and fittings . . . . 3–5 years

Land is not depreciated. Depreciation methods used and the residual value and useful life of assets are reviewed at each year-end.

Intangible assets

• Goodwill

Goodwill represents the difference between the cost of the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities. Since the Group's inception on 28 December 2004, all acquisitions have been reported in accordance with IFRS 3. Goodwill is stated at cost less any accumulated impairment. Goodwill is distributed to cash generating units and is tested annually to determine possible impairment needs. Goodwill arising from acquisitions of associated companies is included in the carrying amount for participations in associated companies. For business combinations where the cost is less than the net value of the acquired assets and assumed liabilities and contingent liabilities, the difference is recognized directly in profit or loss.

• Product development expenses

Where research results or other knowledge are applied to achieve new or improved processes, product development expenses are reported as an asset in the statement of financial position if the product or process is technically and commercially viable and the Company has sufficient resources to complete development and subsequently use or sell the intangible asset. Most of the Group's product expenses pertain to unique customer adaptations or updating existing products in line with technical advances. For such expenses, the criteria for capitalization stipulated by IAS 38 are not considered to have been met and the expenses are recognized as expenses against profit for the year in which they are incurred.

• Other intangible assets

Other intangible assets mainly include customer agreements and software acquired by the Group. These assets are recognized at cost less accumulated amortization and impairment. Expenses for internally generated goodwill and internally generated trademarks are recognized in profit or loss as they are incurred.

• Subsequent expenses

Subsequent expenses for capitalized intangible assets are only recognized as assets in the statement of financial position if they increase the future economic benefits for the specific assets to which they refer. All other costs are expensed as they are incurred.

• Depreciation principles

Amortization is charged to statement of comprehensive income on a linear basis over the intangible assets' estimated useful lives, provided the useful life is not indefinite. The useful lives of assets are reassessed at least once per year. Goodwill has an indefinite useful life and is therefore tested for possible impairment annually, or as soon as indications arise that the asset in question has decreased in value. Intangible assets which are amortized are amortized from the date they are available for use. The estimated useful lives are:

- Customer agreements . . . . 5 years
- Software . . . . 5–10 years
- Development expenditure generated internally . . . . . 5-10 years

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost for inventories is based on the first-in first-out principle (FIFO) and includes expenses arising upon acquisition of the inventories and their transport to their current location and condition. For manufactured goods and work in progress, the purchase value includes a reasonable proportion of indirect costs based on normal capacity. Net realizable value is the estimated sales price in the ordinary course of business, less estimated expenses for completion and bringing about a sale.

Impairment

Carrying amounts of the Group's assets are reviewed at each balance sheet date to assess whether there is any indication of impairment. IAS 36 is applied in impairment testing for assets other than financial assets which are tested in accordance with IAS 39, inventories and deferred tax assets. For the exceptions stated above, the carrying amount is assessed according to the relevant standard.

• Impairment tests for tangible and intangible assets, and holdings in subsidiaries, associated companies, joint ventures, etc.

If a need for impairment is indicated, the recoverable amount of the asset is calculated in accordance with IAS 36 (see below). The recoverable amount for goodwill, other intangible assets with indefinite useful lives and intangible assets that are not yet ready for use is calculated annually. If, in connection with impairment testing, largely independent cash flows cannot be established for an individual asset, assets are grouped at the lowest level at which largely independent cash flows can be identified – this is known as a cash generating unit. Impairment is recognized when an asset's or cash generating unit's carrying amount exceeds the recoverable amount. Impairment is charged to the statement of comprehensive income. Impairment of assets attributable to a cash generating unit is primarily allocated to goodwill. After this, a proportional impairment of all other assets included in the unit is implemented.

The recoverable amount is the higher of fair value less expenses to sell and value in use. Upon calculating the value in use, future cash flows are discounted at a discount rate that takes into account risk-free interest and the risk associated with the specific asset.

• Impairment tests for financial assets

At each reporting date, the Company evaluates whether there is objective evidence that any impairment is necessary for a financial asset or group of assets. Objective evidence constitutes observable events that have an adverse impact on the potential to recover the cost, and a significant or long-term decrease in the fair value of a component of a financial investment classified as a financial asset available for sale. The Company classifies trade and other receivables as doubtful when: 1) the customer is insolvent or subject to bankruptcy proceedings, 2) the payment is more than 60 days overdue (whereupon the financial position of the individual customer is assessed and provisions are implemented as deemed necessary). For impaired trade and other receivables, the amount of the expected future payment is reported. Short-term receivables are not discounted. The recoverable amount of loans, trade and other receivables and assets classed as investments held to maturity is calculated as the present value of future cash flows discounted by the effective interest rate applicable on the initial recognition of the asset. Short-term assets are not discounted. Impairment is charged to the statement of comprehensive income.

• Reversal of impairment

Impairment is reversed if there is an indication that it is no longer necessary, and there has been a change in the assumptions which formed the basis of the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only made to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had, with a deduction for amortization, if no impairment had been recognized.

Impairment losses on loan receivables and trade and other receivables reported at accrued cost are reversed if the former grounds for impairment no longer apply and full payment from the customer is expected. Impairments of interest-bearing instruments classified as financial assets available for sale are reversed through the statement of comprehensive income if the fair value increases and the increase can objectively be attributed to an event which occurred after the impairment was implemented.

Share capital

• Dividends

Dividends are recognized as a liability once approved by the Annual General Meeting.

Employee benefits

• Defined contribution plans

For salaried employees in Sweden, defined benefit pension commitments for retirement and family pension under the ITP 2 plan are secured through an insurance policy with Alecta. Consequently, the ITP2 pension plan insured through a policy with Alecta is recognized as a defined contribution plan. Other pension plans in the Group are defined contribution pension plans. Defined contribution pension plans are those for which the Group only pays fixed fees and is under no obligation to pay additional fees if plan assets are insufficient. Consequently the employee bears the risk regarding future pension levels. Obligations regarding defined contribution plans are recognized as an expense in the statement of comprehensive income at the rate at which they are earned by employees performing services for the Company.

• Remuneration on termination of employment

An expense for remuneration in connection with termination of employment for employees is recognized only if the Company is demonstrably obliged in a formal detailed plan to terminate employment ahead of the normal point in time, with no realistic possibility of withdrawal. When remuneration is paid as an incentive for voluntary departure, an expense is recognized when the offer has been made and can no longer be withdrawn. The amount is calculated based on a probability calculation regarding the number of employees who will accept the offer.

• Short-term employee benefits

Current employee benefits are calculated without discounting and are expensed as the relevant services are received. Expected expenses for profit sharing and bonus payments are recognized as liabilities when the Group has a present legal or constructive obligation to make such payments as a consequence of services being received from employees and that obligation can be calculated reliably.

• Stock option scheme

Stock options settled in cash (synthetic options) give rise to an obligation towards employees that is recognized at fair value and reported as an expense with a corresponding increase in liabilities. Fair value is initially calculated at the time of allocation and is distributed across the vesting period. The fair value of the stock options settled in cash is calculated according to the Black-Scholes model, taking into account the terms and conditions of the allocated instrument. The liability is reassessed on each balance sheet date and upon settlement. All changes in the fair value of the liability are reported under profit for the year as a financial expense.

Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimation of the amount can be made. When the effect of the timing of the payment is important, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate which reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability.

• Guarantees

A provision is made for guarantees when the underlying products or services are sold. The provision is based on historical data regarding guarantees and a total appraisal of conceivable outcomes in relation to the probabilities with which those outcomes are associated.

• Restructuring

Restructuring provisions are recognized when the Group has adopted a detailed formal restructuring plan and the restructuring has been commenced or publicly announced. No provisions are made for future operating expenses.

The Parent Company's accounting principles

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 of the Swedish Financial Accounting Standards Council, on Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board are also applied.

RFR 2 means that the Parent Company in the annual report for the legal entity shall apply all EU-approved IFRS standards and statements as far as possible within the framework of the Annual Accounts Act, taking into consideration the relationship between accounting and taxation.

The recommendation stipulates which exceptions and additions to IFRS shall be applied.

Differences between the Group's and Parent Company's accounting principles

The differences between the Group's and Parent Company's accounting principles are shown below. The accounting principles shown below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements. Effective from 2012, Group contributions received and paid are recognized as appropriations in the income statement. The comparison figures for 2011 have been adjusted according to the new principles. Previously, Group contributions were reported in accordance with statement UFR 2 from the Swedish Financial Reporting Board regarding shareholders' contributions directly against equity

Classifications and presentation

The income statement and statement of comprehensive income are produced separately for the Parent Company, whereas for the Group these two reports are combined into a single statement of comprehensive income. In addition the titles 'balance sheet' and 'cash flow statement' are used for the Parent Company for statements that for the Group are titled 'consolidated statement of financial position' and 'consolidated statement of cash flows' respectively. The Parent Company income statement and balance sheet have been prepared in accordance with regulations stipulated in the Annual Accounts Act, while the statement of comprehensive income, summary of changes in equity and cash flow statement is based on IAS 1.

• Presentation of Financial Statements and IAS Cash Flow Statements

The differences compared with the consolidated statements that are evident in the Parent Company's income statement and balance sheet comprise mainly the reporting of financial income and expenses, non-current assets and equity.

Subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are accounted for in the Parent Company in accordance with the cost method. This means that transaction expenses are included in the carrying amount for holdings in subsidiaries, associated companies and joint ventures. In the consolidated accounts, transaction expenses attributable to subsidiaries are recognized directly in profit as they are incurred. Conditional purchase prices are valued based on the likelihood that the purchase price will be paid. Possible changes in the provision/receivable are added to/reduce the cost. In the consolidated accounts, conditional purchase prices are recognized at fair value with changes in value over profit. Bargain purchases that correspond to expected future losses and expenses are resolved over the anticipated periods during which losses and expenses arise. Bargain purchases that arise due to other reasons are recognized as provisions, to the extent that they do not exceed the fair value of the acquired identifiable non-monetary assets. The portion that exceeds this value is immediately taken up as income. The portion that does not exceed the fair value of the acquired identifiable non-monetary assets is systematically taken up as income over a period that is calculated as the remaining weighted average useful life for the acquired identifiable assets that are amortized. In the consolidated accounts, bargain purchases are reported directly in profit.

Untaxed reserves

Untaxed reserves including deferred tax liabilities are recognized in the Parent Company. In the consolidated accounts however, untaxed reserves are divided into deferred tax and equity.

Group contributions

Group contributions received by the Parent Company from its subsidiaries are reported in the Parent Company according to the same principles as normal dividends from subsidiaries, in other words, as a financial income item in the income statement. Group contributions paid by the Parent Company to its subsidiaries are recognized as an appropriation in the income statement.

NOTE 2 Financial risks and policies

Through its operations, the Group is exposed to various kinds of financial risks.

Financial risks are those involving fluctuations in the Group's earnings and cash flow as a consequence of changes in exchange rates, interest rate levels, and refinancing and credit risks. The Group's financial policy for the management of financial risks has been designed by the Board of Directors and provides a framework of guidelines and regulations in the shape of risk mandates and limits for financing activities. To read more about the Company's financial risks, please see the Financial Risks section in the Directors' Report.

Responsibility for the Group's financial transactions and risks is managed centrally by the Parent Company's finance department. The overarching objective for risk management efforts is to provide cost effective financing and to minimize the negative effects of market fluctuations on the Group's earnings.

Liquidity risks

Liquidity risk (or financing risk) refers to the risk that it will not be possible to secure financing or that it will only be possible to do so at considerably increased expense. Consequently, it is the Group's objective that there always be sufficient cash and equivalents, as well as guaranteed lines of credit to cover the next six months.

To ensure that the Group always has access to external financing, the finance department shall make sure that commitments to grant credit, both short and long-term, are available. Efforts shall be made to maintain the highest level of cost efficiency possible within the set framework. Consolidated cash and equivalents were SEK 88 million (77) at the end of the period. Available funds, including unutilized credit facilities, amounted to SEK 603 million (558).

At the end of the year, the Group's financial and operating liabilities amounted to SEK 1,713.5 million with the maturity structure indicated in the table below. The loan agreement contains financial covenants that are followed up on a quarterly basis. All financial and commercial terms were met during 2014.

Maturity structure, financial and operating liabilities – undiscounted cash flows

	2014						2013				
SEKm	Nominal amount, functional currency	0-6 months	6-12 months	1-5 years	5 years or later	Total	0-6 months	6-12 months	1-5 years	5 years or later	Total
Bank loans	1,147.6	22.9	15.6	98.4	1,163.3	1,300.2	66.5	64.7	869.9	12.3	1,013.4
Overdraft facilities	76.3	3.8	3.8	84.0		91.8	3.6	3.6	118.1		125.2
Derivatives	4.3	0.4	0.1	0.1	4.1	4.8	0.7	0.2	4.5	0.2	5.5
Synthetic instruments	-					-				10.6	10.6
Trade and other payables	330.4	328.0	2.3			330.4	316.0	0.2			316.2
Liabilities to Group companies	-					-		116.3			116.3
Financial lease liabilities	11.1	2.8	7.6	1.3	0.0	11.7	3.6	3.3	11.1	0.0	18.0
Other liabilities	143.8	123.7	17.0		3.1	143.8	123.1	3.4		9.6	136.1
Total		**481.6**	**46.4**	**183.8**	**1,170.5**	**1,882.5**	**513.5**	**191.7**	**1,003.6**	**32.7**	**1,741.5**

Interest rate risks

Interest rate risk represents how changes in market interest rates affect cash flow and the Group's earnings, as well as the value of financial instruments. Management of the Group's interest exposure is centralized, meaning that the central finance function is responsible for identifying and managing this exposure in accordance with the finance policy adopted by the Board of Directors. Derivative instruments, such as interest swap contracts, are used to manage the interest rate risk. Interest swap contracts are recognized in the Group company whose interest-bearing liabilities are hedged. Net interest paid regarding interest swap agreements is recognized as an interest expense, while net interest received is recognized as interest income.

Essentially, net interest risk in the Group is associated with the Group's interest-bearing financial liabilities, which are listed in the table in Note 20. At 31 December 2014, the fair value of these swaps amounted to a negative SEK 4.5 million (neg 4.8) consisting of liabilities of SEK 4.5 million (4.8).

As per 31 December 2014, interest-bearing liabilities, excluding financial leasing amounted to SEK 1,224 million (1,056). The average period of fixed interest, excluding derivatives was approximately 4.5 months (1). The average period of fixed interest, including derivatives was approximately 12 months (6)

Sensitivity analysis – interest risk

If interest rates had been 1 percent higher/lower, the interest expense for the year would have been SEK 14 million (13) higher/lower, based on average interest-bearing liabilities in 2014 and without taking existing interest rate derivatives outstanding at 31 December 2014 into account. Taking existing interest rate derivatives into account, the interest expense for the year would have been SEK 9 million (10) higher/lower.

Credit risks in trade and other receivables

The risk that the Group's/Company's customers fail to meet their obligations, that is, that no payment is obtained for trade and other receivables, constitutes a customer credit risk. Credit checks are performed on the Group's customers with information regarding their financial status being obtained from various credit information agencies. Bank guarantees or other sureties are required for customers with low credit ratings or insufficient credit history. In 2014, a global customer credit insurance policy was signed covering most of the Group's insurable trade and other receivables. The credit quality of non-provisioned trade and other receivables is deemed to be good.

As per the balance sheet date, there were no significant concentrations of credit exposures. At the end of 2014, the Group's 20 largest insured customers were fully insured and the Group's acceptance rate with the insurance company was higher than 80 percent . The maximum exposure for credit risk is the same as the gross value of the trade and other receivables in the balance sheet.

Specification of trade and other receivables

	2014			2013		
Group, SEKm	Book invoice amount	Provision for customer losses	Book amount	Book invoice amount	Provision for customer losses	Book amount
Not overdue	330.5	-0.2	330.3	277.3	–	277.3
Overdue 0-60 days	79.4	-1.4	78.0	83.2	-0.5	82.7
Overdue 61-180 days	12.9	-2.6	10.3	16.0	-2.2	13.8
Overdue 181-365 days	4.6	-2.5	2.1	5.8	-2.5	3.3
More than 1 year	14.1	-13.5	0.6	18.3	-16.6	1.7
Total trade and other receivables	**441.5**	**-20.2**	**421.3**	**400.6**	**-21.8**	**378.8**

Provision account for impairment of trade and other receivables

Group, SEKm	2014	2013
Opening balance	-21.8	-20.0
Impairment for the year	-7.7	-5.5
Reversal of previous impairments	9.8	3.9
Exchange-rate differences	-0.5	-0.2
Closing balance	**-20.2**	**-21.8**

Currency risks

• Transaction exposure

The Group is exposed to currency risk in the form of transaction exposures arising through purchases and sales of goods and services in currencies other than each Group company's local currency. The Group applies a finance policy adopted by the Board of Directors. Each business area manager is responsible for identifying and hedging flows in line with Inwido's finance policy. Transaction exposure shall primarily be minimized through internal measures, such as matching of flows, choice of invoicing currency and the use of currency clauses, and secondarily through financial instruments. In the event that the transaction exposure for an individual business unit should exceed EUR 500,000 on an annual basis, 40-60 percent of the individual currency concerned shall be hedged with a maturity of up to 6 months. The Parent Company is responsible for continuously monitoring the business areas' adherence to the Group's guidelines regarding currency hedging.

The table below shows the net flows and hedge volumes of the Group companies in each currency.

	2014		2013	
Group, SEKm	12 months net flows	Total hedges	12 months net flows	Total hedges
SEK	-217.4	111.8	-138.5	89.5
EUR	-130.1	-	-140.1	18.6
NOK	0.5	-	10.7	-
DKK	-7.0	-	-8.2	-
GBP	-0.1	-	-0.8	-
USD	-2.6	-	-2.6	-
Other	-0.0	-	-0.1	-

Transaction exposure has been partly hedged through currency derivatives. The derivatives used are mainly forward rate contracts.

Translation exposure

The hedging of translation exposure is guided by the Group's finance policy. Translation exposure is not currently hedged as the risk is relatively limited. However, an analysis of these risks is made once a year to ensure that they do not increase. Net foreign assets in the Group are distributed mainly among the following currencies:

	2014			2013	
Group Currency	Local currency	Amount SEKm	%	Amount SEKm	%
SEK	2,000.1	2,000.1	71.6	2,364.8	93.7
NOK	-37.9	-47.0	-1.7	-59.4	-2.4
DKK	224.2	301.4	10.8	218.6	8.7
EUR	64.6	615.0	22.0	368.5	14.6
GBP	-5.9	-79.6	-2.9	-116.7	-4.6
LTL	0.1	0.4	0.0	0.3	0.0
PLN	5.3	2.2	0.1	-179.2	-7.1
RUB	0.0	0.0	0.0	-72.4	-2.9
Total		**2,792.5**	**100**	**2,524.5**	**100**

A 10 percent strengthening of the SEK against other currencies as of 31 December 2014 would entail a negative change in equity of SEK 81.0 million (20.8) and a negative change in profit of SEK 10.3 million (0.2). This sensitivity analysis is based on all other factors (e.g. interest rates) remaining unchanged. The same conditions were applied for 2013.

Fair value

In all instances, fair value corresponds to the financial instrument's carrying amount. The fair values and carrying amounts are reported in the balance sheet on the next page.

Group 2014, SEKm	Account and loan receivables	Financial assets available for sale	Held for trade: Financial assets recognized at fair value in profit	Held for trade: Financial liabilities recognized value in profit	Other liabilities	Total carrying amount	Fair value
Financial investments		2.1				2.1	2.1
Other non-current receivables	33.6		1.5			35.2	35.2
Trade and other receivables	421.3					421.3	421.3
Receivables from Group companies	0.0					0.0	0.0
Other current receivables	45.4					45.4	45.4
Cash and equivalents	87.6					87.6	87.6
Total	**587.9**	**2.1**	**1.5**	**-**	**-**	**591.6**	**591.6**
Non-current interest-bearing liabilities					1,141.1	1,141.1	1,141.1
Other non-current liabilities				4.0	3.2	7.1	7.1
Current interest-bearing liabilities					93.9	93.9	93.9
Trade and other payables					330.4	330.4	330.4
Liabilities to Group companies					0.0	0.0	0.0
Other current liabilities				0.3	140.7	141.0	141.0
Total	**-**	**-**	**-**	**4.3**	**1,709.2**	**1,713.5**	**1,713.5**
Group 2013, SEKm							
Financial investments	0.0	3.0				3.0	3.0
Other non-current receivables	33.1					33.1	33.1
Trade and other receivables	378.8					378.8	378.8
Receivables from Group companies	89.7					89.7	89.7
Other current receivables	54.9					54.9	54.9
Cash and equivalents	76.6					76.6	76.6
Total	**633.1**	**3.0**	**-**	**-**	**-**	**636.2**	**636.2**
Non-current interest-bearing liabilities					845.1	845.1	845.1
Other non-current liabilities				14.8	1.9	16.7	16.7
Current interest-bearing liabilities					227.9	227.9	227.9
Trade and other payables					316.2	316.2	316.2
Liabilities to Group companies					116.3	116.3	116.3
Other liabilities				0.5	136.5	137.0	137.0
Total	**-**	**-**	**-**	**15.2**	**1,643.9**	**1,659.2**	**1,659.2**

Disclosures regarding determination of fair value

	2014				2013			
Group, SEKm	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current receivable – derivative	-	1.5	-	1.5	-	-	-	-
Current receivable – derivative	-	-	-	-	-	-	-	-
Total	**-**	**1.5**	**-**	**1.5**	**-**	**-**	**-**	**-**
Non-current liability – derivative	-	4.0	-	4.0	-	4.4	-	4.4
Non-current liability – options	-	-	-	-	-	-	10.3	10.3
Current liability – derivative	-	0.3	-	0.3	-	0.5	-	0.5
Total	**-**	**4.3**	**-**	**4.3**	**-**	**4.9**	**10.3**	**15.2**

Level 1: According to prices noted in an active market for the same instrument. **Level 2:** Based on directly or indirectly observable market data not included in Level 1. **Level 3:** Based on input data not observable in the market.

The Group enters into derivative contracts under the International Swaps and Derivatives Association's (ISDA) master netting agreement. According to these agreements, when counterparty fails to settle its obligations under all transactions, the agreement is cancelled and all outstanding balances are settled with a net amount. No derivatives have been offset in the balance sheet. See the outstanding amounts above.

The table at right presents a reconciliation of opening and closing balances for financial instruments recognized at fair value in the statement of financial position using valuation techniques based on non-observable in-data (level 3). A change in value of SEK 1.0 million regarding instruments measured according to class 3 affected profit for the year. The synthetic shares and options were redeemed in connection with Inwido's listing on the Nasdaq Stockholm exchange on 26 September 2014.

Group, SEKm	Non-current liability	Total
Opening balance 1 Jan 2013	**-11.4**	**-11.4**
Options/shares redeemed	0.2	0.2
Options/shares issued	-0.1	-0.1
Translation difference	0.0	0.0
Total recognized gains and losses:		
Reported in profit for the year	1.0	1.0
Closing balance 31 Dec 2013	**-10.3**	**-10.3**
Opening balance 1 Jan 2014	**-10.3**	**-10.3**
Options/shares redeemed	62.9	62.9
Options/shares issued	-1.1	-1.1
Translation difference	-0.1	-0.1
Total recognized gains and losses:		
Reported in profit for the year	-51.4	-51.4
Closing balance 31 Dec 2014	**-**	**-**

Calculation of fair value

The following is a summary of the main methods and assumptions used to establish the fair value of the financial instruments presented in the table at the bottom of the previous page.

Securities

For listed securities, fair value is determined on the basis of the asset's quoted bid price on the balance sheet date, not including transaction expenses incurred on acquisition. Nor are potential transaction costs on the disposal of an asset taken into account.

The fair value of unlisted financial assets is determined by calculating future discounted cash flows in the Company. The resulting value is then compared to assessments of similar shares, participations or other financial instruments that are judged comparable but that are listed. The comparative valuation is made by applying relevant multiples to the key figures of the company concerned (for example, EBITDA) less deductions for individually determined adjustments due to factors such as differences in size between the company concerned and comparable companies. An additional factor taken into account in the valuation is the value in connection with any transactions in each company and any external valuations that have been made, usually on the basis of discounted cash flows.

Derivative instruments

For foreign exchange forward contracts, fair value is determined on the basis of quoted prices where available. If these are not available, fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be signed on the balance sheet date for the remaining contract period. Discounting is applied at a risk-free interest rate based on government bonds.

For interest rate swaps, fair value is based on the valuation made by the mediating credit institute, with the fairness of this being tested by discounting calculated future cash flows in accordance with the terms and maturity dates of the contract and on the basis of market interest rates for similar instruments on the balance sheet date.

Where discounted cash flows are applied, future cash flows are calculated based on company management's best assessment. The interest rate applied in discounting is based on market rates for similar instruments on the balance sheet date. Where other valuation methods have been applied, input data are based on market related data on the balance sheet date.

Interest-bearing liabilities

For financial liabilities that are not derivative instruments, fair value is calculated by discounting future cash flows on principals and interest applying market interest rates at the end of the reporting period.

Financial lease liabilities

Fair value is based on the present value of future cash flows discounted at market interest rates for similar lease agreements.

Trade and other receivables and trade and other payables

For trade and other receivables and trade and other payables with a remaining maturity of less than six months, the carrying amount is considered to reflect fair value. Trade and other receivables and trade and other payables with a maturity of more than six months are discounted in connection with the determination of fair value.

Parent Company

The Parent Company conducts certain Group-wide services and is therefore not exposed to any substantial financial risks.

NOTE 3 Distribution of income

Income by major income category

	Group		Parent Company	
SEKm	**2014**	**2013**	**2014**	**2013**
Sales of goods	4,640.3	4,126.9	-	-
Service assignments	275.5	173.1	63.2	54.8
Net sales	**4,915.8**	**4,300.0**	**63.2**	**54.8**

Net sales include no income in connection with the exchange of goods and services, either in the Group or the Parent Company. Income is allocated by customer domicile.

Income by geographical market

Group, SEKm	**2014**	**2013**
Sweden	1,943.6	1,780.8
Finland	1,346.9	1,151.9
Denmark	933.7	651.0
Norway	374.3	407.0
EBE*	267.4	242.2
Other countries	50.0	67.2
	4,915.8	**4,300.0**

* The geographic market EBE includes Poland, the UK, Ireland and Austria.

NOTE 4 Segment reporting

Inwido's operations are divided into operating segments based on the parts monitored by the Company's highest executive decision makers. Inwido's operations are organized so that Group management monitors the EBITA, return and cash flow generated by the Group's business areas. The principal measure of profit followed up by Group management is operating EBITA. Since decisions are made regarding the allocation of resources on the basis of the business areas, these constitute the Group's segments. Consequently, the Group's internal reporting is structured so that Group management can monitor all business areas' performance and earnings. The following five operating segments have been identified: Sweden, Finland, Denmark, Norway and EBE (Emerging Business Europe).

The operating segment "Other" includes Inwido Supply, which consists of companies that manufacture components for windows and doors, such as glass, fittings and aluminium, and that manufactures doors and windows sold internally within the Group.

Inwido views the Group's income from windows, doors, sliding doors, accessories and installation as a single product group since doors, sliding doors, accessories and installation account for a relatively small part of the total consolidated balance sheet, income statement and cash flow. Consequently, the segmentation is based on the business areas and not product groups.

Group 2013, SEKm	**Sweden**	**Finland**	**Denmark**	**Norway**	**EBE**	**Other**	**Group-wide and eliminations**	**Total**
External sales	1,717.2	1,151.4	656.0	411.1	230.4	134.0	0.0	4,300.0
Internal sales	19.7	4.3	39.3	0.0	13.1	333.8	-410.1	
Total net sales	**1,736.8**	**1,155.7**	**695.3**	**411.1**	**243.5**	**467.8**	**-410.1**	**4,300.0**
Operating EBITDA	223.1	149.5	137.7	-32.7	-19.8	45.3	-55.6	447.4
Operating EBITA	198.1	125.6	120.5	-42.3	-29.4	28.5	-56.1	344.8
EBITA	198.1	122.0	120.5	-73.7	-35.6	25.9	-63.1	294.1
EBIT								294.1
Net financial items								-78.9
Profit before tax								**215.2**
Goodwill	991.7	457.1	1,153.9	144.7	85.5	116.7	0.0	2,949.6
Tangible non-current assets	164.1	134.9	71.9	29.3	77.1	96.3	0.2	573.8
Acquisitions of tangible non-current assets	17.0	20.4	11.3	10.6	8.5	5.5	0.0	73.3
Acquisitions of intangible assets	0.0	1.4	12.4	0.0	0.3	0.1	0.0	14.2

Group 2014, SEKm	**Sweden**	**Finland**	**Denmark**	**Norway**	**EBE**	**Other**	**Group-wide and eliminations**	**Total**
External sales	1,834.2	1,345.8	984.8	342.0	242.5	166.5	0.0	4,915.8
Internal sales	126.6	3.4	44.6	9.8	19.0	349.0	-552.4	
Total net sales	**1,960.7**	**1,349.2**	**1,029.4**	**351.7**	**261.5**	**515.6**	**-552.4**	**4,915.8**
Operating EBITDA	235.7	218.0	201.0	-24.2	-9.4	54.8	-67.8	608.1
Operating EBITA	211.3	192.7	176.2	-30.3	-19.5	39.4	-68.2	501.5
EBITA	206.4	168.9	173.5	-84.7	-42.7	39.9	-85.0	376.3
EBIT								374.2
Net financial items								-121.5
Profit before tax								**252.7**
Goodwill	991.7	486.3	1,354.3	143.9	92.0	116.8	0.0	3,184.9
Tangible non-current assets	174.1	156.2	111.1	25.4	80.2	89.4	0.1	636.5
Acquisitions of tangible non-current assets	68.9	54.7	55.5	9.0	11.1	9.8	0.0	174.5
Acquisitions of intangible assets	0.0	2.9	187.7	0.9	0.2	0.1	0.0	191.8

Group-wide expenditures derive from shared Group projects and functions such as central management, the finance department, purchasing, product development, sales and marketing and HR.

NOTE 5 Acquisitions and disposals

Acquisitions and divestments in 2014

On 2 April 2014, the Group paid SEK 203.6 million in cash to acquire 100 percent of the shares and votes in the businesses JNA Vinduer & Døre A/S and Säästke OÜ. The acquisitions also include three subsidiaries to Säästke OÜ (SparVinduer ApS, SpareVinduer AS and SparFönster AB). The acquisitions are in line with Inwido's strategy of growing both organically and through acquisitions. The acquisitions are also motivated by the ambition of being represented in the growing market for windows and doors on the Internet – an area where Inwido is not currently present.

Over the nine months ending 31 December 2014, the subsidiaries contributed SEK 180.6 million to consolidated external income and SEK 33.5 million to consolidated operating profit. If the acquisition had occurred on 1 January 2014, management estimates that the acquired Group's external income would have been SEK 212.7 million and operating profit would have been SEK 29.8 million for the 12 months ending 31 December 2014. Goodwill includes the value of an expanded distribution network and expected future cash flows. No portion of goodwill is expected to be tax deductible. Acquisition-related expenses amounted to SEK 2.5 million, relating to fees paid to consultants in connection with due diligence. These expenses have been recognized as other operating expenses in the statement of comprehensive income and statement of other comprehensive income.

The acquired companies' net assets on the acquisition date:

Group 2014, SEKm	Säästke OÜ	JNA Vinduer og Døre A/S
Fair value of acquired net assets	70.6	18.3
Goodwill, Group	114.7	0.0
Payment transferred, Group cost	**185.3**	**18.3**
Cash and equivalents in the acquired businesses	16.4	2.4
Effect on Group cash flow	**168.9**	**15.9**

Acquired assets and liabilities	Fair value, Group	
Tangible non-current assets	15.1	4.4
Intangible assets	31.6	26.3
Inventories	18.2	12.2
Trade and other receivables	19.2	7.4
Cash and equivalents	16.4	2.4
Trade and other payables	-22.4	-27.3
Deferred tax liabilities	-7.6	-7.2
Fair value of acquired net assets	**70.6**	**18.3**

The acquisition analysis is preliminary, meaning that fair value has not been conclusively determined for all items.

On 7 March 2014, Inwido divested its operations in Russia to a private investor through the sale of the assets in those operations. Consequently, Inwido has established sales through exports to Russia from existing Inwido units. The disposal of the legal entity was completed in the third quarter of 2014.

Acquisitions and divestments in 2013

In the first quarter of 2013, Inwido acquired 30 percent of the shares from non-controlling interests in Frovin Vinduer og Døre A/S. Ownership thus increased from 70 percent to 100 percent. The investments totalled SEK 23.2 million, of which SEK 18.9 million was paid in cash. The carrying amount for Inwido Denmark's net assets in the consolidated accounts amounted at the time of acquisition to SEK 4.1 million. The Group recognizes a decrease in its non-controlling interests of SEK 4.1 million and a decrease in profit brought forward of SEK 18.9 million.

During the year, Inwido Denmark A/S established the company TB Europe A/S, in which Inwido Denmark A/S holds 80 percent of the shares. This affected the non-controlling interest in the Group in the amount of SEK 0.5 million.

NOTE 6 Other operating income

Group, SEKm	2014	2013
Rental income	1.0	0.9
Gain on sale of non-current assets	4.8	4.3
Insurance compensation	0.6	0.7
Other	6.2	8.0
Total	**12.6**	**13.8**
Parent Company, SEKm		
Exchange gains on operating receivables/liabilities	1.5	0.6
Other	-	0.0
Total	**1.5**	**0.6**

NOTE 7 Other operating expenses

Group, SEKm	2014	2013
Loss on sale of non-current assets	0.8	0.6
Exchange losses on operating receivables/liabilities	0.7	3.0
Disposal of business	3.7	2.9
Other	7.8	7.9
Total	**13.1**	**14.4**
Parent Company, SEKm		
Exchange losses on operating receivables/liabilities	-	-
Other	-	3.1
Total	**-**	**3.1**

NOTE 8 Employees and personnel expenses

Group, SEKm	2014	2013
Wages, remunerations, etc.	1,190.8	1,057.7
(of which, wages and remunerations to Board, CEO and senior management)	(57.7)	(54.0)
(of which, bonuses to Board, CEO and senior management)	(13.6)	(5.0)
Pension expenses, defined contribution plans	105.3	90.4
(of which, to Board, CEO and senior management)	(10.5)	(9.8)
Social security contributions	198.1	201.4
	1,494.2	**1,349.5**

Guidelines

At an Extraordinary General Meeting in September 2014, the following terms were adopted to be applied for new senior executives.

Remuneration and terms for senior executives shall be based on local market conditions and consist of a balanced mix of fixed salary, variable compensation, pension benefits, other benefits and terms of dismissal.

Cash remuneration shall consist of fixed and variable remuneration. Fixed and variable remuneration shall be related to the executive's responsibilities and authority. Variable remuneration shall be based on performance in relation to set targets. Variable cash remuneration shall be maximized and may not exceed 50 percent of fixed annual salary.

Variable remuneration may also be paid in the form of long-term incentive plans.

Programmes for variable remuneration should be structured such that the Board, where exceptional circumstances prevail, is able to restrict or withhold payment of variable remuneration in the event that such action is deemed reasonable and consistent with the Company's responsibilities towards its shareholders, employees and other stakeholders.

Pension benefits shall be in the form defined contribution plans. The retirement age for the CEO shall be 60 years and, for other senior executives, 65 years. Variable compensation of at most 50 percent of the maximum variable remuneration should be pension-qualifying for senior executives. For the CEO, pension provisions are to be made equivalent to 30 percent of fixed salary.

Benefits other than fixed salary, variable remuneration and pension benefits are to be applied restrictively. Salary may be exchanged for a company car benefit or pension benefits.

Combined, fixed salary during the period of notice and severance pay shall not exceed an amount equivalent to fixed salary for 12 months; for the CEO, a period of 18 months applies.

Salaries, other remunerations & social security expenses

	2014		2013	
Parent Company, SEKm	Wages and remunerations	Social security expenses	Wages and remunerations	Social security expenses
Board of Directors, CEO and senior management	19.5	10.4	11.4	7.4
(of which, bonuses)	(6.5)		(0.6)	
Other employees	5.8	4.4	8.8	5.1

Of social security expenses, SEK 4.6 million (3.7) represent pension expenses for members of the Board of Directors, the CEO and senior management, and SEK 2.6 million (2.3) for other employees.

Average number of employees

	2014	of which, men	2013	of which, men
Parent Company (Sweden)	16	75%	17	71%
Total	**16**	**75%**	**17**	**71%**
Subsidiaries:				
Sweden	1,247	70%	1,169	70%
Finland	633	76%	658	76%
Denmark	593	81%	489	80%
Poland	319	73%	324	73%
Estonia	210	65%	0	0%
Norway	140	59%	202	63%
United Kingdom	130	93%	170	95%
Lithuania	32	56%	20	40%
Ireland	12	58%	10	50%
Austria	6	67%	4	75%
Russia	2	0%	14	50%
Total	**3,324**	**73%**	**3,060**	**74%**
Total, Group	**3,340**	**73%**	**3,077**	**74%**

Gender distribution in executive management

Parent Company	Women, 2014	Women, 2013
Board of Directors	18%	14%
Total, Group		
Boards of Directors	13%	15%
Other senior executives	19%	20%

Salaries and other remunerations to senior executives

Group 2014, SEKm	Basic salary, Board fees	Variable remuneration	Pension expense	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board Arne Frank	0.4	-	-	-	-	0.4	-
Board members:							
Anders Wassberg	0.2	-	-	-	-	0.2	-
Benny Ernstson	0.2	-	-	-	-	0.2	-
Eva S Halén	0.2	-	-	-	-	0.2	-
CEO, Håkan Jeppsson	6.1	4.5	2.0	-	0.1	13.3	-
Other senior executives (9 persons)	13.7	3.4	3.2	-	1.0	21.3	-
Total	**20.8**	**7.9**	**5.2**	**-**	**1.1**	**35.6**	**-**

Group 2013, SEKm	Basic salary, Board fees	Variable remuneration	Pension expense	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board, Anders C Karlsson	0.4	–	–	–	–	0.4	–
Board members:							
Anders Wassberg	0.2	–	–	–	–	0.2	–
Benny Ernstson	0.2	–	–	–	–	0.2	–
Eva S Halén	0.2	–	–	–	–	0.2	–
CEO, Håkan Jeppsson	5.3	0.4	1.9	–	0.1	7.7	–
Other senior executives (11 persons)	12.5	0.8	3.0		–	16.3	–
Total	**18.8**	**1.2**	**4.9**	**–**	**0.1**	**24.9**	**–**

The Board of Directors shall have the right to deviate from these guidelines in individual cases if specific reasons motivate this. In the event that the guidelines are disregarded, the reasons are to be accounted for at the ensuing Annual General Meeting.

To the extent a Board member performs work on the Company's behalf, alongside his/her board work, it shall be possible to pay consulting fees and other compensation for such work.

Remuneration to senior executives

Total remuneration to the CEO and other senior executives includes fixed salary, variable remuneration, pension and other benefits.

The tables on the preceding page account for the actual cost of compensation and other benefits for the financial years 2014 and 2013 to the Board of Directors, the President and CEO and other senior executives. The latter are those individuals who, alongside the CEO, are members of Group Management.

Remuneration to the Board

Fees are paid to the Chairman and other Board members as determined by the Annual General Meeting. The Annual General Meeting resolved that the fees to the Board should total of SEK 1,000,000 (885,000) to be distributed among the members as follows: SEK 400,000 (360,000) to the Chairman and SEK 200,000 (175,000) to each of the other Board members who are not employees of the Company or employees of Ratos AB (publ). Other remunerations have been paid in the form of taxable travel expenses.

Remunerations to other senior executives

• Remunerations

Remuneration to the President and CEO includes fixed salary, variable remuneration, pension and other benefits. Basic salary for the President and CEO amounts to SEK 6,100,000 (5,300,000). For the President and CEO, variable remuneration may amount to at most 50 percent of basic salary. Any bonus payments and the size of these are related to the degree to which predefined annual targets are met. Over the year, the CEO received an additional variable compensation of SEK 1,500,000 related to the listing of the Company on the Nasdaq Stockholm exchange. The agreement regarding this additional compensation was approved before the guidelines for remuneration to senior executives were adopted.

Remunerations to other senior executives include fixed salary, variable remuneration, pension and other benefits. For other senior executives, variable remuneration may amount to at most 40 percent of basic salary. Any bonus payments and the size of these are determined by the CEO based on the degree to which financial and individual targets are met. The financial targets are linked to operating EBITA. The individual targets are based on personal performance.

• Periods of notice and severance pay

The President and CEO has 18 months' notice on termination by the Company and six months' notice on resignation. During the period of notice, the President and CEO is entitled to full salary and other employment benefits, whether obliged to work or not. He is not entitled to any additional severance pay.

Other senior executives have a period of notice of 6-12 months. Combined, fixed salary during the period of notice and severance pay are equivalent to fixed salary for 12 months. On voluntary resignation, a period of termination of six months applies. During the period of notice, other senior executives are entitled to full salary and other employment benefits. They are not entitled to any additional severance pay. In addition, a limited number of senior executive are entitled to compensation under a non-competition clause for a period of 12-24 months following termination of employment. This compensation may be cancelled by the Company.

• Pension benefits

In addition to benefits under the Act on Income-Based Retirement Pension, pension payments are made for the CEO in the amount of 35 percent (35) of fixed annual salary plus holiday pay, which comprise pensionable income. The pension provision was agreed before the guidelines for remuneration to senior executives were adopted. The Company's commitment is limited to paying the annual premium. The pension is not non-vesting.

For other senior executives, a defined contribution pension solution and traditional ITP2 plan are applied. The Company's commitment to the defined contribution pension plan is limited to paying the annual premium. The pension is not non-vesting.

• Remuneration Committee

For information about the Company's process to prepare and determine remunerations to senior executives, please see the Corporate Governance Report on pages 35-37.

NOTE 9 Auditors' fees and reimbursements

	Group		Parent Company	
SEKm	2014	2013	2014	2013
KPMG				
Audit assignments	4.0	3.8	0.9	0.4
Other assignments	1.1	0.3	0.5	-
Tax advisory services	0.4	0.2	0.0	-
Other advisory services	0.6	-	-	-
Other auditors				
Audit assignments	1.5	0.3	-	-
Other assignments	-	-	-	-
Tax advisory services	0.1	-	-	-
Other advisory services	0.2	-	-	-
	7.8	**4.7**	**1.4**	**0.4**

Auditing assignments refer to the audit of the annual report and accounting as well as the administration of the Board and CEO, other tasks undertaken by the Company's auditors in order to complete the assignment.

Other assignments beyond the auditing assignment refers to reviews such as certificates, interim reports etc. that have resulted in a report from the auditor.

Consultancy services taxes refers to assignments that have been carried out in relation to taxes and fees.

Consultancy services other refers to all other assignments that are not included in the above.

NOTE 10 Operating expenses by type of expense

Group, SEKm	2014	2013
Raw materials and input goods	1,621.8	1,488.1
Changes in inventories of finished products and products in progress	67.7	37.7
Personnel costs	1,619.1	1,406.1
Depreciation and impairment	133.5	107.9
Transport	206.4	155.2
Installation	263.0	228.4
Energy	46.0	43.7
Repairs and maintenance	59.0	51.1
IT and telephony	86.6	81.5
Other external expenses	453.0	420.4
Total	**4,556.2**	**4,020.2**

NOTE 11 Financial income and expenses

Group, SEKm	2014	2013
Financial income		
Interest income*	3.4	2.7
Assets and liabilities valued at fair value		
- Held for trade	2.4	5.6
Exchange rate difference	-	-
Other financial income	1.1	0.2
Divestments of financial assets held for sale	1.8	-
Total	**8.7**	**8.5**
Financial expenses		
Interest expenses*	-47.4	-51.9
Assets and liabilities valued at fair value		
- Held for trade	-51.4	-
Exchange rate difference	-18.4	-29.1
Other financial expenses	-13.0	-6.4
Total	**-130.2**	**-87.4**
Net financial items	**-121.5**	**-78.9**

* Interest income and expenses are attributable to all intents and purposes to financial assets and liabilities measured at accrued cost

Parent Company, SEKm	2014	2013
Profit/loss from participations in subsidiaries		
Impairment of shares in subsidiaries	-146.8	-73.3
Total	**146.8**	**-73.3**
Profit/loss from other non-current financial assets	**-**	**-**
Total	**-**	**-**
Other interest income and similar profit/loss items		
Interest income	0.1	0.1
Interest income, Group companies	18.5	16.5
Exchange rate difference	-	-
Change in synthetic options	-	0.9
Change in value of derivatives	-	1.6
Total	**18.6**	**19.1**
Interest expense and similar profit/loss items		
Interest expenses	-15.5	-10.0
Interest expenses, shareholders' loan	-	-1.5
Exchange rate difference	-16.2	-25.7
Change in synthetic options	-47.0	-
Change in value of derivatives	-2.7	-
Other financial expenses	-7.4	-3.9
Total	**-88.7**	**-41.1**
Net financial items	**-216.9**	**-95.3**

NOTE 12 Taxes

Group, SEKm	2014	2013
Current tax expense (-) / income (+)		
Tax expense/income for the period	-87.0	-83.7
Adjustment for taxes attributable to previous years	-2.9	-3.1
Taxes on participation in profit/loss of associated companies	-0.4	-0.1
Deferred tax expense (-) / income (+)		
Deferred tax on temporary differences	-13.6	7.5
Deferred tax expense/income due to changes in tax rates	4.1	2.3
Deferred tax income on tax value of loss carryforwards capitalized during the year	33.5	16.7
Utilization of previously capitalized loss carryforwards	-5.4	-9.0
Total consolidated tax recognized	**-71.7**	**-69.3**

Parent Company, SEKm	2014	2013
Current tax expense (-) / income (+)		
Tax expense (-) / income (+) for the period	-6.7	-33.1
Adjustment for taxes attributable to previous years	-4.8	-
Deferred tax expense (-) / income (+)		
Deferred tax expense/income due to changes in tax rates	-	-
Deferred tax on temporary differences	-1.1	0.1
Total consolidated tax recognized	**-10.3**	**-33.0**

Reconciliation of effective tax

Group, SEKm	2014	2013
Profit before tax	250.7	215.2
Less participations in profit/loss of associated companies	2.1	-0.5
Calculated profit before tax	**252.7**	**214.7**
Tax according to the current tax rate for the Parent Company, 22.0%	-55.6	-47.3
Effect of different tax rates for foreign subsidiaries	8.7	0.7
Non-deductible expenses	-14.5	-6.0
Non-taxable income	-0.8	0.7
Increase in loss carryforwards with no equivalent capitalization of deferred tax	-9.2	-7.7
Impairment of previously capitalized loss carryforwards	0.0	-8.2
Effects of changed tax rates and regulations	0.8	2.3
Taxes attributable to previous years	-2.9	-3.1
Other	2.1	-0.6
Taxes for associated companies	-0.4	-0.1
Recognized effective tax	**-71.7**	**-69.3**

Parent Company, SEKm	2014	2013
Profit/loss before tax	-170.2	71.9
Tax according to the current tax rate for the Parent Company	37.5	-15.8
Non-deductible expenses	-43.4	-17.5
Non-taxable income	-0.5	0.3
Taxes attributable to previous years	-4.8	-
Deferred tax expense/income due to changes in tax rates	-	-
Recognized effective tax	**-10.3**	**-33.0**

Tax items recognized directly in equity

Parent Company, SEKm	2014 Before tax	2014 Taxes	2014 After tax	2013 Before tax	2013 Taxes	2013 After tax
Current tax on Group contributions paid/received	-	-	-	-76.3	16.8	-59.5
	-	**-**	**-**	**-76.3**	**16.8**	**-59.5**

Deferred tax assets and liabilities recognized

Recognized deferred tax assets and liabilities relate to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
Group, SEKm	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Intangible assets	1.6	0.7	-50.2	-7.2	-48.6	-6.5
Tangible non-current assets	-0.3	2.1	-7.9	-32.3	-8.2	-30.2
Financial assets	-	-	-0.4	-0.3	-0.4	-0.3
Inventories	1.9	3.7	-0.4	-0.5	1.4	3.2
Trade receivables	0.6	1.0	0.0	-0.1	0.6	0.9
Other receivables	-	-	-0.7	-0.1	-0.7	-0.1
Pensions	3.1	2.2	-	-	3.1	2.2
Provisions	3.8	6.5	-	-	3.8	6.5
Other	1.0	1.5	-0.1	-	0.9	1.5
Tax loss carryforwards	69.6	42.1	-0.1	-	69.4	42.1
Tax allocation reserve	-	1.5	-28.1	-27.0	-28.1	-25.5
Current tax assets/liabilities net	**81.2**	**61.3**	**-88.1**	**-67.5**	**-6.9**	**-6.2**
Deferred tax assets/liabilities maturing within one year	1.6	4.5	-1.7	-3.0	-0.1	1.6
Deferred tax assets/liabilities maturing after one year	10.3	11.4	-10.8	-6.9	-0.5	4.5
Deferred tax assets/liabilities without maturity	69.3	45.3	-75.6	-57.6	-6.3	-12.2
Parent Company, SEKm						
Pensions	2.7	2.0	-	-	2.7	2.0
Other	0.7	0.1	-	-	0.7	0.1
Current tax assets/liabilities	**3.3**	**2.1**	**-**	**-**	**3.3**	**2.1**
Set-off	-	-	-	-	-	-
Current tax assets/liabilities net	**3.3**	**2.1**	**-**	**-**	**3.3**	**2.1**

Temporary difference between recognized value and tax base for participations etc. directly owned by the Parent Company

For both years, the temporary differences in the Parent Company's directly owned participations amount to zero. For the Group, the amount is not material.

Deferred tax assets not recognized

As detailed in the table to the right, deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognized amount to:

	Group		Parent Company	
SEKm	**2014**	**2013**	**2014**	**2013**
Tax losses	27.6	11.1	-	-
	27.6	**11.1**	**-**	**-**

Nearly all of the Group's tax loss carryforwards have an indefinite period of applicability. According to current tax regulations, deductible temporary differences do not expire. Deferred tax assets have not been recognized for these items as the Group is likely to use them to offset future taxable profits.

	2014						2013				
Group, SEKm	**Balance on 1 Jan 2014**	**Recognized in profit /loss for the year**	**Acquired business**	**Recog-nized in equity**	**Trans-lation differ-ence**	**Balance on 31 Dec 2014**	**Balance on 1 Jan 2013**	**Recognized in profit /loss for the year**	**Acquired business**	**Trans-lation differ-ence**	**Balance on 31 Dec 2013**
Tangible non-current assets	-30.2	-3.5	-14.7	-	-0.3	-48.6	-28.0	-1.8	-	-0.4	-30.2
Intangible assets	-6.3	-2.0	-	-	0.1	-8.2	-8.2	2.7	-	-0.8	-6.3
Financial assets	-0.3	0.0	-0.1	-	0.0	-0.4	-0.3	-0.1	-	0.0	-0.3
Inventories	3.1	-1.6	-	-	0.0	1.4	1.0	2.2	-	-0.2	3.1
Trade receivables	0.9	-0.3	-	-	0.0	0.6	0.6	0.3	-	0.0	0.9
Other receivables	-0.1	-0.6	-	-	0.0	-0.7	1.2	-1.4	-	0.0	-0.1
Trade and other payables	-	-	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-	-	-
Pensions	2.2	0.9	-	-	-	3.1	2.0	0.2	-	0.0	2.2
Provisions	6.5	-2.7	-	-	0.0	3.8	0.8	6.0	-	-0.3	6.5
Other liabilities	1.5	-0.6	-	-	0.0	0.9	2.1	-0.6	-	0.0	1.5
Tax loss carryforwards	42.1	31.5	-	-4.3	0.1	69.4	37.4	6.8	-	-2.1	42.1
Tax allocation reserve	-25.5	-2.6	-	-	0.0	-28.1	-28.6	3.2	-	-0.1	-25.5
Total	**-6.2**	**18.6**	**-14.8**	**-4.3**	**-0.1**	**-6.9**	**-19.9**	**17.6**	**-**	**-3.9**	**-6.2**

NOTE 13 Intangible assets

Group, SEKm	Internally developed intangible assets: Development expenditure	Acquired intangible assets: Market and customer-based assets	Acquired intangible assets: Other intangible assets	Goodwill	Total
Accumulated cost					
Opening balance, 1 Jan. 2013	-	35.1	113.0	2,916.8	3,064.9
Other investments		-	14.2	-	14.2
Disposals and scrappings		-	-10.3	-	-10.3
Disposals of businesses		-	-	-	-
Reclassifications		-	-1.5	-	-1.5
Exchange rate differences for the year		-	2.7	41.0	43.7
Closing balance, 31 Dec. 2013	**-**	**35.1**	**118.1**	**2,957.8**	**3,111.0**
Opening balance, 1 Jan. 2014	-	35.1	118.1	2,957.8	3,111.0
Acquired business	-	37.2	21.2	114.7	173.1
Other investments	7.5	-	11.1	-	18.7
Disposals and scrappings	-	-	-	-	-
Reclassifications	8.9	-	-8.9	-	0.0
Exchange rate differences for the year	0.9	2.4	10.5	121.4	134.3
Closing balance, 31 Dec. 2014	**17.3**	**74.6**	**152.1**	**3,193.9**	**3,437.1**
Accumulated amortization and impairment					
Opening balance, 1 Jan. 2013	-	-35.1	-93.3	-8.0	-136.4
Disposals and scrappings		-	10.3	-	10.3
Disposals of businesses		-	-	-	-
Impairment for the year		-	-	-	-
Amortization for the year		-	-6.7	-	-6.7
Reclassifications		-	-	-	0.0
Exchange rate differences for the year		-	-2.0	-0.3	-2.3
Closing balance, 31 Dec. 2013	**-**	**-35.1**	**-91.7**	**-8.3**	**-135.1**
Opening balance, 1 Jan. 2014	-	-35.1	-91.7	-8.3	-135.1
Acquired business	-	-	-0.6	-	-0.6
Disposals and scrappings	-	-	-	-	-
Disposals of businesses	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Amortization for the year	-	-	-10.6	-	-10.6
Reclassifications		-	-0.1	-	-0.1
Exchange rate differences for the year		-	-6.4	-0.7	-7.1
Closing balance, 31 Dec. 2014	**-**	**-35.1**	**-109.4**	**-9.0**	**-153.6**
Carrying amounts					
On 1 January 2013	-	-	19.7	2,908.8	2,928.5
On 31 December 2013	-	-	26.4	2,949.5	2,976.0
On 1 January 2014	**-**	**-**	**26.4**	**2,949.5**	**2,976.0**
On 31 December 2014	**17.3**	**39.5**	**42.7**	**3,184.9**	**3,284.4**

Amortization and impairments for the year are included in the following items in the income statement for:

2014 (SEKm):	Cost of goods sold	-8.5
	Administrative expenses	-2.1
2013 (SEKm):	Cost of goods sold	-6.7

All intangible assets, except goodwill and trademarks, are amortized.
For information on amortization, see the accounting principles detailed in Note 1.

Impairment testing for cash generating units containing goodwill

Group, SEKm	2014	2013
Goodwill amounts by cash generating unit:		
Inwido Sweden	991.7	991.7
Inwido Finland	486.3	457.1
Inwido Denmark	1,354.3	1,153.9
Inwido Norway	143.9	144.7
Inwido EBE	92.0	85.5
Other	116.8	116.7
Total	**3,184.9**	**2,949.6**

In impairment testing, the recoverable amount consists of the assessed value in use of the cash generating units. The pre-tax discount rate is 7.9-8.2 percent (8.1-8.7). The recovery value is based on cash flow calculations, of which the first four years are based on the four-year business forecast approved by company management. The cash flows calculated for periods after the first four years are based on 2.5 percent (3.0) annual growth. The key assumptions in the four-year business forecast are detailed in the table on the following page.

Key variables	Assessment method
Market growth	Expected market growth is based on a transition from the current competitive situation to the expected long-term growth trend. The forecast includes the strategy to increase the proportion of sales generated within the consumer segment, increased demand for energy-efficient products and the expected demographic trend. The forecast agrees with previous experience and external sources of information.
Purchases of goods and services	The forecast for purchasing costs is based on expected inflation, changes in choice of material, volume advantages and other synergies within the Group. In addition, estimates have been made regarding the principal groups of materials based on external data sources. The forecast agrees with previous experience and forecasts.
Personnel costs and efficiency	The forecast for personnel costs is based on anticipated planned efficiency enhancement, wage increases and other synergies within the Group. The forecast agrees with previous experience and forecasts.

In the Group's assessment, possible changes in key assumptions will not result in a need for impairment. In view of the Group's operations, the essential key variables are largely the same for the Group's different cash-generating units.

	Acquired intangible assets Other intangible assets	
Parent Company, SEKm	**2014**	**2013**
Accumulated cost		
Opening balance	1.8	1.8
Other investments	-	-
Closing balance	**1.8**	**1.8**
Accumulated amortization and impairment		
Opening balance	-0.4	-
Amortization for the year	-0.4	-0.4
Closing balance	**-0.8**	**-0.4**
Carrying amounts	**1.0**	**1.4**

NOTE 14 Tangible non-current assets

Group, SEKm	Land and buildings	Machinery and equipment	Construction in progress	Total
Cost				
Opening balance, 1 Jan. 2013	448.8	1,432.1	12.8	1,893.7
Acquired business	-	-	-	-
Other acquisitions	4.7	45.7	23.0	73.4
Re-classification	1.9	11.4	-12.1	1.2
Disposals	-16.2	-88.6	-	-104.8
Disposals of businesses	-	-	-	-
Exchange-rate differences	3.2	5.9	0.3	9.4
Closing balance, 31 Dec. 2013	**442.4**	**1,406.5**	**24.0**	**1,872.9**
Opening balance, 1 Jan. 2014	442.4	1,406.5	24.0	1,872.9
Acquired business	2.8	23.7	-	26.5
Other acquisitions	6.9	103.1	44.8	154.8
Re-classification	1.4	28.8	-29.9	0.2
Disposals	-19.8	-25.8	-0.8	-46.5
Disposals of businesses	-	-	-	-
Exchange-rate differences	12.0	42.5	0.5	54.9
Closing balance, 31 Dec. 2014	**445.7**	**1,578.7**	**38.6**	**2,062.9**

The Group, SEKm				
Depreciation and impairment				
Opening balance, 1 Jan. 2013	-218.9	-1,075.2	-	1,294.1
Amortization for the year	-13.0	-83.0	-	-96.0
Impairment for the year	-	-5.3	-	-5.3
Re-classification	-	0.0	-	0.0
Disposals	12.6	87.4	-	100.0
Disposals of businesses	-	-	-	-
Exchange-rate differences	-0.8	-2.9	-	-3.7
Closing balance, 31 Dec. 2013	**220.1**	**1,079.0**	**-**	**1,299.1**
Opening balance, 1 Jan. 2014	-220.1	-1,079.0	-	1,299.1
Acquired business	1.1	5.7	-	6.8
Amortization for the year	-13.4	-84.7	-	-98.1
Impairment for the year	-	-24.8	-	-24.8
Re-classification	-	0.0	-	0.0
Disposals	15.5	23.9	-	39.4
Disposals of businesses	-	-	-	-
Exchange-rate differences	-4.1	-32.8	-	-36.9
Closing balance, 31 Dec. 2014	**-223.1**	**-1,203.3**	**-**	**-1,426.4**

Carrying amounts				
On 1 January 2013	229.9	356.9	12.8	599.6
On 31 December 2013	222.3	327.5	24.0	573.8
On 1 January 2014	**222.3**	**327.5**	**24.0**	**573.8**
On 31 December 2014	**222.6**	**375.4**	**38.6**	**636.6**
Including government subsidies in the amount of:	-	-	-	-

Group, SEKm	2014	2013
Depreciation is included in the following items in the income statement:		
Cost of goods sold	-88.3	-88.0
Selling expenses	-3.0	-1.9
Administrative expenses	-6.8	-6.2
Total	**-98.1**	**-96.0**
Impairment is included in the following items in the income statement:		
Cost of goods sold	-24.8	-5.3
Total	**-24.8**	**-5.3**

The restructuring of production in Poland and Finland necessitated impairment of tangible non-current assets.

	Equipment	
Parent Company, SEKm	2014	2013
Accumulated cost		
Opening balance	1.8	1.8
Acquisitions	0.0	0.0
Closing balance	**1.8**	**1.8**
Accumulated depreciation		
Opening balance	-1.6	-1.5
Amortization for the year	-0.1	-0.1
Closing balance	**-1.7**	**-1.6**
Carrying amounts	**0.1**	**0.2**

Financial leasing (Leased production equipment)

The Group leases production equipment and production buildings through several different financial leasing agreements. The variable fees consist of non-fixed interest rates linked to local reference rates in Denmark, Finland, Norway and Poland. As the leasing agreements expire, the Group has the option of buying the equipment at favourable prices. There are options to extend the leasing agreements at lower than current prices. The leased assets act as collateral for the leasing liabilities.

Group, SEKm	2014	2013
Carrying amount	18.2	21.4
Minimum lease fees paid during the year	6.1	6.6

	2014		2013	
Group, SEKm	Nominal amount	Calculated current amount	Nominal amount	Calculated current amount
Future payment commitments under non-cancellable leases:				
Within 1 year	10.3	9.8	6.8	6.0
2-5 years	1.3	1.3	11.1	10.5
Later than 5 years	-	-	0.0	-
Total	**11.7**	**11.1**	**17.9**	**16.5**

NOTE 15 Participations in associated companies

Group, SEKm	2014	2013
Carrying amount at start of year	5.5	5.3
Acquisitions of associated companies	3.2	0.3
Participations in profit of associated companies	2.1	0.5
Share in taxes of associated companies	-0.4	-0.1
Impairment	0.0	-0.3
Dividend	-	-0.2
Translation difference	0.1	-
Carrying amount at end of year	**10.4**	**5.5**

Specified below are the consolidated values for the ownership proportion of income, profit, assets and liabilities.

Associated company 2014, SEKm	Country	Income	Profit/loss	Assets	Liabilities	Equity	Ownership share in %	Profit participation after tax	Value if listed	Carrying amount
Parent Company's:										
WeBe Home AB	Sweden	4.0	0.0	1.4	0.9	0.4	30.0	0.0	-	1.0
Subsidiaries':										
Art Andersen ApS	Denmark	8.9	1.1	8.0	5.8	0.2	30.0	0.3	-	3.5
UAB Panorama Nordic Ltd	Lithuania	21.4	1.4	12.6	1.3	11.2	40.0	1.4	-	5.8
								1.7		**10.4**
2013, SEKm										
Parent Company's:										
WeBe Home AB	Sweden	4.5	0.2	1.8	1.4	0.4	30.0	0.0		1.0
Windowdrezz AB	Sweden	0.0	-0.1	0.1	0.0	0.1	30.0	0.0	-	0.0
Subsidiaries':										
UAB Panorama Nordic Ltd	Lithuania	12.4	1.0	8.1	0.9	7.2	40.0	0.4	-	4.5
								0.4		**5.5**

NOTE 16 Receivables from Group companies

Parent Company, SEKm	2014	2013
Accumulated cost		
Opening balance	668.5	538.0
Additional receivables	974.9	484.5
Settled receivables	-544.2	-354.0
Impairment of receivables	-	-
Closing balance, 31 December	**1,099.2**	**668.5**

NOTE 17 Financial investments

Group, SEKm	2014	2013
Financial investments that are non-current assets		
Financial assets recognized at fair value in profit		
– Derivatives	1.5	-
Financial assets available for sale		
– Unlisted shares and participations	2.1	3.0
Loans and trade and other receivables	33.6	33.1
	37.3	**36.1**
Investments that are current assets		
Loans and trade and other receivables	554.3	600.1
	554.3	**600.1**
Shares and participations		
Opening balance	3.0	2.8
Acquisitions	0.0	0.5
Transferred assets	-0.9	-0.3
Translation difference	0.0	0.0
Closing balance	**2.1**	**3.0**

NOTE 18 Inventories

Group, SEKm	2014	2013
Raw materials and consumables	231.2	184.5
Products in progress	52.3	43.4
Finished goods and goods for resale	141.8	180.6
	425.3	**408.6**

Operating expenses include impairment of inventories in the amount of SEK 7.9 million (0.2)

NOTE 19 Cash and equivalents

Group, SEKm	2014	2013
Cash and equivalents include the following sub-components:		
Cash and bank balances	87.6	76.6
Total according to statement of financial position and statement of cash flows	**87.6**	**76.6**

NOTE 20 Equity

Parent Company, number of shares, 000s	2014	2013
Ordinary shares, par value SEK 4 (1)	**57,968**	**231,870**

In 2014, a consolidation of shares took place with each four shares being consolidated into one. Holders of ordinary shares are entitled to dividends determined in due course and to one vote per share at Annual General Meetings. All shares carry equal entitlement to a share in the Company's remaining net assets.

Other capital provided

Pertains to capital provided from shareholders. This includes premiums paid in connection with share issues.

Reserves

• Translation reserve

The translation reserve encompasses all exchange rate differences arising from the translation of the financial statements of foreign operations prepared in a currency other than that in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in SEK.

Profit brought forward including profit for the year

Included in profit brought forward and profit for the year are the profits earned by the Parent Company and its subsidiaries, associated companies and joint ventures. This equity item includes earlier provisions to the reserve fund, excluding transferred share premium reserves.

Dividend

Parent Company, SEKm	2014	2013
Paid during the year	-	-
Proposed for payment	**115.9**	**-**

Inwido future goal is to pay its shareholders an annual dividend that corresponds to approximately 50 percent of net profit, However, Inwido's financial status in relation to the target, cash flow and future prospects shall be taken into consideration.

Capital management

According to Board policy, the Group's financial objective is to maintain a favourable capital structure and financial stability, enabling it to retain the trust of creditors and the market, while also providing the basis for continued business development.

The Board's ambition is to maintain a balance between the high return that increased borrowing permits and the advantages and security offered by a sound capital structure. The net debt in relation to EBITDA is followed up continuously in the internal reporting to management and the Board. Capital is defined as equity including non-controlling interests.

Group, SEKm	2014	2013
Capital		
Total equity	2,793.3	2,525.5
	2,793.3	**2,525.5**
Net debt/equity ratio		
Financial liabilities	1,235.0	1,073.0
Financial interest-bearing receivables	-16.5	-17.6
Cash and equivalents	-87.6	-76.6
Net debt	**1,130.9**	**978.8**
Net debt / Total equity	0.4	0.4

Net debt increased by SEK 152 million in 2014. During the same period, total equity increased by SEK 268 million and the net debt/equity ratio was unchanged at 0.4. Consolidated cash flow from ordinary operations has been used for investments and to amortize debt. Net debt has decreased by SEK 240 million over the past three years.

The relatively low net debt/equity ratio and favourable access to capital provides good opportunities to benefit from the growth opportunities anticipated over the coming years without any need to jeopardize the level of the ordinary dividend.

The Group's principal external financing consists of bank loans. On 12 September 2014, Inwido signed by a new credit agreement with Nordea. The new long-term credit lines amount to SEK 1,750 million divided into so-called term loans totalling SEK 1,100 million and a revolving credit facility of SEK 650 million. The credit agreement covers a period of five years and replaces the previous agreement with Nordea.

The new long-term loans have been used to repay the loans linked to the previous agreement. On the whole, the new credit agreement entails an improvement in terms with regard to both margin and flexibility. The agreement includes financial covenants that are followed up on a quarterly basis. Inwido meets the terms of existing credit agreements.

Earnings per share

Earnings per share before dilution are calculated as the earnings for the period attributable to Parent Company shareholders divided by the average number of shares outstanding per reporting period.

Group	2014	2013
Number of shares, 31 December, 000's	57,968	57,968*
Average number of shares:		
– Before dilution, in 000s	57,968	57,968*
– After dilution, 000s	57,968	57,968*
Profit after tax attributable to Parent Company, SEKm	180.9	145.9
Earnings per share, before dilution, SEK	3.12	2.52
Earnings per share, after dilution, SEK	3.12	2.52

* In calculating earnings per share for 2013, the number of shares was adjusted for the consolidation of shares carried out in 2014 to enable comparability.

NOTE 21 Interest-bearing liabilities

The following presents details of the Company's agreement terms for interest-bearing liabilities, without taking the Company's interest rate swaps into account. For further details of the Company's exposure to interest rate risks and currency risks, please see Note 2.

Group, SEKm	2014	2013
Non-current liabilities		
Liabilities to credit institutions	1,139.9	834.6
Financial lease liabilities	1.3	10.5
Total	**1,141.1**	**845.1**
Current liabilities		
Overdraft facilities	76.3	111.0
Current liabilities to credit institutions	7.8	110.9
Current portion of financial lease liabilities	9.8	6.0
Total	**93.9**	**227.9**
Liabilities maturing later than five years after the balance sheet date		
Bank loans	2.4	7.5
Financial leasing	-	-

Terms and repayment periods

			2014		2013	
Group, SEKm	**Currency**	**Matures**	**Nominal book value**	**Book value**	**Nominal book value**	**Book value**
Credit institute	SEK	12 Sep 2019	173.3	173.3	235.6	235.6
Credit institute	EUR	12 Sep 2019	186.3	186.3	166.2	166.2
Credit institute	NOK	12 Sep 2019	-	-	3.3	3.3
Credit institute	DKK	12 Sep 2019-30 Sep 2026	749.5	749.5	499.1	499.1
Credit institute	GBP	12 Sep 2019	46.8	46.8	41.3	41.3
Accrued bank expense	SEK		-8.3	-8.3	-	-
Financial lease liabilities	DKK, NOK, PLN, EUR		11.1	11.1	16.5	16.5
Overdraft facilities utilized	SEK, GBP, NOK, PLN	12 Sep 2019	76.3	76.3	111.0	111.0
Interest-bearing liabilities			**1,235.0**	**1,235.0**	**1,073.0**	**1,073.0**

NOTE 22 Liabilities to credit institutions

Parent Company, SEKm	2014	2013
Non-current liabilities		
Bank loans	1,126.3	115.1
Current liabilities		
Overdraft facilities	29.7	57.0
Current portion of bank loans	-	-
Liabilities maturing later than five years after the balance sheet date	-	-

NOTE 23 Provisions

Group 2014, SEKm	Guarantee reserve	Restructuring measures	Total
Carrying amount at start of period, 1 January 2014	**27.1**	**41.6**	**68.7**
Provisions made during the period	5.4	29.7	35.1
Amounts utilized	-10.0	-52.9	-62.9
Re-classification	-0.1	-2.1	-2.3
Translation difference	0.3	-0.1	0.2
Carrying amount at end of period, 31 December 2014	**22.7**	**16.2**	**38.9**
amount expected to be paid:			
- after more than 12 months	0.0	0.0	0.0
- within 12 months	22.7	16.2	38.9

Group 2013, SEKm	Guarantee reserve	Restructuring measures	Total
Carrying amount at start of period, 1 January 2013	**29.6**	**1.7**	**31.3**
Provisions made during the period	5.0	41.6	46.7
Amounts utilized	-7.2	-0.7	-7.9
Re-classification	-0.2	-1.0	-1.2
Translation difference	0.0	0.0	0.0
Carrying amount at end of period, 31 December 2013	**27.1**	**41.6**	**68.7**
amount expected to be paid:			
- after more than 12 months	0.0	12.2	12.2
- within 12 months	27.1	29.4	56.5

Guarantees

Provisions for guarantees and refunds are mainly attributable to sales of windows and doors during the 2013 and 2014 financial years. The provision was made on the basis of calculations involving historical expense data for guarantees and refunds and that are expected to mature in 2015.

Restructuring

Of the restructuring measures adopted within Inwido, SEK 125.2 million has impacted the earnings for the year negatively. Of these restructuring expenses of SEK 125.2 million, provisions of SEK 16.2 million remained at 31 December 2014. The majority of these provisions were made to cover the expected expenses for the closures of units in Norway and Russia. The full provision will expire during 2015.

NOTE 24 Accrued expenses and deferred income

Group, SEKm	2014	2013
Accrued liabilities for wages and vacation compensation	206.4	173.3
Accrued social security contributions	41.3	36.4
Customer bonuses	87.1	80.0
Accrued interest expenses	2.0	0.2
Other	45.1	46.9
Total	**382.0**	**336.7**

Parent Company, SEKm	2014	2013
Accrued liabilities for wages and vacation compensation	8.8	4.7
Accrued social security contributions	3.6	1.4
Accrued interest expenses	1.9	0.0
Other	4.4	1.5
Total	**18.7**	**7.6**

NOTE 25 Operational leasing

Leasing agreements where the Group is the lessee

Group, SEKm	2014	2013
Non-cancellable leasing payments amount to:		
Within 1 year	49.0	53.1
2-5 years	141.7	138.1
Later than 5 years	134.0	140.4
Total	**324.7**	**331.6**
Fees expensed for operational lease agreements amount to		
Minimum lease fees	34.6	36.3
Variable fees	21.4	19.0
Total lease expenses	**56.0**	**55.3**

The Group leases certain machinery and equipment for production and IT-related investments. Leasing agreements are normally valid for one to five years with an extension option. No agreements include extension requirements. As the leasing agreements expire, the Group has the option of buying the equipment at current market prices. The leasing agreements include index clauses.

The Group leases a number of warehouse and production units in accordance with operational lease agreements that are valid for 10-15 years. The variable fees for these have been set in accordance with index clauses.

NOTE 26 Pledged assets, contingent liabilities and contingent assets

	Group		Parent Company	
SEKm	2014	2013	2014	2013
Pledged assets				
In the form of assets pledged for the Company's own liabilities and provisions				
Property mortgages	26.1	287.6	-	-
Chattel mortgages	33.4	1,372.2	-	-
Assets with ownership reservation	15.7	22.0	-	-
Shares	-	38.1	-	1,885.8
Receivables	-	48.3	-	-
Endowment insurance	9.8	7.7	9.8	7.4
Pledged receivables	-	-	-	-
Other	35.8	24.9	-	-
Total pledged assets	**120.8**	**1,800.8**	**9.8**	**1,896.6**
Contingent liabilities				
Guarantee obligations for the benefit of subsidiaries	-	-	123.7	861.4
Total contingent liabilities	**-**	**-**	**123.7**	**861.4**

NOTE 27 Related parties

Relations with related parties

In 2013 and parts of 2014, the Group had a related-party relationship with its parent company at the time, Ratos AB and its subsidiaries. In 2013 and parts of 2014, the Parent Company had a related-party relationship with its parent company at the time, Ratos AB. The Parent Company has a related party relationship with its subsidiaries, see Note 28.

Summary of transactions with related parties

SEKm	Years	Sales of goods/services to related parties	Interest income	Receivables from related parties at 31 December	Interest expenses	Liabilities to related parties at 31 December
Group related parties						
Parent Company	2014	-	0.4	-	-	-
	2013	-	0.5	89.7	-	-
Group companies	2014	-	-	-	-	-
	2013	-	-	-	-	116.3
Associated companies	2014	-	-	-	-	-
	2013	-	-	-	-	-

Transactions with related parties are priced on market terms. Terms for receivables and liabilities to the Parent Company are STIBOR 12-month plus a 1 percent margin, and the terms to Group companies are market-based.

SEKm						
Parent Company related parties						
Parent Company	2014	-	0.4	-	-	-
	2013	-	0.5	89.7	-	-
Subsidiaries	2014	63.2	18.1	1,174.2	-	397.1
	2013	54.8	16.0	668.5	1.5	627.1
Group companies	2014	-	-	-	-	-
	2013	-	-	-	-	76.3
Associated companies	2014	-	-	-	-	-
	2013	-	-	-	-	-

Sales by the Parent Company to subsidiaries pertain to services. These are priced and allocated in accordance with the Group's internal pricing documentation. Other transactions with related parties are priced on market terms. Terms for receivables and liabilities to the Parent Company are STIBOR 12-month plus a 1 percent margin, and the terms to Group companies are market-based.

Transactions with key individuals in senior positions

Members of the Company's Board of Directors represent 31.5 percent of votes in the Company. No loans have been provided to Board members. For details of remunerations to key individuals in senior positions, see Note 8.

NOTE 28 Group companies

Group's holdings in subsidiaries, direct and indirect ownership	Subsidiary's domicile, country	Holding in % 2014	Holding in % 2013
INWIDO DENMARK A/S	Denmark	100	100
– CLEAN FACTORY A/S	Denmark	100	100
– DANSK VINDUES INDUSTRI A/S	Denmark	100	100
– FROVIN VINDUER OG DØRE A/S	Denmark	100	100
– OUTLINE VINDUER A/S	Denmark	100	100
– KPK DØRE OG VINDUER A/S	Denmark	100	100
– PRO TEC VINDUER A/S	Denmark	100	100
– UAB INWIDO SUPPORT	Lithuania	100	100
– TB EUROPE A/S	Denmark	100	80
– JNA VINDUER & DØRE A/S	Denmark	100	-
– SÄÄSTKE OÜ	Estonia	100	-
– SPAR VINDUER ApS	Denmark	100	-
– SPAREVINDUER AS	Norway	100	-
– SPARFÖNSTER AB	Sweden	100	-
INWIDO EUROPE AB	Sweden	100	100
– INWIDO CE GMBH	Austria	100	100
INWIDO IRELAND LTD.	Ireland	100	100
– CARLSON CONTRACTS LTD.	Ireland	100	100
– CARLSON & CO LTD.	Ireland	100	100

Group's holdings in subsidiaries, direct and indirect ownership	Subsidiary's domicile, country	Holding in % 2014	2013
INWIDO FINLAND OY	Finland	100	100
– ESKOPUU OY	Finland	100	100
– PIHLAVAN IKKUNAT OY	Finland	100	100
– TIIVITUOTE OY	Finland	100	100
INWIDO NORWAY AS	Norway	100	100
– DIPLOMAT NORGE AS	Norway	100	100
– DIPLOMAT PROSJEKT AS	Norway	100	100
– FREKHAUG VINDUET AS	Norway	100	100
– LYSSAND TREINDUSTRI AS	Norway	100	100
INWIDO POLSKA S.A	Poland	100	100
– SOKOLKA OKNA I DRZWI S.A.	Poland	100	98
OJSC INWIDO	Russia	-	100
INWIDO SUPPLY AB	Sweden	100	100
– ABC SNICKERIER I HINDÅS AB	Sweden	-	100
– A-LACKERING AB	Sweden	100	100
– ALAKIERNIA SP.ZO.O	Poland	100	100
– INWIDO PRODUKTION DÖRRAR AB	Sweden	100	100
– IP GLASS SP.ZO.O	Poland	60	60
– STEELFORM AB	Sweden	100	100
INWIDO SVERIGE AB	Sweden	100	100
– OUTLINE I SVERIGE AB	Sweden	100	100
– ELITFÖNSTER AB	Sweden	100	100
– ERA FÖNSTER AB	Sweden	100	100
– ETRIFÖNSTER AB	Sweden	100	100
– HAJOM SKJUTDÖRRAR AB	Sweden	100	100
– HÅNGERDÖRREN AB	Sweden	100	100
– INWIDO PRODUKTION AB	Sweden	100	100
– LENHOVDA FÖNSTER AB	Sweden	100	100
– NORSJÖKOMPONENTER AB	Sweden	100	100
– TEMAFÖNSTER AB	Sweden	100	100
– SNICKAR-PER AB	Sweden	100	100
– HEMMAFÖNSTER SVERIGE AB	Sweden	100	100
– INWIDO UK LTD	United Kingdom	100	100
– ALLAN BROTHERS LTD.	United Kingdom	100	100

Parent Company, SEKm	2014	2013
Accumulated cost		
Opening balance	1,885.8	1,890.7
Purchases and issues	195.2	65.4
Disposals	-	-
Impairment	-146.8	-73.4
Intra-Group changes	-	3.1
Closing balance, 31 December	**1,934.2**	**1,885.8**

During 2013, the Parent Company took over ownership of Inwido Europe AB from a subsidiary, which entailed a Group-internal change.

Subsidiaries (directly owned)

Company	Corporate identity number	Subsidiary's domicile/country	2014 SEKm	2013 SEKm	Number of shares	Holding in %
Inwido Sverige AB	556583-4693	Vetlanda	881.3	881.3	400,000	100
Inwido Finland Oy	1882624-9	Finland	223.2	223.2	532,130	100
Inwido Norway AS	988381063	Norway	100.0	51.6	1,700,000	100
Inwido Denmark A/S	28 84 36 15	Denmark	528.6	528.6	75,000,000	100
Inwido Polska S.A.	0000082682	Poland	51.0	51.0	15,447,500	100
Inwido UK Ltd	1110137	United Kingdom	21.4	21.4	560,000	100
Inwido Supply AB	556625-4412	Sävsjö	100.6	100.6	20,000	100
Inwido Ireland Ltd	465489	Ireland	25.0	25.0	2	100
Inwido Europe AB	556565-5767	Vetlanda	3.1	3.1	1,500	100
			1,934.2	**1,885.8**		

NOTE 29 Share and stock option schemes

The synthetic shares and options were redeemed in connection with Inwido's listing on the Nasdaq Stockholm exchange on 26 September 2014. The tables in this note have not been recalculated to take into account the consolidation of shares (1:4) that was implemented in July 2014. Following recalculation in accordance with the terms of the synthetic options and shares, the asset underlying each instrument corresponds to 0.28 shares in Inwido. The recalculated redemption price for the synthetic stock options amounted to SEK 31.20 (before adjustment for interest from 1 January 2010) for each whole underlying share.

Number of share options and weighted average strike prices

	2014		2013	
Parent Company, number of options	**Weighted average strike price SEK**	**Number of options**	**Weighted average strike price SEK**	**Number of options**
Outstanding at the start of the period	0.90	8,710,433	1.02	8,759,033
Options issued	0.90	90,000	1.02	127,500
Options issued	0.64	210,000	-	-
Redeemed during the period	5.90	-9,010,433	1.02	-176,100
Matured during the period	-	-	-	-
Outstanding at the end of the period	-	-	0.9	8,710,433
Redeemable at the end of the period		**-**		**8,710,433**
Subsidiaries				
Outstanding at the start of the period	0.90	900,000	1.02	900,000
Options issued	-	-	-	-
Redeemed during the period	5.90	-900,000	-	-
Outstanding at the end of the period	-	-	0.9	900,000
Redeemable at the end of the period		**-**		**900,000**

Number and weighted average strike prices of synthetic shares

Parent Company, number of synthetic shares	**Weighted average strike price SEK**	**Number of shares**	**Weighted average strike price SEK**	**Number of shares**
Outstanding at the start of the period	10.58	160,110	9.93	160,110
Shares issued	12.15	70,000	-	-
Redeemed during the period	19.04	-230,110	-	-
Outstanding at the end of the period	-	-	10.58	160,110
Redeemable at the end of the period		**-**		**160,110**

Group, SEKm	**2014**	**2013**
Total financial income/expense as a consequence of redemptions of synthetic instruments	-51.4	1.0
Total carrying amount regarding liabilities settled in cash:		
Parent Company		
– options	-	7.8
– synthetic shares	-	1.4
Subsidiaries		
– options	-	0.8
Total carrying amount regarding liabilities for options settled in cash	**-**	**10.0**

NOTE 30 Correction of previously reported financial data

Following the publication of the 2013 Annual Report, Inwido discovered errors in connection with the bookkeeping of the Norwegian subsidiaries Lyssand Treindustri AS and Diplomat Norge AS. Expenses for goods sold had been booked erroneously, resulting in accounting errors in the external reporting. Together with its auditors, KPMG, Inwido has been able to ascertain that this continued during 2012 and 2013. These bookkeeping errors mean that consolidated operating profit was overstated by NOK 12.3 million for the 2012 financial year and by NOK 4.6 million for the 2013 financial year. The inaccuracies in the bookkeeping for 2012 and 2013 affected the opening balances for 2013 and 2014, as well as figures stated in the interim report for January-March. There is no suspicion of any crime against property, that is to say, no assets were removed from the companies.

In view of the above-mentioned circumstances, and in order to give an accurate picture of the historical financial development, Inwido has revised the consolidated statements of (i) comprehensive income, (ii) financial position, (iii) changes in equity, and (iv) cash flow for the financial year 2013 effective from the interim report for the second quarter of 2014.

Group 2013, SEKm	Before adjustment	Adjustment	Following adjustment
Statement of comprehensive income			
Cost of goods sold	3,324.0	-5.0	3,329.0
Gross profit	976.0	-5.0	971.0
Operating profit	299.1	-5.0	294.1
Profit before tax	220.3	-5.1	215.2
Taxes	-70.7	1.4	-69.3
Profit for the year	149.6	3.6	146.0
Translation differences in foreign operations	44.7	-0.1	44.6
Comprehensive income for the year	194.3	-3.7	190.6
Profit for the year attributable to Parent Company shareholders	149.5	-3.6	145.9
Comprehensive income for the year attributable to Parent Company shareholders	194.2	-3.7	190.5

Group, SEKm	Before adjustment	Adjustment	Following adjustment
Statement of financial position			
Deferred tax assets	57.0	4.3	61.3
Trade and other receivables	389.4	-10.6	378.8
Other reserves	-40.3	0.9	-39.4
Profit brought forward including profit for the year	1,403.1	-14.5	1,388.6
Trade and other payables	311.3	4.9	316.2
Other liabilities	134.7	2.5	137.2
Statement of changes in equity			
Profit for the year	149.5	-3.6	145.9
Change in translation reserve for the year	44.7	-0.1	44.6
Statement of cash flows			
Profit before tax	220.3	-5.0	215.2
Increase/decrease in operating receivables	-	-	-
Increase/decrease in operating liabilities	-39.9	-5.0	-34,8

NOTE 31 Significant events after the end of the period

No significant events, other than standard operations, have occurred after the end of the financial year.

NOTE 32 Key estimates and assessments

Company management has discussed with the Audit Committee the development, selection and details of the Group's key accounting principles and estimates, as well as the application of these principles and assessments.

Impairment testing of goodwill

In the calculation of cash generating units' recoverable value for the assessment of possible goodwill impairment, several assumptions of parameters have been made. These are accounted for in Note 12. However, it is management's view that considerable changes in conditions would be necessary for these assumptions in 2014 and estimations to have a significant impact on goodwill.

Valuation of deferred tax assets

In the valuation of deferred tax assets, the size of the asset in relation to the Company's estimated future cash flows and the useful life of the asset shall be taken into account.

NOTE 33 Details of the Parent Company

Inwido AB (publ) is a company registered in Sweden with its domicile in Malmö. The Parent Company's shares are listed on the Nasdaq Stockholm exchange. The address of the head office is Engelbrektsgatan 15, SE-211 33 Malmö, Sweden.

The consolidated accounts for 2014 comprise the Parent Company and its subsidiaries, together called the Group. The Group also includes participations in associated companies.

Board of Directors' Assurance

The Board of Directors and the CEO certify that the financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards.

The annual accounts and the consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The Director's Report for the Group and Parent Company provides a fair overview of the development of the operations, financial position and results of the Parent Company and the Group and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

The Annual Report and the consolidated accounts were, as stated above, approved for publication by the Board of Directors and the CEO on 18 March 2015.

Arne Frank
Chairman of the Board

Anders Wassberg
Board member

Benny Ernstson
Board member

Leif Johansson
Board member

Henrik Lundh
Board member

Eva S Halén
Board member

Ulf Jacobsson
Employee representative

Robert Wernersson
Employee representative

Håkan Jeppsson
President and CEO

My audit report was submitted on 18 March 2015.

Eva Melzig Henriksson
Authorized Public Accountant

The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to the approval of the Annual General Meeting on 12 May 2015.

Audit Report

To the Annual General Meeting of Inwido AB (publ), corp. ID 556633-3828

Report on the annual and consolidated accounts

I have conducted an audit of the annual and consolidated accounts for Inwido AB (publ) for 2014. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 44-86.

Responsibility of the Board of Directors and the President for the annual and consolidated accounts.

The Board of Directors and the President are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act, as well as for the internal controls deemed necessary by the Board of Directors and President as necessary in preparing annual and consolidated accounts that do not contain material misstatements, whether these are due to irregularities or error.

Responsibility of the Auditor

My responsibility is to express an opinion on the annual and consolidated accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that I adhere to professional requirements and that I plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

I believe that the audit evidence I have gathered is sufficient and appropriate as a basis for my statements.

Statements

It is my opinion that the annual accounts have been prepared in accordance with the Annual Accounts Act and give in all material regards an accurate view of the Company's financial position as per 31 December 2014 and its financial results and cash flow over the year in accordance with the Annual Accounts Act. The annual accounts have been prepared in accordance with the Annual Accounts Act and give in all material regards an accurate view of the Company's financial position as per 31 December 2014 and its financial results and cash flow over the year in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Annual Accounts Act. The statutory administration report (Directors' Report) is consistent with the other parts of the annual and consolidated accounts.

I therefore recommend that the Annual General Meeting approve the income statement and balance sheet of the Parent Company, the consolidated statement of comprehensive income and the consolidated statement of financial position.

Report on other legal and regulatory requirements

In addition to my audit of the annual and consolidated accounts, I have also conducted an audit of the proposed appropriation of the Company's profit or loss and the administration of Inwido AB (publ) by the Board of Directors and the President in 2014.

Responsibility of the Board of Directors and the President

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

Responsibility of the Auditor

It is my responsibility, based on my audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the Company's profit or loss and the administration of the Company. I have conducted my audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my statement regarding the Board of Directors' proposed appropriation of the Company's profit or loss, I have reviewed the motivated statement by the Board of Directors and a selection of the data on which this is based to be able to determine whether the proposal complies with the Companies Act.

As a basis for my statement regarding discharge from liability, I have, in addition to my audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the Company to ascertain whether any director or the President is liable for compensation to the Company. I also examined whether any director or the President has in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

I believe that the audit evidence I have gathered is sufficient and appropriate as a basis for my statements.

Statements

I recommend that the Annual General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the statutory administration report (Directors' Report) and that the directors and the President be discharged from liability for the financial year.

MALMÖ, 18 MARCH 2015

Eva Melzig Henriksson
Authorized Public Accountant

The Inwido share

The Inwido share

The Inwido share was listed on 26 September 2014 and is traded on Nasdaq Stockholm's Mid Cap list. At the end of the year, the market capitalization amounted to approximately SEK 3.9 billion.

Sales and trading

The share's ticker symbol is INWI and the ISIN code is SE0006220018. From the day the share was listed up until the end of 2014, a total of 30.8 million shares were sold at a value of SEK 2.0 billion on Nasdaq Stockholm. An average of 473,166 shares were traded per trading day, which corresponds to a value of SEK 30.4 million. During the period, an average of 336 trades were carried out per trading day.

Share price performance

The closing rate for Inwido's share on 31 December 2014 was SEK 67.75, giving a market capitalization of approximately SEK 3.9 billion. Inwido's share price dropped by 0.4 percent from the day the share was listed up until 31 December 2014. In the same period, OMX Stockholm's All-Share index rose 6.6 percent. The highest closing rate was noted on 30 December and the lowest closing rate on 10 October.
The average share price during the period was SEK 62.80.

Share capital

At the end of 2014, Inwido's share capital amounted to SEK 231,870,112, shared among 57,967,528 shares with a par value of SEK 4.00 per share. All shares carry equal voting rights and an equal share in the company's profit and capital.

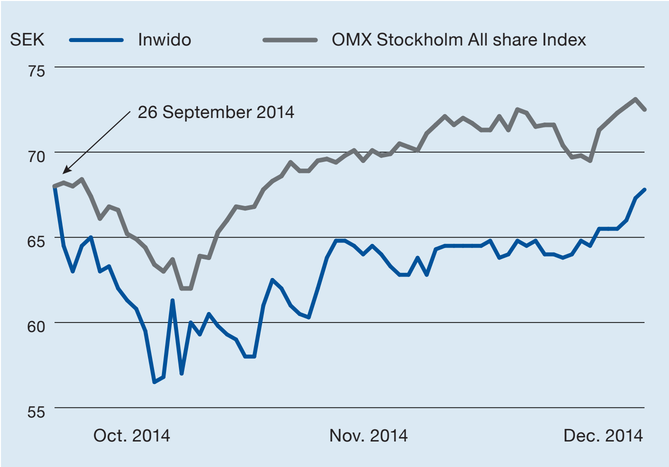
Ownership structure

At year-end, Inwido had 2,756 shareholders. The largest single shareholder was Ratos, whose total share ownership amounted to 31.3 percent of the capital and votes in the company. The ten largest shareholders accounted for 61.8 percent of the capital and votes. Foreign shareholders' ownership totalled approximately 30 percent.

Dividend

Inwido's long-term aim is to pay its shareholders an annual dividend that corresponds to approximately 50 percent of net profit. However, Inwido's financial status in relation to the target, cash flow and future prospects shall be taken into consideration. The Board of Directors proposes a dividend of SEK 2.00 per share to the Annual General Meeting, which corresponds to 64 percent of profit for the year after tax.
The proposal will mean a total dividend payment of approximately SEK 116 million.

Share price performance



Data per share

	2014	2013
Earnings per share, SEK	3.12	2.52
Dividend per share, SEK	—	—
Market price at 31 December, SEK	67.75	—
Yield, %	—	—
Equity per share, SEK	48.17	43.55

Source: Inwido and Nasdaq Stockholm

Largest shareholders at 31/12/2014

Shareholder	No. shares	Percentage (%) of votes	Percentage (%) of capital
Ratos AB	18,124,796	31.27	31.27
Fourth AP Fund	4,170,033	7.19	7.19
Nordea Investment Funds	3,364,085	5.80	5.80
Catella Fondförvaltning	2,068,917	3.57	3.57
Handelsbanken Fonder	2,016,050	3.48	3.48
Mellon Omnibus	1,850,000	3.19	3.19
Danske Capital Sverige AB	1,761,766	3.04	3.04
RAM ONE AB	906,666	1.56	1.56
Länsförsäkringar	893,962	1.54	1.54
NTC Varma Mutual Pen	675,000	1.16	1.16
Total	**35,831,275**	**61.80**	**61.80**

Source: Euroclear AB

Owner distribution Swedish/foreign owners

	No. shareholders	Shareholders (%)	Holding	Holding (%)	Votes	Votes (%)	Market value (SEK '000)
Sweden	2,531	91.84	40,379,857	69.66	40,379,857	69.66	2,734,370
Rest of Nordic Region	70	2.54	5,596,127	9.65	5,596,127	9.65	379,102
Rest of Europe (excl. Sweden and Nordics)	127	4.61	7,956,095	13.73	7,956,095	13.73	538,963
US	17	0.62	3,321,576	5.73	3,321,576	5.73	225,028
Rest of world	11	0.40	713,873	1.23	713,873	1.23	48,360
Total, 30/12/2014	**2,756**	**100**	**57,967,528**	**100**	**57,967,528**	**100**	**3,925,823**

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Inwido CE GmbH
Altmannsdorfer Straße 91
AT-1120 Vienna
Austria
Telephone: +43 810 900 300

Inwido Denmark A/S
Postal address: Box 80
DK-9640 Farsø
Denmark
Visitors: Fabriksvej 4
Telephone: +45 98 63 24 44

Inwido Finland OY
Kivääritehtaankatu 8C
FI-40100 Jyväskylä
Finland
Telephone: +358 20 7690 213

Inwido Ireland Ltd
G1 Calmount Park, Ballymount
IE-Dublin 12
Ireland
Telephone: +353 1 462 57 77

Inwido Norway AS
Ulsmågveien 7
NO-5224 Nesttun
Norway
Telephone: +47 56 30 33 00

Inwido Polska S.A.
ul. Warszawska 163
PL-05-520 Konstancin-Jeziorna
Poland
Telephone: +48 85 722 02 50

Inwido Sverige AB
Postal address: Box 153
SE-574 22 Vetlanda
Sweden
Visitors: Brogårdsgatan 1
Telephone: +46 10 451 40 00

Inwido UK Ltd
Allan House
Ord Road
Berwick-Upon-Tweed
GB-Northumberland TD15 2XU
United Kingdom
Telephone: +44 1289 334600

INWIDO
Great Windows & Doors

www.inwido.com

Inwido AB
Engelbrektsgatan 15
SE-211 33 Malmö
Sweden
Telephone: +46 10 451 45 50
e-mail: info@inwido.com