

Annual Report 2015



INWIDO
Great Windows & Doors

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Where we are

Inwido has operations in Austria, Denmark, Estonia, Finland, Germany, Ireland, Lithuania, Norway, Poland, Sweden and the UK.



This is Inwido

Our vision

To be the consumer driven leading, role model within windows and doors with accessories in Europe.

Our mission

Improving life at home.

Our business concept

Inwido offers windows and doors with related services and accessories to European consumers, construction companies and manufacturers of prefabricated homes. With the customers' and end-users' needs in focus, we develop and deliver innovative products with attractive design and associated services to improve people's well-being by lowering the cost of living, contributing to a better environment and by increasing security and comfort.

Our values

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

Our brands





2015 in brief

With consolidated net sales increasing by 6 percent, from SEK 4,916 million to SEK 5,220 million, this was Inwido's best year to date. The operating EBITA margin rose from 10.2 percent to 11.3 percent.

FIRST QUARTER

Good start to the year. Inwido reports good results for the seasonally weakest quarter of the year.

Lars Jonsson becomes the new SVP Operations and Development, with overall responsibility for the Group's production, development and IT.

SECOND QUARTER

The strongest second quarter to date. Inwido reports higher sales and the best second quarter operating margin to date.

New e-Commerce business unit is formed. On 1 July, the Danish businesses JNA vinduer & døre and SPAR Vinduer are transferred organizationally to the Emerging Business Europe (EBE) operating segment, forming the foundation of the new e-Commerce business unit. Focus on growth and expanding into new markets.

THIRD QUARTER

Inwido reports its strongest quarter to date.

Johan Ambuhm becomes the new VP of Business Development & Digital Solutions, a new position with responsibility for the development of smart business concepts and other strategic projects.

Mads Storgaard Mehlsen (Formerly SVP Denmark) becomes the new SVP for the EBE operating segment.

FOURTH QUARTER

Inwido concludes the year with its strongest fourth quarter to date.

Acquisition of Jack Brunsdon & Son in the UK. The acquisition nearly doubles Inwido's operations in the UK and opens up a completely new opportunity for growth in the attractive UK market.

Structural measures in Sweden, Denmark and Finland. These measures involve adjustments in production in Sweden and Denmark, and changes in sales in Finland. They are expected to lead to annual savings of SEK 50-60 million, with full effect from 2017. The cost of the measures amounts to SEK 109 million.

Launch of www.sparfenster.de in Germany. Inwido enters the German market with the e-commerce concept.

New country managers. Asger Drewes Jørgensen becomes the new SVP, Inwido Denmark and Philip Isell Lind af Hageby becomes the new SVP, Inwido Norway. Both took up their positions in January, 2016.

Key ratios 2015

SALES GROWTH

6.0%

NET SALES

5220
SEKm

OPERATING EBITA

589
SEKm

OPERATING EBITA MARGIN

11.3%

Net sales per operating segment



Sales and operating EBITA margin



A record year, paving the way for continued profitable growth

Inwido reports the strongest earnings to date in the company's history and we have many reasons to be pleased with the year. Nonetheless, we will not rest but will constantly strive to improve ourselves.

When we summarize 2015, it is in positive terms. We are able to report the strongest earnings to date in Inwido's history and can see that most aspects are moving in the right direction. We are keeping to our strategic plan and many things are being done within the organization that are taking us along the right course.

In 2015, we managed to get all of our financial key ratios pointing in the right direction. All operating segments, with the exception of Finland, which experienced tough market conditions, contributed positively to the improvement in earnings.

We are growing and have strengthened our position in several markets, among which Sweden, Denmark and Ireland can be mentioned in particular. An exciting initiative is the e-commerce initiative that we have launched. This strategy is entirely in step with the times and will enable us to expand efficiently into new markets. Development in this area was favourable over the year, with November's launch in Germany being the single most important initiative. Other important events during the year were the structural measures in production and sales initiated in the autumn.

The year 2015 was also one of intensive recruitment. New managers were announced in Norway and Denmark and took up their positions in January 2016 and a number of new positions were added to bring in important new expertise.

Leading position. The excellent outcome for the year stems from many years' work with improvements and measures carried out by Inwido's employees. I would like to take this opportunity to highlight our talented employees' superb efforts, not just in 2015 but over many years, which have carried us to the leading position we now hold. By developing new, smart products and concepts while improving our sales and marketing initiatives, we have built an increasingly stable platform for future development.

For Inwido, 2015 was its first full year as a listed company. It was an exciting and intensive year. The increased focus on Inwido brought by the stock market listing accelerated the company's momentum in a positive way. The share price rose by more than 60 percent in 2015.

Inwido is a stable and less cyclically sensitive company than one might think. Despite falling market volumes in the years following the financial crisis, the annual operating margin never fell below 7.5 percent. This is despite the fact that we operate in a small-scale industry with generally low margins. We have managed to swiftly adapt operations to changing market conditions.

Comments on financial development. Inwido is growing and has strengthened its position in several markets, gross margin and operating profit are increasing, efficiency is the strongest to date and strong cash flow has contributed to Inwido having considerably less debt than before. The strong balance sheet enables investments in operations and acquisitions.



Inwido continues to develop according to our customer-focused strategy for profitable growth. It is a matter of maintaining and further strengthening the company's position in the Nordic region, growing both organically and through acquisitions in Europe, developing new products for a better life at home and improving cost efficiency and flexibility throughout the value chain.

Our basic position, however, is that things can always be improved a little more. We never take success for granted. The structural measures in production and sales initiated in the autumn exemplify how we are continually working to become better and more efficient. Unfortunately, these measures meant that some employees had to leave us.

Challenges. Naturally we face challenges. Although, as the market leader, we performed well under the circumstances, the weak market in Finland did affect us. In Norway, we had a tough time over the year, with significantly lower volumes. Consequently, the challenge is to now increase sales in this market.

An area on which we need to focus even more is our employees' health and safety. One disappointment was that the results of the 2015 employee survey did not continue to rise as they have every year since we began performing the surveys. I would also like to see us achieve even better momentum in developing and launching new products.

International developments, both political and financial, are uncertain. Never before in my life have I seen so many financial and political risks around the world as I do now.

Naturally, an uneasy international environment could negatively impact consumer confidence, which is one of Inwido's main drivers.

If I consider only our own capacity, however, things look very good. Inwido is growing, is stable and has a strong financial position that provides scope for investment.

Future prospects. In the long term, I see good potential for Inwido. Our view is that the underlying demand for our products and services is stable. Major renovation needs, housing shortages, urbanization, increased demands on energy savings and environmental awareness are driving forces in the market that increase demand for energy-efficient and environmentally adapted windows and doors. Along with Inwido's opportunities for continued growth, I also believe that there is a capacity to derive additional synergies and efficiencies in the company.

Finally, I would like to thank all employees for their fine efforts over the year. I would also like to thank all of the shareholders who have chosen Inwido in our first year as a listed company. We will continue to work hard for Inwido to develop in the best way possible and to generate value in the company. I hope that you will join us on our journey.

MALMÖ, MARCH 2016

Håkan Jeppsson,
President and CEO

“The increased focus on Inwido brought by the stock market listing accelerated the company's momentum in a positive way. The share price rose by more than 60 percent in 2015.”

A quick guide to Inwido



We sell where we have the 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 be purchased both direct from one of Inwido's businesses and/or via manufacturers of prefabricated homes, construction companies, DIY chains, builders' merchants and craftsmen.



We manufacture to order

Inwido does not have any large 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

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 specialising in windows and doors.

PHASE II Growth in Sweden and the Nordic region

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.

Timeline

1811	1924	1996	2000	2001	2002	2003
British Allan Bros., the Group's oldest brand, is established.	Lenhovda Snickerifabrik begins operations in Småland.	Following the construction crisis in the 1990s, Myresjöfönster and Elitfönster merge to form Elitfönstergruppen.	Private equity firm Triton acquires Elitfönstergruppen and forms Elitgruppen.		Sliding doors join the offering with the acquisition of Bruksdörren.	



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...

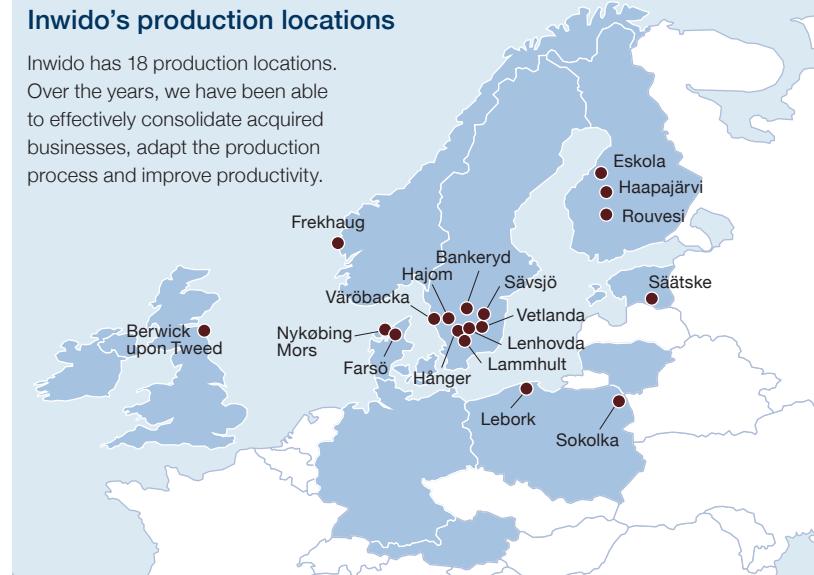


We combine local presence with large-scale operations

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 product development.

Inwido's production locations

Inwido has 18 production locations. Over the years, we have been able to effectively consolidate acquired businesses, adapt the production process and improve productivity.



PHASE III Consolidation and listing

The process of consolidating and refining the company began in 2009. 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.

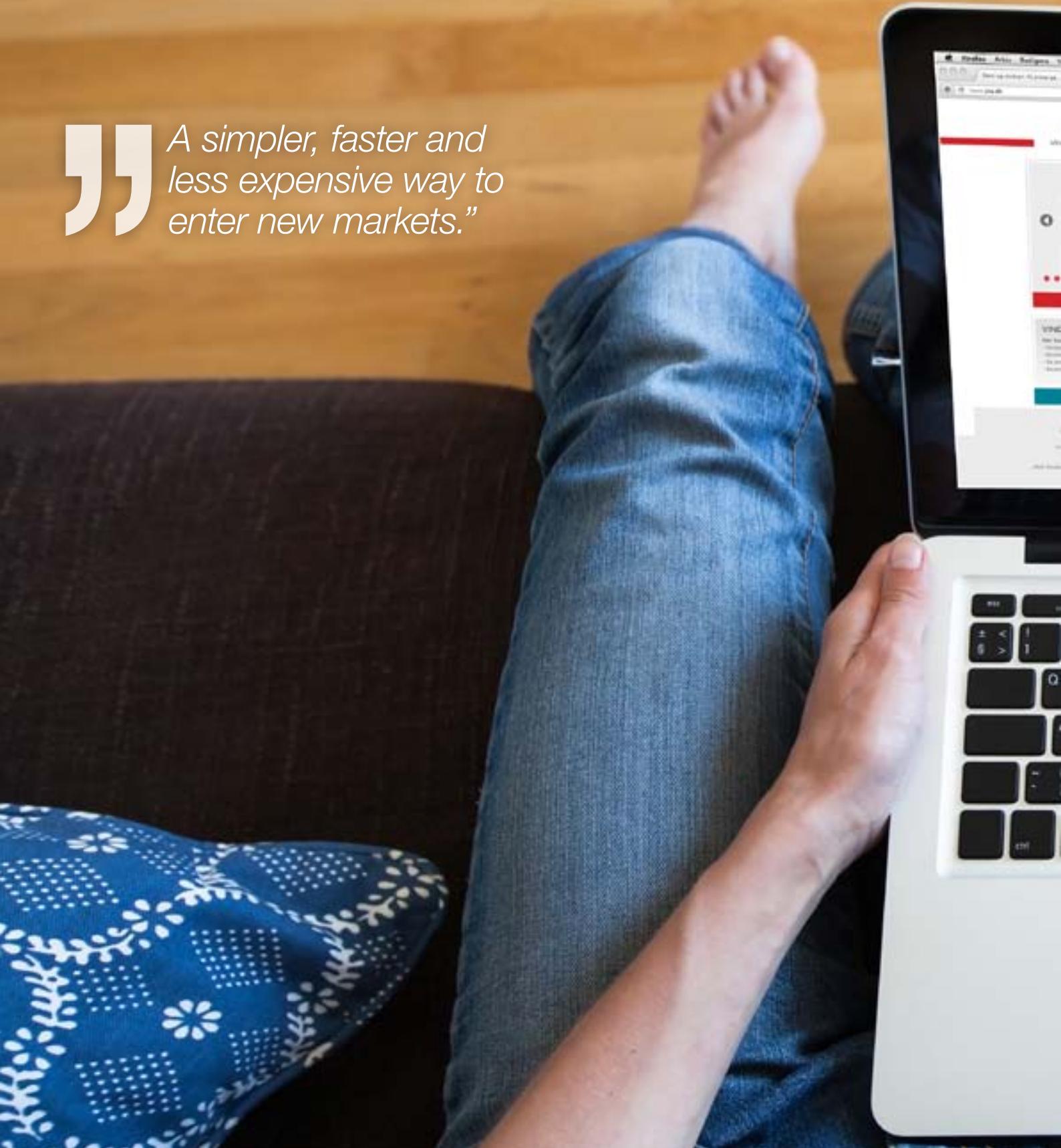
PHASE IV Listed company and expansion in Europe

In 2015, former principal owner Ratos sold its remaining holding. Inwido enters a new phase: Strengthening its position in the Nordic region and expanding in Europe while maintaining profitability.

2004	2011	2012	2013	2014	2015
Ratos buys Elitgruppen to form Inwido.	Opened a showroom in Stockholm for the premium brands SnickarPer and Hajom.		Established the Hemmafönster brand in Austria.	Inwido's shares listed on the Nasdaq Stockholm exchange in September. Entered the e-commerce segment through the acquisition of JNA vinduer & døre and SPAR Vinduer.	A new e-Commerce business unit is formed. Acquisition of Jack Brundsdon & Son. Ratos sells its remaining holdings in Inwido.

“

A simpler, faster and less expensive way to enter new markets.”



e-Commerce – a new and expanding unit

A new e-Commerce business unit was formed in 2015. JNA vinduer & døre and SPAR Vinduer of Denmark, which were acquired in 2014, form the foundation of the new unit. With its strong and established e-commerce solutions for direct sales of

windows and doors, Inwido will grow in Europe. The markets where e-Commerce has been established to date are Denmark, Sweden, Norway and Germany.

“We've identified eight to ten attractive European markets and aim to launch opera-

tions in these within a few years, starting with Germany, which we entered in November 2015,” says Mads Storgaard Mehlsen, SVP Emerging Business Europe (EBE).

The typical customer is a handy private individual who does everything him/herself



when replacing a window – from measuring up and placing orders via the Internet to carrying out the actual installation. The entire process from order to delivery is automated, meaning it requires less resources in the form of personnel and retail premises for example. It is easier to achieve profit-

ability – even at lower volumes.

“We are able to enter new markets faster, more easily and at lower cost than has been traditionally possible. This can also be a way to test and become acquainted with a new market,” says Mads Storgaard Mehlsen.



Strategy for profitable growth

Our strategy for profitable growth is based on three cornerstones: further strengthening our position in the Nordic region and growing both organically and through acquisitions in Europe; developing new products for an improved life at home; and improving cost efficiency and flexibility throughout the value chain.

The core of our strategy lies in maintaining and further reinforcing our Nordic position while continuing to grow through acquisitions. Our ambition is to generate value and derive synergies with the acquired companies.

Leading innovation in our industry is also crucial if we are to be able to maintain our strong market positions. Finally, initiatives to enhance cost efficiency and flexibility will have a positive effect on margins and help us achieve our financial targets.

With strong local leadership and with the consumer in focus, we apply market, product and efficiency perspectives to achieve our business objectives. The overview below briefly describes some of the activities that took place over the year.

How we achieve our business targets

FOCUS AREAS	Market	Products	Efficiency
STRATEGIC AMBITIONS	To create a consumer-driven company with top-class sales and marketing To grow with profitability in selected European markets and in selected segments and distribution channels	From an end-user perspective develop the next generation of smart and innovative window and door concepts together with accessories for: <ul style="list-style-type: none"> • Lower cost of living • Green environment • Smart design • Higher security • Enhanced user friendliness 	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
ACTIVITIES IN 2015	<ul style="list-style-type: none"> • Jack Brunsdon & Son in the UK acquired in October (see page 25) • A new business unit, e-Commerce, was established within EBE, focusing on growth in the e-commerce channel • Entered the German market with sparfenster.de in November • Johan Ambuhm appointed VP of Business Development & Digital Solutions, a new position. Johan is responsible for the overall development of Inwido's digital business concepts and other strategic projects • KPK Døre & Vinduer signed a contract to become the main sponsor of the Danish national women's handball team for the next three years and launched a new website 	<ul style="list-style-type: none"> • Tiivi Kristalli launched a new window collection, featuring innovative design in Finland • Developed a concept home with Götenehus, in which various smart products from Inwido were presented • Launched electronic locks from Yale Doorman as an option on doors from Diplomat and KPK. The lock makes it possible to control both locks and alarms by means of a personal code or mobile application • SPAR Vinduer launched its Skylite product in Sweden, Norway and Denmark 	<ul style="list-style-type: none"> • Planned for and implemented structural measures in production in Sweden and Denmark, which entailed production processes being transferred: from Bjurtråsk to existing factories in other locations in the Swedish province of Småland; and from Ugerløse to Nykøbing Mors as well as from Holstebro to other production units, in Denmark • The sales organization in Finland was streamlined to adapt to market development • Initiated the process of harmonizing windows platforms and reducing the number of components • Continued the process of harmonizing door platforms • Introduced a new health, safety and environment policy • Launched Inwido In Motion – a new internal communication channel • Several new recruitments were carried out over the year, including newly established positions

The business model combines local and central

Inwido has developed a business model that combines local adaptation and flexibility with centralized coordination and efficiency. This is built on strong local brands, a mix of sales channels and central synergies.



Our business model is based on the following strategic choices

- Increasing the proportion of sales to the consumer market to 75 percent
- Using differentiation rather than price as a competitive tool
- Profitability before volume
- Primarily local production
- Practical coordination of the Group's resources
- Decentralized decision-making process
- Importance of local leadership

The fragmented European market for windows and doors is characterized by a high percentage of production driven by customer orders, local products, demanding logistics and seasonal variations. To be able to maintain and further strengthen our leading position in key markets and achieve high margins over time, we have developed a business model that coordinates centrally but acts locally. To work as efficiently as possible, we have a matrix organization with business areas that can make decisions at the local level, supported by Group-wide functions.

Local base

At the 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 all activities and financial results. They are also responsible for work with their respective customers, value chains and business strategies.

Central coordination

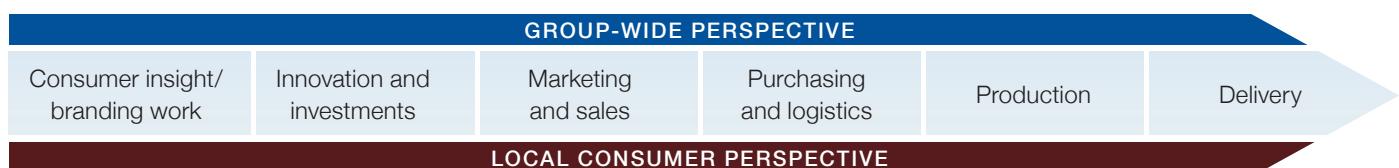
At the central level, the Group functions, the staff units, are responsible for coordinating overarching issues and establishing guidelines. They monitor the overall perspective and support the business areas with, for example, optimization of central purchasing, production, communication, branding strategy and financial processes. The staff units are also able to operate Group-wide strategic initiatives in areas such as innovation, process development, HR and IT.

Complexity reduction. An example of centrally coordinated initiatives are efforts to reduce the number of components and, where possible, to develop common product platforms. Developing products from a shared platform simplifies both production and innovation while allowing a wide range of different products. If several factories are capable of handling the same types of products, production becomes more efficient and allocating production resources is simpler.

Acquisitions. The way we are organized is also effective in connection with acquisitions. Acquired companies are quickly integrated into the structure and can utilize Group synergies while continuing to focus on their operations from day one. Over the years, we have been able to effectively consolidate acquired businesses, while increasing productivity.

Our value chain

Inwido has developed a business model in which operations are mainly conducted locally, while central staff units coordinate overarching projects and processes. We add value by combining the local market presence of a small company with the coordinated economies of scale of a large corporation.



Our financial targets

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

Financial targets

	Comments
Growth $>$ Rest of the market	<p>Inwido's objective is to exceed growth in our current markets through organic growth, as well as selective acquisitions and initiatives in Europe.</p> <p>In our assessment, Inwido, on the whole, gained market share in 2015. Over the year we carried out an acquisition in the UK and expanded into a new market, Germany, by establishing e-commerce there. The plan for the near future is to maintain and strengthen our position in the Nordic region, while growing in Europe, both organically and through selected acquisitions.</p>
Profitability 12%	<p>Inwido's profitability target is an operating EBITA margin of 12 percent. Inwido may not achieve its profitability targets during years when the market trend is weaker. When this happens, we will undertake measures to further enhance profitability, which we have been successful with in the past.</p> <p>Profitability was further improved in 2015 and we achieved an operating EBITA margin of 11.3 percent (10.2) for the year. This improved profitability was achieved in several different ways. Through ongoing rationalization and improvement measures, we have established a lower cost level and improved productivity, which enabled improved profitability as markets started to gain momentum. In addition, marketing initiatives and improved sales efforts, in which we focused on profitable transactions, suitable customers and the appropriate pricing, produced results, generating higher volumes and margins.</p> <p>We stand firm in our assessment in connection with the stock market listing in 2014 that it will be possible to achieve the profitability target within a few years, based on improvement measures in recent years, existing plans, as well as on the assumption that general market demand will develop in pace with current expectations.</p>
Capital structure <2,5x	<p>Inwido's net debt in relation to operating EBITDA shall, excluding temporary deviations, not exceed a multiple of 2.5.</p> <p>Inwido's net debt in relation to operating EBITDA decreased to 1.2 times (1.9) thanks to good profitability and strong cash flows. Accordingly, we have achieved the target by a good margin. Our strong balance sheet provides scope for investments both in existing operations and acquisitions.</p>
Dividend 50%	<p>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.</p> <p>The Board of Directors proposes a dividend of SEK 2.50 per share for 2015, corresponding to 49 percent of profit for the year after tax. In 2014, the dividend was SEK 2.00 per share, totalling SEK 116 million, corresponding to 64 percent.</p>



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The major difference has been the dialogue with analysts and investors.”

A year on the stock market

In the autumn of 2014, Inwido was listed on the stock market after having been owned by Ratos since 2004. Peter Welin, CFO, who has worked at Inwido since 1998 and who has shared the company's journey from being a Swedish window manufacturer to having operations in several European countries, reflects on the first year as a listed company. He summarizes the first year as a listed company as “positive, exciting, instructive and time-consuming.”

With regard to his duties, there have been no major changes compared with before.

“When we were owned by Ratos, we worked in many ways as if we were a listed company. We issued quarterly and annual reports and had reporting systems in place,” says Peter Welin.

“The major difference has been the dialogue with analysts and investors and increased interest in Inwido. The Annual General Meeting and Capital Market Day have also been new features. The most common questions from the media and financial market have involved when things will turn around for us in Norway and our plans for acquisitions in Europe.”



“In connection with the listing, some questioned our profitability targets. Over the years with weak markets, we have, nonetheless, managed to adapt our cost level and enhance productivity through streamlining and other measures. As the markets recovered, we were prepared to grow with good profitability. We are now well on the way towards our objectives, which is very satisfying,” says Peter Welin.

Complex market scenario, although the megatrends remain the same

The European market is complex with considerable national and regional differences in terms of building standards, regulations, design preferences, choice of materials and sales channels. There are, however, megatrends that affect all of the markets: urbanization, an increased focus on environmentally friendly products and new, intelligent solutions for the home.

Inwido operates in the European markets for windows and doors. Our principal markets are Austria, Denmark, Finland, Germany (since the end of 2015 with e-commerce) Ireland, Norway, Poland, Sweden and the UK. Since about three quarters of Inwido's sales are for windows, we focus on the window market in the market statistics presented in this section.

Our assessment is that the value of the European window market totals approximately EUR 24 billion, of which approximately 60 percent is sold to the consumer market, and the remaining 40 percent to the industry market. The value of the market for exterior and sliding doors is judged to be about a tenth of the size of the window market.

Window market

In the Nordic countries, wooden windows and aluminium-clad wood windows predominate while plastic windows predominate in the rest of Europe. In certain European regions – such as northern Italy, Switzerland, southern Germany and Austria, also known as the European "wood belt" – wooden windows account for a larger share of the market.

The Nordic markets are generally more consolidated than other European markets. The products are mostly made to the measurements specified by each customer and consist of several different components and materials. Each order is unique and the combination of components, materials and design is extensively customized. This results in a high level of complexity in production, capacity planning and logistics. Inwido maintains

proprietary production in all of its markets except Ireland, Germany and Austria.

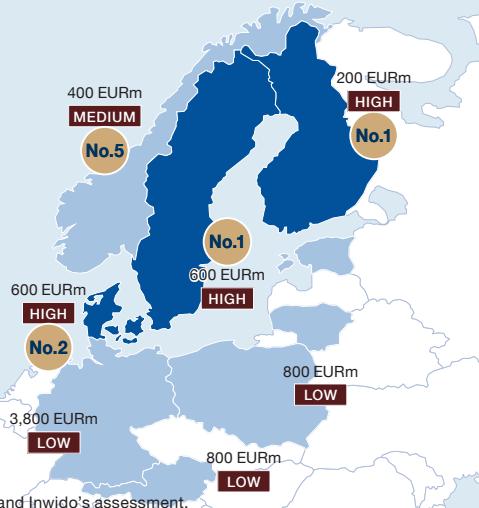
The industry is characterized by major seasonal variations. The consumer market experiences the greatest seasonal variations, but sales to industry customers also vary according to season and weather. Approximately 60 percent of Inwido's sales are made in April-June and August-October. The weakest period is the first quarter, which normally accounts for about 20 percent of sales.

The market is divided into residential and non-residential construction which are, in turn, divided into renovation and new construction. The residential sector accounts for about two-thirds of the total Nordic window market and renovation sector for about two thirds of that share. Inwido operates primarily in the residential market sector. Our principal sales (72 percent) are made to the consumer market, mainly through retailers, directly through installers or through Inwido's own vendors, who also offer installation. The remaining 28 percent of Inwido's

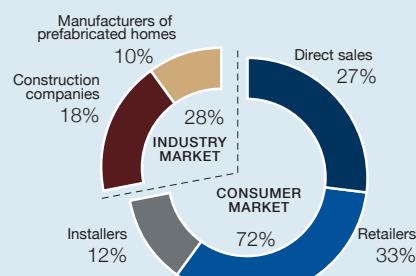
Inwido's market presence in Europe

Markets in which Inwido has a dominant position
Growth markets
1 Inwido's market position in the Nordic countries
EURm Assessed market size
LOW Degree of consolidation
For comments on development in each market, see the operating segments section on pages 20-24.

Source: Information from local industry organizations and Inwido's assessment.



Inwido's net sales by market segment



Excluding consumer and industry sales as part of external exports.



sales are made to industry customers, i.e. construction companies and manufacturers of prefabricated homes.

Market players

The European window market is highly fragmented with many small local players and a few large players. Over the past decade, the Nordic markets in particular have been consolidated, with smaller players being acquired by larger ones. Inwido is among the companies that have led the consolidation process in the Nordic countries through acquisitions and organic initiatives, and is the market leader in the Nordic region. Combined, it is estimated that the three largest players in the Nordic window market, Inwido, Dovista and NorDan, hold more than 50 percent of the market. The remainder consists of smaller, local players.

Driving forces in the market

The external driving forces that most tangibly affect the market are consumer confidence, trends in disposable income, the price trend and turnover rate in the housing market,

interest rate trends, renovation and new construction developments in the construction sector, as well as regulatory and political control.

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 are a number of common megatrends, such as urbanization, security awareness, environmental regulations, interior design trends, housing standards and new technologies that influence how we choose to live, furnish and renovate.

We are aware that environmental impact, cost efficiency, design, comfort and security are factors that are important to many. These are important things to keep in mind as we develop new products and solutions.

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

Significant trends for the modern home

- **Large windows and plenty of natural light.** The trend for smaller houses, increases the need for 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.

Inwido's foremost competitors in the Nordic region

Market	Inwido's position	Foremost competitors	Brands
Sweden	No. 1	Dovista	SP Fönster Traryd Fönster Snidex Mockfjärds
		NorDan	NorDan
Finland	No. 1	Skaala	Skaala
		Domus	Domus Domlux
Denmark	No. 2	Dovista	VELFAC Rationel Vinduer
		Idealcombi	Idealcombi
Norway	No. 5	NorDan	NorDan
		Dovista	Lian Natre Vinduer
		Gilje	Gilje

Inwido's route to the market

We get to know our consumers

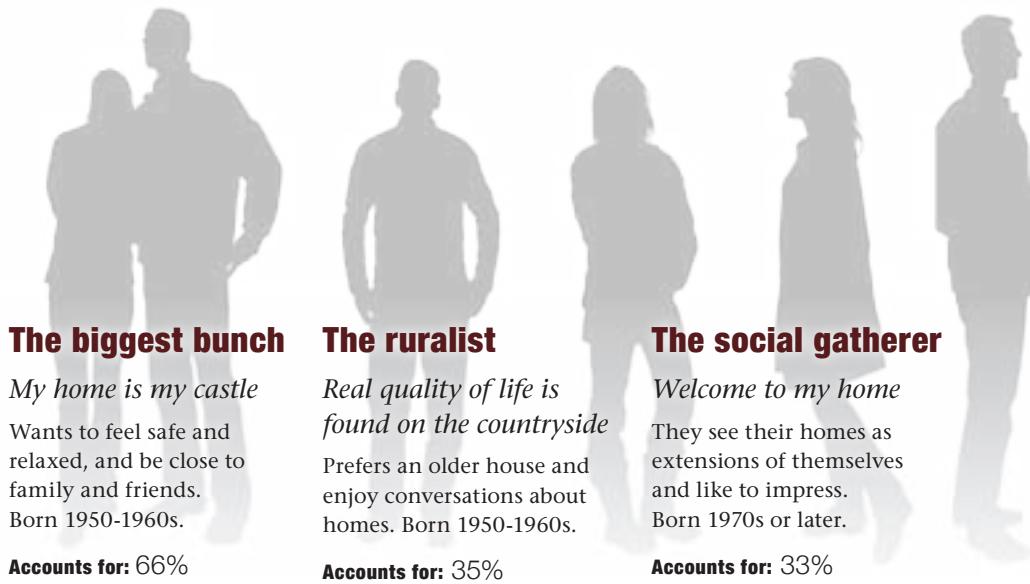
Inwido proceeds from the consumer's perspective, and we let seven consumer archetypes guide us in our product development, as well as in our sales and marketing efforts. These archetypes are generalized character types, meaning that an individual consumer may display aspects of several archetypes simultaneously.

Several channels to the market

Inwido's customers want to buy their products in different ways, depending on which market, which segment and which archetype they belong to. This is why we use a number of different sales channels.

Strong local brands

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



The biggest bunch

My home is my castle

Wants to feel safe and relaxed, and be close to family and friends.
Born 1950-1960s.

Accounts for: 66%

The ruralist

Real quality of life is found on the countryside

Prefers an older house and enjoy conversations about homes. Born 1950-1960s.

Accounts for: 35%

The social gatherer

Welcome to my home

They see their homes as extensions of themselves and like to impress.
Born 1970s or later.

Accounts for: 33%

Industry market

Sales channels where industry players take the initiative.

Construction companies

Large companies that carry out new building or major renovation projects

Manufacturers of prefabricated homes

Build small houses often based on standardized house types

The price fighter

Market segment: Low-end brand

Promise: Always low price.

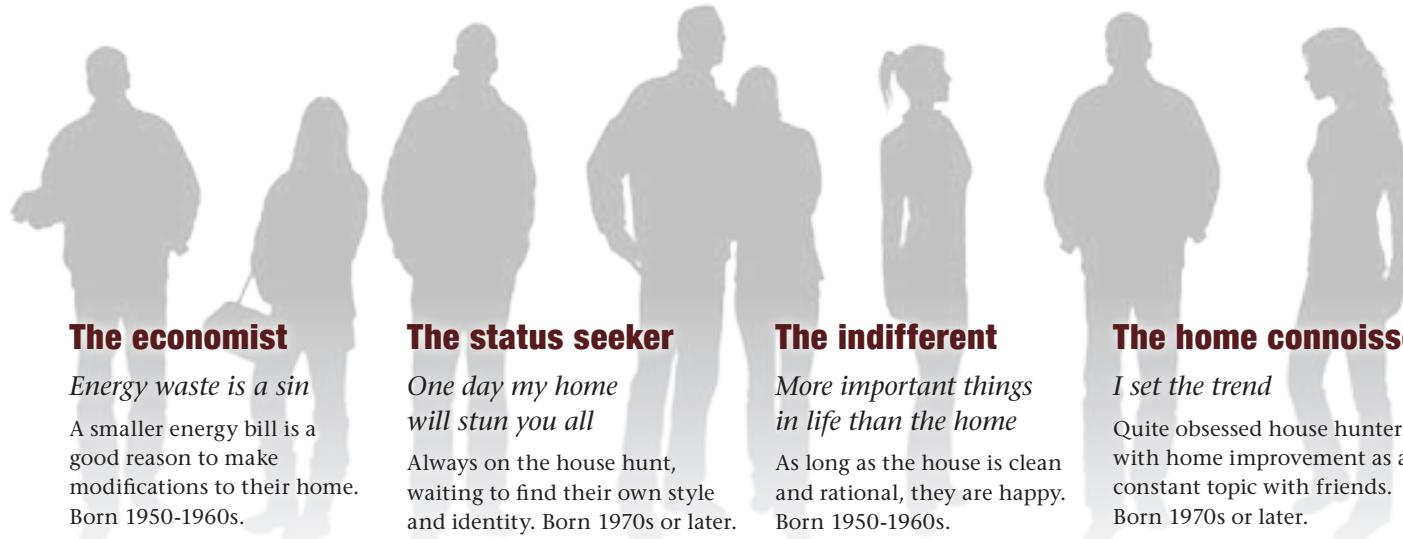
Position: Low-price options for the consumer who is willing/capable of doing everything him/herself.

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.



The economist

Energy waste is a sin
A smaller energy bill is a good reason to make modifications to their home. Born 1950-1960s.

Accounts for: 33%

The status seeker

One day my home will stun you all
Always on the house hunt, waiting to find their own style and identity. Born 1970s or later.

Accounts for: 27%

The indifferent

More important things in life than the home
As long as the house is clean and rational, they are happy. Born 1950-1960s.

Accounts for: 22%

The home connoisseur

I set the trend
Quite obsessed house hunters with home improvement as a constant topic with friends. Born 1970s or later.

Accounts for: 13%

Consumer market

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

Direct sales

Inwido sells direct to the consumer via e-commerce or home visits to the customer

Installers

The consumer buys Inwido's products via local, smaller operators such as craftsmen

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 Inwido's windows and doors.

Inwido's operating segments

Inwido divides its operations into the following five operating segments: Sweden, Finland, Denmark, EBE (Emerging Business Europe) and Norway. On the whole, 2015 was a record year for Inwido. Sales, profitability and increased operating EBITA were all the strongest to date in Inwido's history. 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	2,207	13.7
Finland	1,266	12.2
Denmark	960	17.0
EBE	561	4.0
Norway	234	-10.8



SWEDEN

Increased consumer sales driving profitability

Inwido strengthened its position as market leader in the growing Swedish market.

Summary of 2015. Growth in the Swedish window and door market gained momentum in early 2014 and the positive trend continued and strengthened in 2015, driven by both new construction and renovation.

In total, net sales increased by 13 percent, and the operating EBITA margin increased to 13.7 percent (10.8). Higher net sales, combined with an increased share of consumer sales and improved efficiency, boosted earnings. At the end of the year, Inwido's order backlog was 13 percent higher than it was a year earlier.

A decision was also made at the end of the year to transfer production from Bjurträsk to existing factories in the southern Swedish province of Småland. The Bjurträsk factory was closed in the beginning of 2016. This measure was the result of ongoing efforts to revise capacity and efficiency within Inwido. Although volumes in the Swedish construction market remain favourable, profitability is inadequate due to overcapacity in the construction market. In connection with the closure, all of the affected employees were offered work at other Inwido units in Småland.

There is substantial need for new housing, particularly in the three metropolitan regions. Naturally, this favours Inwido. At the same time, our strategy stands firm to be selective and to focus on adequately profitable transactions in new construction.

In parallel, Inwido continues its drive in the consumer market, focusing on maintaining a strong market position. In general, purchasing power among Swedish consumers is strong, with interest rates remaining very low.

The Swedish market in brief. Swedish consumers generally prefer windows and doors in wood or wood/aluminium. The market itself is relatively mature, with three dominant players: Inwido, Dovista and NorDan. All three are represented in all sales channels. Inwido is the market leader, with popular brands like Elitfönster, Diplomat and Hajom.

About 60 percent of Inwido's sales in Sweden derive from orders from consumers living primarily in single-family homes or leisure homes. In the industry market, Inwido sells directly to construction companies and

to manufacturers of prefabricated homes, such as Fiskarhedenvillan, Eksjöhus, Trivselhus, Myresjöhus and Götenehus.

Significant events in 2015

- Achieved better profitability through volume growth, price discipline and good capacity utilization
- Favourable business climate in all key segments and channels
- Increased profitable consumer business and gained market share in priority segments
- Established a joint organization for the retail channel
- In December, a decision was made that the existing factories in Småland would take over production from Bjurträsk. The Bjurträsk factory was closed in the beginning of 2016.
- Together with Götenehus, developed a concept home with smart products, such as dynamic and dimmable glass

Sweden in brief

SEKm	2015	2014
Net sales	2,207	1,961
Operating EBITA	301	211
Operating EBITA margin, %	13.7	10.8
EBITA	262	206
EBITA margin, %	11.9	10.5

Market position: No. 1

Brands: Elitfönster, Hajom, SnickarPer, Diplomat, Outline, ERA fönster, Hemmafönster

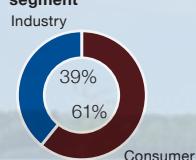
Number of window and door factories: 7 (delivering to both Swedish and Norwegian markets)

Number of employees: Approximately 950

Share of total net sales



Sales per customer segment



Total sales including internal sales.





FINLAND

Inwido defended its position in a diminishing market.

The Finnish market continued to be weighed down by the country's difficult economic situation.

Summary of 2015. The Finnish window and door market was impacted negatively by the weak Finnish economy. The market declined by about 9 percent.

Net sales decreased by 9 percent adjusted for currency effects, and the operating EBITA margin decreased to 12.2 percent (14.3). The margin decreased since lower volumes could not be fully offset by positive effects of price increases and improved efficiency. At the end of the year, the order backlog was 10 percent higher in local currency compared with a year earlier.

Efforts to enhance production efficiency and reduce complexity continued with the development of common product platforms, among other efforts. The sales organization was restructured to streamline and adapt operations to the prevailing market trends.

The Finnish market in brief. Finnish consumers prefer windows and doors in wood and wood/aluminium. The market is relatively well consolidated, with a few players dominating. The three largest are Inwido, Skaala and Domus, with Inwido as the market leader. The remaining market participants are small family businesses.

The market is characterized by

homogeneous products with little variation. We achieve success by differentiating our brands in terms of service, sales channels and product offerings.

Demand is mainly driven by renovation. More than 70 percent of Inwido's sales in Finland derive from the consumer market. Direct sales form the principal sales channel, which distinguishes Finland from the other Nordic countries. Inwido also sells through several well-known manufacturers of prefabricated homes, such as Kannustalo, Kastelli-talot and Designtalo.

Significant events in 2015

- The market development remained negative, particularly in the consumer market
- The sales organization was streamlined to adapt to market trends
- All local subsidiaries were merged into a single legal entity, Inwido Finland, effective from 1 January 2015
- Despite the negative sales trend, production efficiency improved
- Sales of the Pihla brand via retailers commenced
- Tiivi Kristalli was launched – a new window collection with innovative design

Finland in brief

SEKm	2015	2014
Net sales	1,266	1,349
Operating EBITA	154	193
Operating EBITA margin, %	12.2	14.3
EBITA	152	169
EBITA margin, %	12.0	12.5

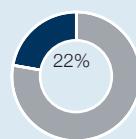
Market position: No. 1

Brands: Tiivi, Pihla, Eskopuu

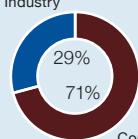
Number of window and door factories: 4

Number of employees: Approximately 650

Share of total net sales



Sales per customer segment



Total sales including internal sales.

DENMARK

Strengthened its position in a growing market

Inwido captured additional market shares and implemented structural measures.

Summary of 2015. The Danish market developed strongly and Inwido strengthened its position as the second-largest market player.

As part of the process of reviewing capacity and efficiency within Inwido, decisions were made in the autumn regarding the restructuring of production. In October, it was decided that production would be transferred from Ugerløse to Nykøbing Mors. In December, a decision was made regarding further structural measures entailing production in Holstebro (which manufactures products exclusively for the construction market) being closed and parts of production being transferred to other Inwido units in Denmark. The measures will be implemented during the first half of 2016.

Adjusted for currency effects, net sales for comparable units increased by 10 percent and the operating EBITA margin rose to 17.0 percent (16.8). Higher volumes and improved

efficiency boosted the margin. At the end of the year, Inwido's order backlog was 18 percent lower in local currency than it was a year earlier. Nonetheless, the order backlog is not fully comparable with previous year because of the strategic shift initiated in the construction market.

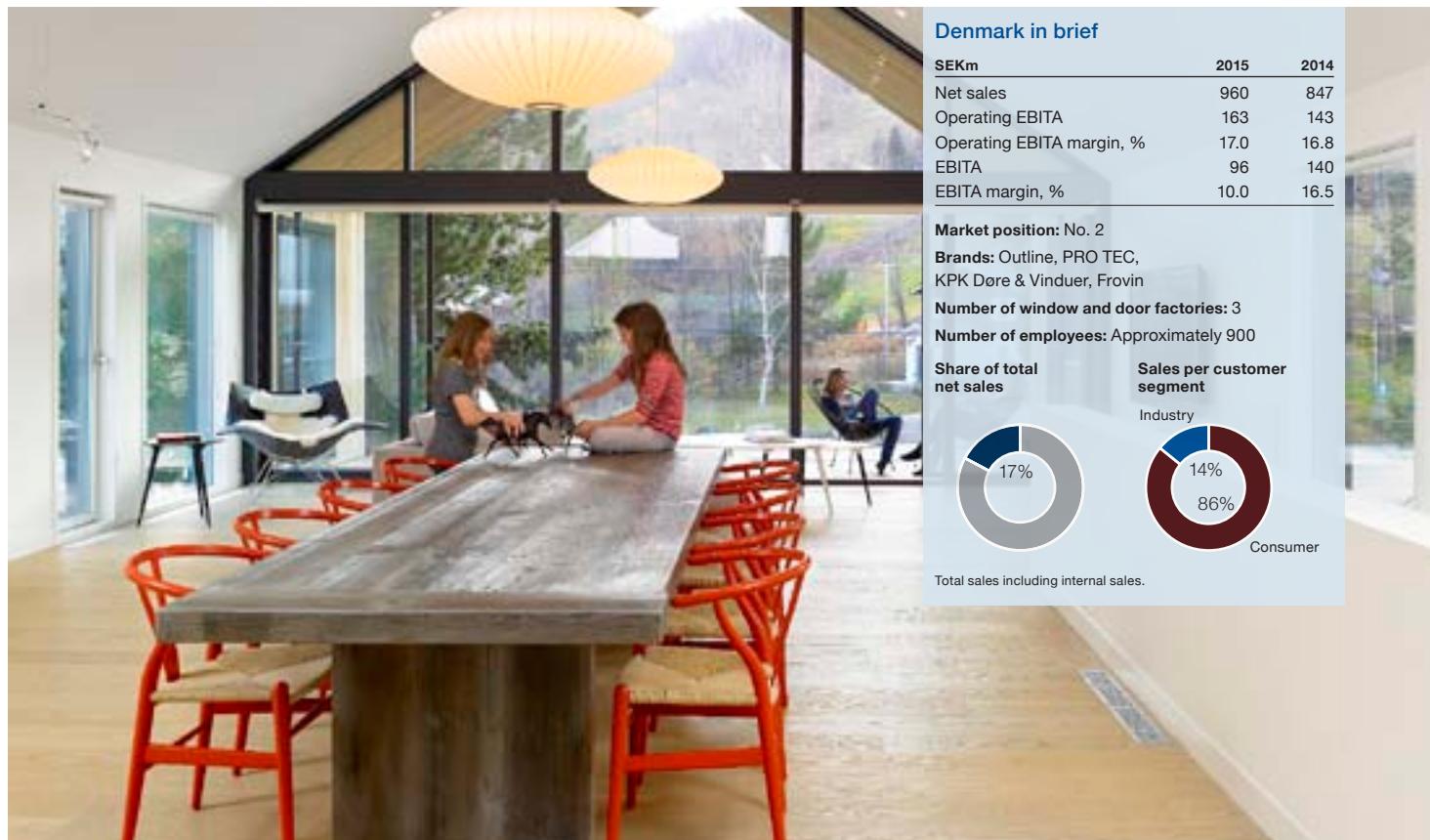
Consumer confidence is relatively strong, and underlying demand in the renovation segment is good.

The Danish market in brief. Danish consumers generally prefer windows and doors in wood or wood/aluminium. There are three major players in the Danish window market: Inwido, Dovista and Idealcombi. In addition, there are several smaller local players. The principal sales channels consist of installers, as well as retailers such as builders' merchants and DIY chains. Renovation is an extremely strong

driver among Danish consumers. Almost 90 percent of Inwido's sales in Denmark derive from the consumer market, while the remainder involves industry customers.

Significant events in 2015

- The market grew and Inwido captured market shares
- Restructuring measures were implemented in production
- Received awards for Energy Frames concept
- Launched electronic locks from Yale Doorman as an option on doors from KPK. These make it possible to control both locks and alarms by means of a personal code or mobile application
- A new SVP, Inwido Denmark, Asger Jørgensen Drewes, was appointed and took office in January 2016



EMERGING BUSINESS EUROPE

Acquisitions, new business unit and expansion into new market

The year 2015 was an eventful one within EBE. The acquisition of Jack Brunsdon & Son in the UK, the establishment of a new business unit for Inwido's e-commerce initiative (e-Commerce), the expansion into a new market (Germany) with e-Commerce and the appointment of a new SVP are examples of important events during the year.

Summary of 2015. A new business unit, e-Commerce, was formed on 1 July 2015, through the organizational transfer to EBE of the Danish operations SPAR Vinduer and JNA vinduer & døre, which were acquired in 2014. They form the foundation of the new business unit, with the purpose of enabling the establishment and expansion of operations in several new European markets. In November, sparfenster.de was introduced in the German market as an initial step outside the Nordic region for Inwido's e-commerce initiative.

Adjusted for currency effects, net sales for comparable units increased by 8 percent compared with the previous year, and the operating EBITA margin increased to 4.0 percent (3.2).

Mads Storgaard Mehlsen, former SVP, Inwido Denmark, was appointed SVP of EBE. Mads took office on 1 July 2015.

Another important event in the autumn was the acquisition of Jack Brunsdon & Son. This premium brand, with its own shops in the London area, will be a tremendous addition, and will almost double the sales of Inwido's UK operations.

The EBE markets in brief. The Irish market continued its recovery following the financial crisis and was the fastest growing market in EBE. Inwido continued to capture market shares.

The UK market grew following a period of unchanged development in recent years.

EBE in brief*

SEKm	2015	2014
Net sales	561	444
Operating EBITA	22	14
Operating EBITA margin, %	4.0	3.2
EBITA	22	9
EBITA margin, %	4.0	2.1

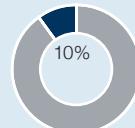
Business units: Ireland, Poland, the UK, Austria and e-Commerce

Brands: Allan Bros, Carlson, Hemmafönster, Jack Brunsdon & Son, JNA vinduer & døre, Sokolka, Spar Vinduer

Number of window and door factories: 3

Number of employees: Approximately 400

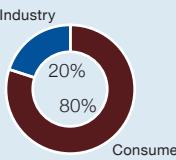
Share of total net sales



Total sales including internal sales.

* The historical figures for EBE have been recalculated to include JNA and SPAR from the point in time at which those companies were acquired in April 2014.

Sales per customer segment



The housing market is expected to recover and the construction market is growing. Consumer confidence improved in the first half of the year, but weakened in the second half. Allan Bros. was re-profiled to highlight the craftsmanship and heritage of the 204-year-old company, and it launched a new window collection, "The 1811 Collection".

Market development in Poland and Austria was weaker. The Polish market is highly competitive and demand for premium products is relatively weak. During the final months of the year, the number of building permits and newly started construction projects increased, so some optimism is starting to emerge in the market.

In Austria, price pressure and intense competition prevail. Consumers are knowledgeable and impose rigorous demands on the energy efficiency of products.

Significant events in 2015

- Improved market growth in the UK and Ireland
- Acquisition of Jack Brunsdon & Son in the UK
- New SVP, EBE, Mads Storgaard Mehlsen, as of 1 July. Mads was previously SVP, Inwido Denmark
- e-Commerce became a new business unit within EBE as of 1 July
- sparfenster.de was introduced in the German market
- Favourable and stable growth in all markets for SPAR Vinduer
- Re-profiling of Allan Bros. to highlight the craftsmanship and heritage of the 204-year-old company, and launch of a new window collection, "The 1811 Collection"

NORWAY

Weak sales trend in a weaker market

The Norwegian economy has been hit hard by falling oil prices, leading to a sharp decline in consumer confidence. The market is under price pressure and Inwido continued to implement measures to improve competitiveness and cut costs in 2015. Looking ahead, the top priority will be to increase sales.

Summary of 2015. Norwegian consumer confidence declined relatively sharply over the year, mainly due to declining activity in the oil sector. That has a negative impact on willingness to renovate housing. At the same time, the new construction market in and around Oslo is expanding. This is a segment in which Inwido has chosen to maintain a limited presence because it is insufficiently profitable.

Net sales decreased by 31 percent adjusted for currency effects, and the operating EBITA margin weakened to a negative 10.8 percent (8.6), mainly as a result of lower sales. The weakened NOK also had a negative effect on profitability due to higher prices on imports from Sweden. At the end of the year, the order backlog was 6 percent lower in local currency compared with a year earlier.

The extensive restructuring measures implemented in 2014 had a positive effect on costs in 2015. Today, the foremost potential for improvement lies within sales, where several internal measures are in progress and where Inwido is now seeing a positive trend in prioritized customer segments.

The Norwegian market in brief. Norwegian consumers generally prefer windows and

doors in wood or wood/aluminium. The Norwegian window market is more fragmented than the other Nordic markets. The largest players are NorDan, Dovista and Gilje. Inwido is number five in the market. Sales through retailers represent the primary sales channel. The consumer market represents the dominant part of Inwido's sales at over 90 percent. It is a competitive market with a high proportion of imported windows. The market is characterized by challenging pricing and low differentiation.

Significant events in 2015

- Significant decline in sales, partly because of Inwido's strategic focus on reducing inadequately profitable door sales
- The loss decreased due to lower costs (despite the weaker currency) and improved efficiency
- Frekhaug's premium position was reinforced – higher market share, improved margins and improved distribution
- The results of the employee survey Great Place to Work improved, despite major restructuring measures in sales, logistics and production
- A new SVP, Inwido Norway, Philip Isell Lind af Hageby, was appointed and took office in January 2016

Norway in brief

SEKm	2015	2014
Net sales	234	352
Operating EBITA	-25	-30
Operating EBITA margin, %	-10.8	-8.6
EBITA	25	-85
EBITA margin, %	-10.8	-24.1

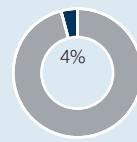
Market position: No. 5

Brands: Diplomat, Lyssand, Frekhaug

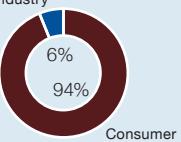
Number of window and door factories: 1

Number of employees: Approximately 90

Share of total net sales



Sales per customer segment



Total sales including internal sales.



Baldoni,
Stühler 27

“Our position in the consumer market is growing stronger”

Welcome addition to the brand portfolio

In the autumn, Inwido acquired UK window and door company Jack Brunsdon & Son, a reputable company with a long history. With its 50 employees and annual sales of about SEK 80 million, the company nearly doubles Inwido's sales in the UK.

“Their image as a premium brand and their strong position in the consumer market complement our existing business and brand portfolio in the UK market very well,” says Daniel Hughes, Managing Director UK. This provides us a solid platform to

build on in the attractive UK market.

With its proprietary shops in the London area, Jack Brunsdon & Son strengthens Inwido's position in and around London.

“They bring an expertise that we have lacked and that we can benefit from in all of our activities,” says Daniel Hughes, who goes on to explain that the company also contributes an in-depth awareness and understanding of the consumer market in the UK, as well as expertise in marketing

and sales of premium products, for example. The acquisition also provides synergies in production and logistics, since the company has no production of its own.

“We will now continue to develop the company together with its management, concludes Daniel Hughes.



Committed leaders and employees are key to success

Having motivated leaders and employees is crucial if we are to achieve our vision and objectives.

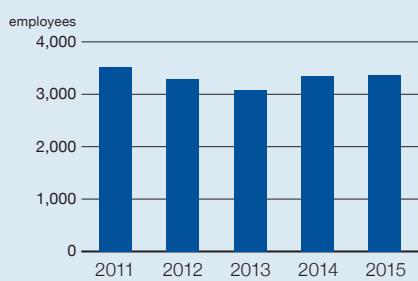
Good leadership combined with skilled personnel helps build a strong corporate culture – a factor that is particularly important in a decentralized organization like Inwido.



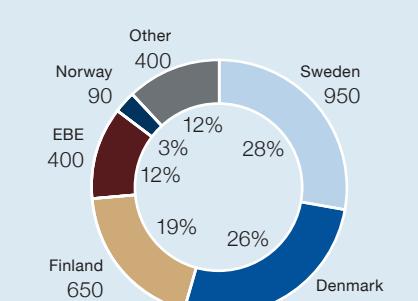
In pace with Inwido's growth and internationalization, work is under way to structure, formalize and coordinate HR activities so that we work in a similar way throughout the Group. This involves, for example, developing a process for competence planning and recruitment, and developing a structure and timetable for the Group's HR work.

To facilitate our ambition of having the most skilled and dedicated employees, as well as the best leaders, we apply a strategic approach to HR activities, centred on three priority areas: corporate culture, competence development and leadership.

Average number of employees*



Employees by segment*



* Refers to the average for the year.

PRIORITIZED AREAS

Shared values build a strong corporate culture

Our values are strongly linked to our vision and mission and form part of our strategic efforts. With our values, we seek to guide our leaders and employees in their daily work with colleagues, customers and partners.

Through our values and a strong corporate culture, we build trust and understanding in what all of us at Inwido are working for, that is, to always have the needs of the consumer in mind, thereby achieving our mission: improve life at home.

Our values

Consumer in mind Our goal is to understand consumer expectations and needs then act upon them. In order to live up to what our consumers and business associates expect of us we need to be personally involved and behave with honesty and respect.

Courage to improve We are proactive and strive to be in the front line of innovation in everything we do. We promote an innovative mindset to reach our goals and always find the best solutions.

Competent people at hand Through the right competences we want to create involvement and inspiration for our minds to grow. We encourage each other to share knowledge and work together in teams. Through our way of working we build motivation and trust.

Continuous competence development

Attracting and developing the best employees is critical to our success and we are working to ensure this in several ways. Among other things, competence development involves identifying what skills we need, developing our leaders (through leadership training for example), encouraging internal mobility and striving for diversity.

Everyone at Inwido contributes to our vision and mission in various ways, and we work continuously to help all of our employees develop, enabling them to contribute to the development of the company.

Employee training. One example during the year was an initiative in one of our business areas. An employee training programme was conducted there that led to positive development in their day-to-day work. This involved helping employees understand their own role in the organization and their impact on the company's performance. They also worked to increase their understanding of their own and others personalities and to appreciate how these insights can improve cooperation.

Competence planning. Competence planning involves the entire process – recruitment, introduction and development. To achieve our objectives, it is important that we work both to develop existing skills and to attract new ones. One of our tools in ensuring that we have the necessary competence and good leadership is our management audit. This is an inventory of the competencies filled by our management teams at various levels in the organization. The audit is updated every other year for the management teams in our business areas, as well as locally at various levels in the organization.



Strong leadership

At Inwido we believe in a clear and strong culture that is in line with the company's values and business objectives. We expect honest and straightforward communication, in which our managers pave the way in creating an open and positive working environment for our employees.

Our managers are expected to be brave, drive change and provide inspiration by thinking in new ways. Our values form the basis of our culture, our behaviour and our attitude towards various things. Our managers should "live" this culture. We are talking about the need to face the facts, to act and to use honest and direct communication as a way of building trust.

The key to success is to combine our values and culture in a leadership style that inspires and motivates our employees in their daily work. For the individual employee this means being able to continuously evolve and, for the company, it generates value for the future.



Significant events in 2015

- Ongoing efforts to structure, organize and coordinate HR processes in the Group
- The first follow-up course in the leadership development programme was carried out
- Intensive year of recruitment at many different levels. In certain cases, entirely new positions

were added to bring new skills into the organization, including: VP Business Development & Digital Solutions, with responsibility for the development of smart products in the home for example; IT Director at Group level; and Quality Manager in the Sweden operating segment

- This year's management conference was held on the theme of international growth, integration and cultural differences – current topics as Inwido grows and our work is internationalized on a larger scale

Sustainability and profitability go hand in hand

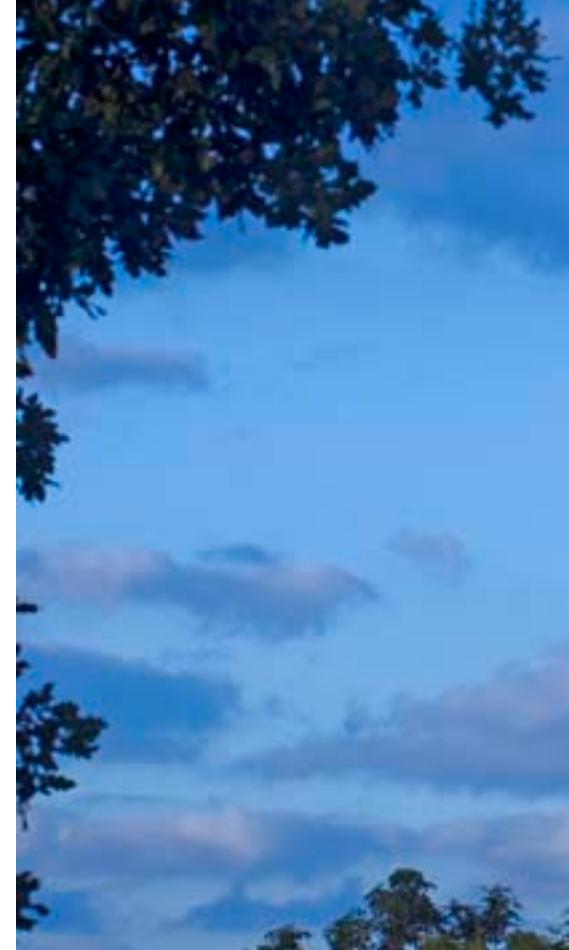
Sustainability involves everything from developing environmentally-friendly products that help consumers reduce their energy consumption and maintain environmentally friendly production to good business ethics and a safe working environment.

For us, long-term sustainability goes hand in hand with profitability. Consumers are increasingly demanding smart products that help them reduce energy consumption and, consequently, their carbon footprint. Our focus on environmentally adapted products means that we are already at the fore with modern, smart and energy efficient windows and doors. In addition, our main raw material, wood, is renewable and recyclable, and absorbs carbon dioxide.

The sustainability perspective shall permeate everything we do. We strive to implement carefully considered environmental work, strong business ethics, safe products and a healthy work environment.

To continuously monitor progress, Group management and the operational and HR managers in each business unit receive a consolidated sustainability report each quarter, for which all units have reported key figures and the measures they have taken, e.g. accidents, absence due to sick leave, energy consumption, waste and hazardous waste.

Each year, we also consider whether there are specific issues requiring additional focus. One example, which we have been working on for several years, is to reduce waste from window and door production. On a monthly basis, we measure and monitor none adding value, e.g. the value of the residual waste (waste such as wood, glass, aluminium and paint).



Inwido's day-to-day sustainability efforts are governed on the basis of three priority areas and Inwido's Code of Conduct (next page).

PRIORITIZED 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 the area in 2015

- During the year, the proportion of third-party certified wood from sustainable forestry remained at a high level, 86 percent
- We work continuously to improve the energy efficiency of our windows and doors. This involves, for example, developing product characteristics and improving product platform performance to enhance energy efficiency

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 the area in 2015

- The number of accidents in workplaces dropped from 129 to 94, a decline of 27 percent. The aim continues to be zero tolerance, i.e. no accidents at all. In the longer term, a lower number of accidents has a positive impact on absence due to illness.
- The method used to eliminate safety hazards, Safety RCA (Root Cause Analysis) that was introduced in 2014 continued to be applied in 2015, with good results
- A policy for health, safety and the environment was introduced, requiring Health & Safety Alert reports to be submitted after all workplace accidents and circulated to all units for learning purposes. A Health & Safety Alert report describes the incident and the actions taken to prevent similar accidents in the future

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 the area in 2015

- Waste per window wing decreased by 6 percent and hazardous waste per window wing decreased by 3 percent (the target is a 5-percent reduction)
- Certain production units have begun to work in accordance with the EU's new Energy Efficiency Directive (EED) from 2015. This involves carefully reviewing the unit's energy consumption to determine how it can be reduced, and to then initiate a programme of measures
- A new waste management plan has been developed in Finland and new waste incineration plant has been prepared in Tampere. This is scheduled to open in 2016
- All electrical energy to Inwido in Sweden now comes from wind power



Inwido's Code of Conduct

Inwido has a number of governance documents providing guidelines that establish how we relate to social responsibility, the environment, business ethics and safety. These form an important part of sustainability efforts and should be adhered to by all employees and affected stakeholders.

Code of Conduct for Inwido's employees and business partners. This describes the requirements we impose on our own actions and behaviour as well as those of our business partners. It conveys the business principles and ethical values that all of Inwido's employees, suppliers, business partners and other stakeholders shall follow. Inwido shall offer products produced with respect for human rights and good business ethics. A prioritized area of

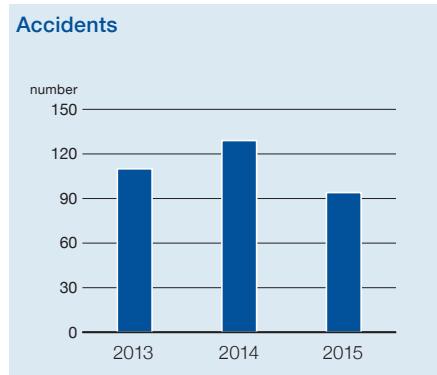
focus in sustainability is for our employees to have a safe and stimulating work environment. For this to be safeguarded right down to the subcontractor level, Inwido has detailed guidelines and procedures for ethics and social responsibility, which are collected in our Codes of Conduct and shall be adhered to by all.

Environmental responsibility. Our environmental policy includes guidelines on how we

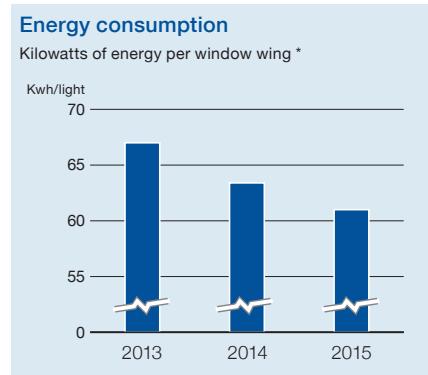
can help reduce environmental impact in different ways. Among other things, we can actively reduce our own impact by streamlining processes, using renewable resources and prioritizing sustainably produced wood. We also help indirectly by offering consumers energy-efficient windows and doors that reduce their energy consumption and carbon footprint.

Policy for health, safety and the environment.

Our responsibility for health, safety and the environment is a prioritized and strategically important part of our operations. We must protect our employees' safety, health and well-being, and we must minimize the environmental impact of our products and their production. To increase focus on these issues, a new policy for health, safety and the environment was introduced in 2015. It sets out rules and guidelines for Inwido's employees, business partners and suppliers.



Our aim is not to have any work-related accidents at all. Accordingly, we work persistently to identify new and improved ways of avoiding accidents.



We are implementing a number of measures to reduce energy consumption at our production units.

* A window wing is the transparent area of a window or door. The number of wings refers to the number of glass panes that are fixed or can be opened.



We are working continuously to reduce waste, particularly hazardous waste.

Five-year summary key ratios

SEK million (unless otherwise stated)	2015	2014	2013	2012	2011
Income measures					
Net sales	5,220	4,916	4,300	4,607	5,050
Gross profit	1,283	1,174	971	1,007	1,130
EBITDA	608	508	402	386	541
Operating EBITDA	704	608	447	449	593
EBITA	480	376	294	273	407
Operating EBITA	589	502	345	343	476
Operating profit (EBIT)	460	374	294	273	395
Profit before tax	421	253	215	232	315
Profit after tax	296	181	146	161	208
Profit for the year attributable to Parent Company shareholders	296	181	146	160	208
Margin measures					
Gross margin, %	24.6	23.9	22.6	21.9	22.4
EBITDA margin, %	11.6	10.3	9.3	8.4	10.7
Operating EBITDA margin, %	13.5	12.4	10.4	9.7	11.7
EBITA margin, %	9.2	7.7	6.8	5.9	8.1
Operating EBITA margin, %	11.3	10.2	8.0	7.4	9.4
Operating margin (EBIT), %	8.8	7.6	6.8	5.9	7.8
Cash flow					
Cash flow from operating activities	519	310	376	248	547
Gross investments	142	174	88	87	81
Capital structure					
Net debt	877	1,131	979	1,131	1,371
Net debt/operating EBITDA, multiple	1.2	1.9	2.2	2.5	2.3
Net debt/equity ratio, multiple	0.3	0.4	0.4	0.5	0.6
Interest coverage ratio, multiple	9.9	2.9	3.5	4.0	4.1
Shareholders' equity	2,891	2,793	2,525	2,356	2,227
Shareholders' equity attributable to Parent Company shareholders	2,891	2,793	2,524	2,352	2,224
Total assets	5,206	5,094	4,724	4,768	5,476
Equity/assets ratio, %	56	55	53	49	41
Capital employed	4,029	4,028	3,598	3,609	3,904
Operating capital	3,768	3,924	3,504	3,487	3,599
Return measures					
Return on equity, %	10.4	6.8	6.0	7.0	9.2
Return on capital employed, %	11.5	10.0	8.4	8.3	10.1
Return on operating capital, %	12.0	10.1	8.4	7.7	10.6
Employees					
Average number of employees	3,370	3,340	3,077	3,287	3,523
Share data					
Earnings per share before dilution, SEK	5.10	3.12	2.52	2.76	3.59
Earnings per share after dilution, SEK	5.10	3.12	2.52	2.76	3.59
Shareholders' equity per share before dilution, SEK	49.87	48.17	43.55	40.57	38.36
Shareholders' equity per share after dilution, SEK	49.87	48.17	43.55	40.57	38.36
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	57,967,528
Average number of shares after dilution	57,967,528	57,967,528	57,967,528	57,967,528	57,967,528

Definitions of key figures

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 interest 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.

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 rolling twelve month (RTM) EBITDA.
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 equity	Profit/loss after tax for the period attributable to the Parent Company's shareholders as a percentage of average equity, excluding non-controlling interests.
Return on capital employed	Profit/loss 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

Earnings per share, before dilution	Earnings for the period after tax attributable to Parent Company shareholders divided by the weighted average number of shares outstanding for the period before dilution.
Earnings per share, after dilution	Earnings for the period after tax attributable to Parent Company shareholders divided by the weighted average number of shares outstanding for the period after dilution.
Shareholders' equity per share, before dilution	Equity attributable to Parent Company shareholders divided by the number of shares outstanding at the end of the period before dilution.
Shareholders' equity per share, after dilution	Equity attributable to Parent Company shareholders divided by the number of shares outstanding at the end of the period after dilution.

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Corporate Governance Report and Financial statements 2015





Styrelseordförande Arne Frank

”It will be exciting and interesting to follow Inwido's continued development.”

Professional management and committed Board work

Professionalism and commitment. These are two words that describe Inwido very well.

Everything from corporate governance procedures to how Inwido's management implements Board decisions and strategic plans is pervaded by professionalism and commitment.

Good corporate governance is a key factor in building trustful relationships with shareholders and other stakeholders. It is a matter of ensuring that the company is managed in a sustainable, responsible and efficient manner. This strengthens confidence in the company on the capital market and among the general public – confidence that is critical for the company's ability to realize its strategies.

By having a clear structure with functioning procedures and processes, Inwido ensures its compliance with applicable laws and regulations, while enabling management and employees to focus on developing the business. Good governance provides order and a systematic structure for both the Board and management.

Among the topics discussed by Inwido's Board over the year are market strategies, a programme for increased organic growth, major investments and acquisitions, as well as product development and productivity programmes. Since 2015 was Inwido's first year as a listed company, the Board has focused in particular on ensuring that clear procedures

and processes are in place and that the work of the Board and its committees work is performed efficiently and professionally.

The Board monitors with great interest Inwido's development and how management executes the strategy that has been set. The company is a market leader and has a deliberate, clear and carefully considered consumer-focused strategy that has developed well over the years. Inwido's long-term plan is to retain and further strengthen its position in the Nordic region, and to expand geographically in Europe, as well as in new segments and channels. Growth will be achieved both organically and through acquisitions. Inwido has frequently demonstrated skill in being able to identify the right acquisition candidates, to integrate these and derive synergies. We also monitor Inwido's product development process. Worth mentioning in particular are the development of smart products, the “Internet of things”, and the continued development of energy efficient windows and doors.

The underlying demand for Inwido's products is good. There is considerable need for solutions that make society more energy efficient. Energy-saving and environmentally adapted windows and doors will become increasingly important in pace with society's growing environmental challenges. Housing shortages and renovation needs in large parts of the property stocks are also strong drivers.

This Corporate Governance Report describes Inwido's corporate governance, how the various control bodies interact among

themselves and what the structures that ensure good governance look like. It also addresses key events and initiatives related to the work of the Board of Directors in 2015.

I wish to express my great gratitude to Inwido's CEO, management and employees and to my colleagues on the Board for their well performed efforts in 2015. Thanks to your efforts, Inwido is now a stable, well-run and profitable company that stands strong to meet the challenges of the future.

We 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. It will be exciting and interesting to follow Inwido's continued development.

MALMÖ, MARCH 2016

Arne Frank
Chairman of the Board

Corporate Governance Report

Good corporate governance is a matter of ensuring shareholders that companies are run as sustainably, responsibly and efficiently as possible. In turn, this enhances the confidence in companies in the capital markets and among the general public – confidence that is crucial for companies' freedom to realize their strategies for generating value.

Operations

Inwido is Europe's largest supplier of windows and doors. The Group markets some 20 strong local brands. The Group's headquarters are located in Malmö, Sweden. Inwido's shares are listed on the Nasdaq Stockholm exchange.

Governance principles

Inwido AB (publ) (“Inwido” or “the Company”) is a Swedish public company whose shares are listed on the Nasdaq Stockholm exchange. 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”). Inwido adheres to the Code in all respects.

Inwido adheres to the Code in all respects.

This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. Inwido's auditors have reviewed the report and an opinion from the auditors has been included in the Corporate Governance Report. Corporate Governance Reports and other information on corporate governance are available from the Company's website: inwido.com.

Inwido strives to conduct its operations sustainably and to generate value for its customers, shareholders, employees, suppliers, local communities and other stakeholders. Combined with its financial targets (see page 12), the Company's strategy (see page 10) supports this direction. The Company's sustainability objectives are described on pages 28-29.

The highest decision-making body in the Company is the General Meeting, which normally convenes once a year in the form of the Annual General Meeting, although, under certain conditions, it may also convene as an Extraordinary General Meeting.

Although the Company prepares the Annual General Meeting, shareholders can influence and propose items for the Meeting's agenda.

At the end of 2015, share capital in Inwido amounted to SEK 231,870,112, distributed between 57,967,528 shares of a single class. 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. On 31 December 2015, there were 6,396 shareholders. Of the total number of shares, about 52 percent were owned by foreign shareholders. The Fourth AP Fund was the largest shareholder, with about 9.8 percent of the total number of shares. See page 86 of the annual report for further information about owners and share capital.

Insiders

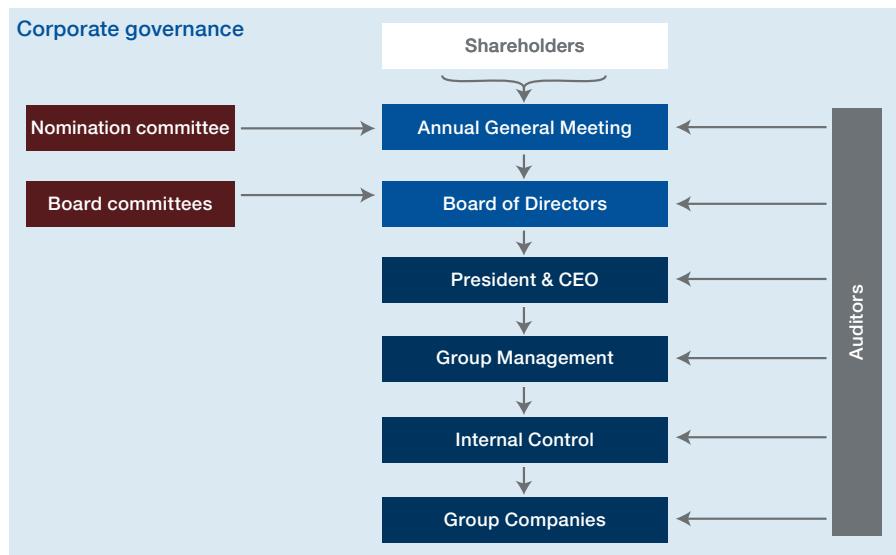
The members of the Board, senior management, the authorized public accountant/auditor and a number of employees in Inwido AB whose positions mean that they are normally likely to have access to unpublished price-sensitive information, are reported to Finansinspektionen as insiders in Inwido. Under the Act on Reporting Duty on Possession of Certain Financial Instruments, these individuals are obliged to report changes in their holdings of financial instruments in Inwido. Listed companies are required to maintain a register, or logbook, of those employed or contracted by the Company and who have access to inside information about the Company. These may be insiders or others with access to inside information without being registered as insiders. Inwido prepares a logbook for each financial report or press release containing information that may be price sensitive.

Inwido's corporate governance structure

Shareholders' influence in the Company is exercised at the General Meeting (Annual General

Meeting), which is the Company's highest decision-making body. At the General Meeting, each shareholder is entitled to attend, in person or by proxy, and to vote in accordance with his/her shareholding. The Annual General Meeting appoints the Board of Directors and the Chairman of the Board. The Annual General Meeting also elects the auditors and determines the principles to be followed by the Nomination Committee. The Annual General Meeting or Extraordinary General Meeting may also resolve to change the Articles of Association, increase or reduce the share capital, etc. Annual General Meetings are convened through a notice published in the Official Swedish Gazette – Post- och Inrikes Tidningar – and on the Company's website. The fact that an Annual General Meeting has been convened will be published in Swedish national daily newspaper Dagens Industri.

On behalf of the shareholders, the Board is tasked with administering the Company's affairs in the interests of the Company and all of its shareholders. The Chairman of the Board bears the specific responsibility for the work of the Board being well organized and efficient. The Audit Committee and Remuneration Committee are appointed by the Board of Directors. The Company's auditor is appointed by the General Meeting to audit the Company's annual report and accounts, as well as administration of the Company by the Board of Directors and the President. The auditor reports to the shareholders at the Annual General Meeting by means of the audit report. The Board of Directors establishes a formal work plan for the Board and instructions for the President. The Board appoints the President, who is to oversee the ongoing management of the Company. In turn, the President appoints Group management. Inwido has a matrix organization.



Key external regulations/external governance instruments:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Regulations of the Nasdaq Stockholm exchange
- Swedish Code of Corporate Governance

Key internal regulations/internal governance instruments:

- Articles of Association
- Formal work plan for the Board of Directors
- Instructions for the President of Inwido AB, each Business Area Manager, the Audit Committee, the Remuneration Committee and for financial reporting
- Policies and guidelines

Nomination Committee

Each year, a Nomination Committee shall be appointed at the initiative of the Chairman, with the rules governing the composition of the Committee being adopted by the Annual General Meeting. The principle is that the Nomination Committee shall comprise representatives from the Company's largest shareholders. At an Extraordinary General Meeting on 8 July 2014, it was resolved that, until otherwise determined by the Annual General Meeting, the Company's Nomination Committee shall consist of four members. The members shall include one representative for each of the three largest shareholders in terms of the known number of voting rights held as of 30 September, and the Chairman of the Board. In the event that shareholdings change substantially after the Nomination Committee has been appointed, the composition of the Committee may be changed to reflect this. Each year, a survey is conducted among the Board members regarding the work of the Board of Directors, its composition, qualifications, experience and efficacy. The survey forms the basis for the Committee's assessment of whether the Board ought to be strengthened with additional expertise or if there are other reasons to change the composition of the Board. Normally, the Nomination Committee also meets the President and sometimes individual Board members too. Proposed new Board members are interviewed by the Nominating Committee.

The Nomination Committee assesses the composition of the Board with respect to its independence, taking into account all proposals regarding the composition of the Board of Directors submitted to the committee that may have been received from other shareholders.

The names of the Nomination Committee representatives and the shareholders they represent are to be announced no later than six months prior to the Annual General Meeting. Based on the ownership structure as of 30 September 2015 (with the exception of Ratos, which sold its holding in October), the three largest shareholders in Inwido in terms of voting rights were consulted regarding participation in the nomination process for 2016. Alongside Arne Frank, the Chairman of the Board, Thomas Wuolikainen, Fourth AP fund (Chairman of the Nomination Committee), Katja Bergqvist, Handelsbanken Fonder AB and Pehr-Olof Malmström, Danske Bank/Danske Capital were appointed.

The Nomination Committee's tasks include preparing a proposal to the Annual General Meeting, containing the following:

- Proposal for election of a Chairman for the Annual General Meeting.
- Proposal for election of Board members.
- Proposal for election of Chairman of the Board.
- Proposed fees for the Board, including the Chairman, and members' work on Board committees.
- Proposal for remuneration to the external auditors.
- Composition of the Nomination Committee and its tasks for the ensuing year (if applicable).

The Nomination Committee shall also submit proposals for the election of external auditors when these are to be appointed by the Annual General Meeting. Here, the Nomination Committee is supported by the Audit Committee, which, among other things, informs the Nomination Committee of the results of the evaluation of the auditor's work. The Nomination Committee shall submit its reasoned opinion on its proposals to the Annual General Meeting. Shareholders wishing to submit proposals to the Nomination Committee may send these by e-mail to ir@inwido.com no later than two months prior to the meeting. The Nomination Committee's proposals are published in conjunction with or prior to the notice of the Annual General Meeting. The members receive no remuneration for their work on the Nomination Committee.

2015 Annual General Meeting

The Annual General Meeting for the 2014 financial year took place on 12 May 2015 in Malmö, Sweden. At the Annual General Meeting, 31 percent of the total number of shares and votes was represented in person or by proxy. The Meeting was also attended by the Board of Directors, the external auditors and members of Group Management. 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.

In addition, the following principal decisions were made:

• Election of Board members and auditors

Arne Frank, Benny Ernstson, Eva S. Halén, Leif Johansson, Henrik Lundh and Anders Wassberg were re-elected as Board members. Sisse Fjelsted Rasmussen was newly elected to the Board. Arne Frank was re-elected as Chairman of the Board. Eva Melzig Henriksson was re-elected as auditor and Authorized Public Accountant Linda Bengtsson was elected as deputy auditor. The subsequent statutory Board meeting decided to elect Arne Frank and Henrik Lundh as members of the Remuneration Committee, with Arne Frank as chairman of the committee. Arne Frank, Sisse Fjelsted Rasmussen, Henrik Lundh and Anders Wassberg, were elected as members of the Audit Committee with Arne Frank as chairman of the committee.

• Fees

It was decided that a fee of SEK 420,000 would be paid to the Chairman of the Board and that fees of SEK 205,000 would be paid to each of the other Board members not employed by the Company. It was decided that no special fees should be paid for committee work. Fees to the auditor should be paid as agreed.

• Dividend

In accordance with the proposal by the Board of Directors and the CEO, the Meeting approved a dividend of SEK 2.00 per share.

• Guidelines for remuneration to senior executives

In accordance with the Board's proposal, the Meeting adopted guidelines on remuneration to senior executives that primarily entail the following. 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. 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. Pension benefits shall be in the form defined contribution plans. The Board of Directors shall have the right to deviate from these guidelines in individual cases if specific reasons motivate this.

Attendance in 2015

Name	Elected year	Independent ¹	Board meetings	Audit Committee	Remuneration Committee	Approved fees, TSEK
Chairman of the Board:						
- Arne Frank	2014	Yes/Yes	8/8	4/4	1/1	420
Board members:						
- Benny Ernstson	2004	Yes/Yes	8/8			205
- Eva S Halén	2011	Yes/Yes	8/8			205
- Henrik Lundh	2012	Yes/No	8/8	4/4	1/1	205
- Leif Johansson	2004	Yes/No	8/8			205
- Anders Wassberg	2009	Yes/Yes	8/8	4/4		205
- Sisse Fjelsted Rasmussen ²	2015	Yes/Yes	5/8	2/4		205
Employee representatives:						
- Ulf Jacobsson	2012	—	8/8			—
- Robert Wernersson	2012	—	8/8			—

¹ Refers to independence in relation to the Company, its management and independent in relation to major shareholders in the Company.

² Elected to the Board of Directors at the 2015 Annual General Meeting.

2016 Annual General Meeting

The 2016 Annual General Meeting will be held on 10 May 2016 at 4.00 p.m. at Malmö Börshus, Skeppsbron 2 in Malmö. For further information regarding the 2016 Annual General Meeting, please see page 87.

The Board and its work in 2015

• Composition of the Board of Directors

The Board of Directors of Inwido shall consist of three to ten members. The trade unions are entitled to appoint two members with voting rights and two deputies. The President is not a member of the Board but participates in all Board meetings on a co-opted basis. Other officers of Group participate in Board meetings to present reports and to act as secretary. Additional information about the members of the Board is provided on pages 38-39 of the 2015 Annual Report.

• Procedures and responsibilities of the Board

In addition to its statutory meeting, the Board of Directors shall hold three to six meetings per financial year. Additional meetings shall be held as necessary. 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 Board continuously assesses the work of the CEO and the Board addresses this issue specifically once a year without senior management being present.

The responsibility of the Board includes monitoring the work of the CEO through the continuous review of operations over the year, 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 CEO, as well as 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 appurtenant materials in detail during Board meetings. In addition, the Board also meets the auditor once a year without the CEO or any other members of senior management.

• 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 2015

In 2015, the Board held a total of 8 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 and acquisitions
- Restructuring measures
- Interim reports and year-end report

• Audit committee

The audit committee consists of members of the Board. The Audit Committee shall consist of at least three members appointed from among the Board members. 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 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 2015, the audit committee comprised Arne Frank (chair), Henrik Lundh, Sisse Fjelsted Rasmussen and Anders Wassberg. During 2015, the audit committee held four meetings, which were attended by all Board members. The meetings of the audit committee are minuted and reported verbally at Board meetings.

Each month, consolidated accounts are prepared and submitted to the Board and Group management.

External financial information is provided regularly in the form of:

- Year-end and interim reports
- Annual Report
- Press releases regarding key items of news that are expected to affect the share price
- Presentations for financial analysts, investors and the media on the dates on which of year-end and interim reports are published
- Meetings with financial analysts and investors

• Remuneration Committee

The Board also has a Remuneration Committee. The Remuneration Committee shall consist of two members appointed by the Company's Board of Directors. The Chairman of the Board may chair the Remuneration Committee. Other members of

the Remuneration Committee elected by the General Meeting shall be independent in relation to the Company and its senior management.

In part, the Remuneration Committee has an advisory role and in part it prepares matters to be addressed and decided on by Inwido's Board of Directors. The Remuneration Committee operates under the rules of procedure adopted by the Board. The principal tasks of the Remuneration Committee are to prepare the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for senior management, monitor and evaluate programmes of variable remuneration for senior management and to monitor and evaluate the implementation of the guidelines for remuneration to senior executives adopted by the Annual General Meeting, as well as current remuneration structures and levels within Inwido.

In 2015, the Remuneration Committee comprised Arne Frank (chair) and Henrik Lundh. The Remuneration Committee held one meeting in 2015. The meetings of the Remuneration Committee are minuted and reported verbally at Board meetings.

• Group Management

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. For information about the CEO, see page 40.

Group management holds regular meetings led by the CEO. The CEO, together with those responsible for the central staff functions, will also meet the management of each business unit three times a year at local management team meetings. For information about the management team, see pages 40-41.

• External auditors

At the 2015 Annual General Meeting, authorized public accountant Eva Melzig Henriksson of the KPMG AB firm of auditors was elected as the Company's auditor for the period extending until the end of the following Annual General Meeting. 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 finally in connection with the publication of the 2015 annual report on 1 April 2016 and its approval on 10 May 2016. 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 the 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. Among other things, the central accounting unit performs an internal audit of one business area each year. 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.

Internal control of financial reporting

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 Code, 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. The starting point for internal control process is the regulatory framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

• 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 are complied with and that appropriate relations are maintained with the Company's auditors. The 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 the 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 finance function 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. 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's finance function. Inwido's management reviews results on a monthly basis, analysing deviations from the financial plan and the preceding year. All monthly accounts are also discussed with the management of each business unit. 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 and interim reports. 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, 1 APRIL 2016

The Board of Directors of Inwido AB (publ)

Auditor's report on the Corporate Governance Report

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

The Board is responsible for the Corporate Governance Report for 2015 and for it having been prepared in accordance with the Annual Accounts Act. I have read the Corporate Govern-

ance Report and based on this and my knowledge of the company and the Group, I feel that I have sufficient basis for my opinion. This means that my statutory review of the Corporate Governance Report has a different focus and is substantially less in scope compared with the focus and scope

of an audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. I take the view that a Corporate Governance Report has been prepared and that its statutory content is consistent with the annual and consolidated accounts.

MALMÖ, 1 APRIL 2016

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 AB

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: President Audionomerna & Hörsam AB and Avesina Healthcare 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: —



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, Board member EuroMaint Gruppen AB

Previous positions: Partner Keystone Advisers, UBS Warburg

Own holdings and holdings of related parties: —



Sisse Fjelsted Rasmussen
Board member

Born: 1967

Education: Cand. merc. aud. Copenhagen Business School

Member of the Board since: 2015

Other assignments: CFO/Executive Vice President Scandinavian Tobacco Group (STG), Board member PostNord

Previous positions: Authorized accountant/auditor in Denmark, Nordic CFO Grey Global Group, Partner Deloitte

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, Chairman 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, Växjö

Own holdings and holdings of related parties: —

Tony Johansson
Employee representative (deputy)
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 positions: Chairman Malmö FF, Board member Handelsbanken Malmö City, Board member Advisory Board at the Lund School of Economics at Lund University

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



Philip Isell Lind af Hageby
Senior Vice President, Norway

Born: 1984

Education: Master of Science in Economics and Business, Stockholm School of Economics

Employed since: 2016

Member of Group Management since: 2016

Previous positions: Vice President International Sales and Marketing Director SCAN COIN (2015), Director of Retail & Marketing SCAN COIN (2013-2015), Managing Director SCAN COIN Scandinavia (2012-2015)

Own holdings and holdings of related parties: —



Lars Jonsson
Senior Vice President, Operations and Development

Born: 1965

Education: Law and personal management University West and various international 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



Asger Drewes Jørgensen
Senior Vice President, Denmark

Born: 1975

Education: Master of Science, Business Administration, Copenhagen Business School

Employed since: 2016

Member of Group Management since: 2016

Previous positions: President & CEO Arla Foods USA (2012-2015), Head of Strategy Execution Arla Foods Germany/Netherlands (2012)

Own holdings and holdings of related parties: —



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 positions: Chairman Siili Solutions AB, Board member Träproduktindustrin rf

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

Own holdings and holdings of related parties: 42,000 shares (through companies)

**Jonna Opitz**

Senior Vice President, Marketing, Sales & Communication

Born: 1969

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

Employed since: 2009

Member of Group Management since: 2009

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

Own holdings and holdings of related parties: 20,000 shares

Mads Storgaard Mehlsen

Senior Vice President, Emerging Business Europe

Born: 1971

Education: Master of Arts, Economics, Aalborg University

Employed since: 2007

Member of Group Management since: 2010

Other positions: Chairman Celebert A/S, Chairman Dansk Profiteknik A/S, Board member Dansk Byggeri (and Chairman of the "industry and building materials" sections)

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 for Inwido Sverige AB (2003-2004), President of 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 positions: Board member of Aqilles Invest 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

Financial statements 2015

Directors' Report

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 2015 financial year.

Group relationships

Inwido AB (publ) is the Parent Company for the Inwido Group. 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 Denmark, Finland, Norway, Sweden, Estonia, Ireland, Lithuania, Poland, the UK, Germany and Austria, as well as exports to a large number of other countries. Inwido generated sales of SEK 5,220 million in 2015.

Inwido offers environmentally adapted windows and doors with related services and accessories to European consumers, construction companies and manufacturers of prefabricated homes. With the customers' and end-users' needs in focus, we develop and deliver innovative products with attractive design and associated services for a better life at home by lowering the cost of living, contributing to a better environment and by increasing security and comfort.

Inwido's business model combines local adaptation with economies of scale. The majority of our sales, just over 70 percent, are to the consumer market. Products are mainly marketed via national brands. Sales are made to consumers chiefly via retailers or directly via installers, or via our own salespeople, who then offer installation services as well. The remaining 30 percent of Inwido's sales are to industrial customers, including manufacturers of prefabricated homes and construction companies.

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 stand firm in our assessment in connection with the stock market listing in 2014 that it will be possible to achieve the profitability target within a few years, based on improvement measures in recent years, existing plans, as well as on the assumption that general market demand will develop in pace with current expectations. Inwido may not achieve its profitability targets during years when the market trend is weaker. In such cases, 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.

See page 12 for further information on the financial targets.

Development of the market for windows*

In 2015, market development in the individual Nordic markets was varied in terms of total market volumes. Market volumes increased in Denmark and Sweden, where they rose by 5 percent and 10 percent respectively. In Norway an unchanged market volume was noted. Market volumes in Finland decreased by 9 percent as a result of the weak economic trend. Within EBE, mainly Ireland and the UK showed continued favourable market growth.

Group development

The process of creating a joint company with wholly owned subsidiaries began in 2009. Inwido has since implemented several changes in its processes and structures. This has included the consolidation of production capacity. In addition, increasing specialization and trade between business units have generated synergies. The process of efficiency enhancement 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 about 7 percentage points, primarily as the result of a more efficient production structure and the cost savings that have been implemented, as well as a series of sales volume increases over the past two years.

In the fourth quarter of 2015, a decision was taken to transfer production from the factory in Bjurtråsk to existing factories in the Swedish province of Småland. The Bjurtråsk factory was closed in the beginning of 2016. Although volumes in the Swedish industry market remain favourable, profitability is inadequate due to overcapacity in the industry market. During the fourth quarter, the decision was made to consolidate volumes at the factories in Holstebro (which produces exclusively for the industry market) and Ugerløse to the factories in Nykøbing Mors and Farsø. Competition in the industry market remains high and it is difficult to conduct business profitably in this segment. As a result of the weaker market in Finland, a cost reduction programme was implemented in the Finnish sales organization at the end of 2015.

These measures are a result of our ongoing efforts to revise overall capacity and efficiency within Inwido. The resources freed-up in the form of lower costs and investments as a result of there being a smaller number of factories, will be used, among other things, for various

*Growth rates in the window market have been gathered from sector organizations in each country. Note that market statistics do not include all market players. Inwido assesses that the statistics include approximately 80-90 percent of the total market volume.

initiatives for increased growth and profitability. The expenses for these measures amounted to SEK 109 million, including impairments of assets, personnel expenses and other external expenses. The expenses were charged against earnings in the fourth quarter of 2015. The measures are expected to gradually lead to annual savings of SEK 50-60 million, with full effect from the 2017 full-year.

On 1 July, the Danish operations JNA Vinduer & Døre and SPAR Vinduer were transferred organizationally to the EBE segment to form the basis of the new e-commerce business unit, focused on growth and expanding into new markets. In November the e-commerce concept was launched in the German market as the first step in a European e-commerce venture (see "Change to operating structure" below).

On the whole, 2015 was a record year for Inwido. Both volumes and profitability improved and operational EBITA was the highest to date in Inwido's history (see below for more details).

Change to operating structure

As of 1 July 2015, the Danish businesses JNA and SPAR were transferred organizationally and are now part of the EBE business area. Even, when these online window and doors specialists were acquired in 2014, the intention was always to use their know-how and technical platform as a basis for Inwido's international expansion in e-commerce. In order to ensure the right focus on this strategically important initiative, JNA and SPAR are forming the basis for a separate business unit called e-Commerce. This change means that as of 1 July 2015 the EBE business area comprises the Ireland, Poland, UK, Austria and e-Commerce business units. Historical comparative figures have been adjusted to reflect the change to the operating structure.

Consolidated net sales and profit

• Group

Consolidated net sales rose to SEK 5,220 million (4,916) in 2015. This corresponds to an increase of 4 percent for comparable units and adjusted for exchange rate effects.

Consolidated EBITA rose to SEK 480 million (376) and the EBITA margin rose to 9.2 percent (7.7). Operating EBITA, that is, EBITA before items affecting comparability, increased to SEK 589 million (502). See "Items affecting comparability" below for additional information. The operating EBITA margin rose to 11.3 percent (10.2). The improvement in profitability is mainly attributable to higher sales volumes, a more favourable sales mix and increased efficiency.

Net financial items amounted to an expense of SEK 39 million (121). The deviation for the full-year is mainly explained by a net provision of SEK 51 million implemented in 2014 relating to issued synthetic options. All synthetic options expired in connection with the listing of Inwido's shares in September 2014. Reduced debt and lower interest rates also contributed to improved net financial items.

Consolidated profit before tax rose to SEK 421 million (253). Income taxes for 2015 amounted to an expense of SEK 125 million (71). Profit after tax rose to SEK 296 million (181). Earnings per share rose to SEK 5.10 (3.12).

• Operating segments

In **Sweden**, net sales rose to SEK 2,207 million (1,961), corresponding to an increase of 13 percent. Growth in the Swedish window market gained impetus in late 2014, and the positive trend continued in 2015, driven mainly by new construction, but also renovation. The underlying strength in Swedish private consumption is one of the principal reasons for the positive market trend. Operating EBITA rose to

SEK 301 million (211) and the operating EBITA margin rose to 13.6 percent (10.8). Higher net sales with a larger share of consumer sales and improved efficiency, further boosted profitability. At the end of the period, Inwido's order backlog was 13 percent higher than at the end of the equivalent period in the preceding year.

In **Finland**, net sales amounted to SEK 1,266 million (1,349), representing a decrease of 9 percent adjusted for currency effects. Operating EBITA amounted to a negative SEK 154 million (193) and the operating EBITA margin was 12.2 percent (14.3). The operational EBITA margin decreased, since the positive impact of price increases and improved efficiency could not fully offset lower volumes. At the end of the period, Inwido's order backlog was 10 percent higher in local currency than at the end of the equivalent period last year.

In **Denmark**, net sales rose to SEK 960 million (847), corresponding to an increase of 10 percent for comparable units and adjusted for exchange rate effects. In recent years, Inwido has advanced its positions further mainly through a positive trend in consumer sales via installers and also through builders' merchants and DIY chains. Operating EBITA rose to SEK 163 million (143), while the operating EBITA margin rose to 17.0 percent (16.8). Despite a significant increase in volume and efficiency enhancements, a changed customer and channel mix had a negative effect on profitability. At the end of the period, Inwido's order backlog was 18 percent higher in local currency for comparable units than at the end of the corresponding period last year. Nonetheless, the order backlog is not fully comparable with previous year because of the strategic shift initiated in the industry market. Sales in late 2014 were also affected by a positive one-off effect, with many choosing to bring forward planned window replacements due to the termination of subsidies on 1 January 2015 (to then be re-introduced later in the year following the election).

In **Norway** net sales amounted to SEK 234 million (352), corresponding to a decrease of 31 percent adjusted for currency effects. In recent years, the Norwegian operations have been characterized by extensive structural measures. Losses for the full-year continued to decline as a consequence of the vigorous changes and initiatives undertaken to increase competitiveness. However, lower sales and a weaker NOK held profitability back. The potential for improvement exists primarily in sales, with a number of internal improvement measures being implemented and with Inwido now seeing a positive trend in the prioritized customer segments. Operating EBITA amounted to a negative SEK 25 million (30) and the operating EBITA margin was a negative 10.8 percent (8.6). At the end of the period, Inwido's order backlog was 6 percent lower in local currency than at the end of the equivalent period last year.

In **EBE**, net sales rose to SEK 561 million (444), corresponding to an increase of 8 percent adjusted for currency effects. Operating EBITA rose to SEK 22 million (14) and the operating EBITA margin rose to 4.0 percent (3.2). 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 9 percent higher than at the end of the year-earlier period.

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, the costs relate to restructuring measures during a consolidation phase, in which the company enhances efficiency through,

for example, closures or reorganization of production facilities and sales units. These expenses primarily consist of impairment of assets, personnel costs and other external expenses.

In 2015, items affecting comparability amounted to a negative SEK 109 million (125), mainly attributable to the restructuring measures announced in conjunction with the third quarter report. These measures include the closure of the factory in Bjurtråsk, Sweden and the relocation of its production volume to existing factories in the Swedish province of Småland. Also being closed are the factories in Ugerløse and Holstebro in Denmark, with production being concentrated to the factories in Farsø and Nykøbing/Mors. At the same time, the sales organization in Finland has been restructured. These measures are a result of our ongoing efforts to revise overall capacity and efficiency within Inwido. The costs of the measures include impairment of assets, personnel costs and other external costs. The measures are expected to gradually lead to annual savings of SEK 50-60 million, with full effect from the 2017 full-year.

Cash flow

Cash flow from operating activities was SEK 519 million (310). The discrepancy compared with the previous year is attributable to the improved earnings.

Cash flow from investing activities amounted to a negative SEK 183 million (343). The lower level of investment compared with the corresponding period in the preceding year is mainly explained by the acquisitions of JNA and SPAR in 2014.

Cash flow from financing activities was negative in the amount of SEK 177 million (43). The discrepancy compared with the previous year is mainly explained by stronger cash flow from operating activities.

Gross investments, depreciation, amortization and impairment

Gross investments amounted to SEK 142 million (174) and depreciation, amortization and impairment to SEK 142 million (134).

Financial position 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 long-term credit facilities amount to SEK 1,750 million, comprising term loans of SEK 1,100 million and a revolving credit facility of SEK 650 million. The credit agreement extends for five years. 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 877 million (1,131) at the end of the period. Calculated as interest-bearing net debt divided by operational EBITDA, the debt ratio was 1.2 (1.9) at the end of the period and the net debt/equity ratio was 0.3 (0.4). Consolidated cash and equivalents were SEK 245 million (88) at the end of the period. Available funds, including unutilized credit facilities, amounted to SEK 774 million (603).

Corporate acquisitions and divestments

On 1 November 2015, the Group acquired 100 percent of shares and votes in the company Jack Brunsdon & Son Ltd for SEK 44.3 million, of which SEK 38.5 million was paid in cash in connection with the takeover. Of the initial purchase consideration for Jack Brunsdon & Son of SEK 44.3 million, about SEK 11 million was paid into a blocked account. In the event that EBITDA for the financial year 2016 does not reach a predetermined level ("refund level"), all or parts of

the blocked amount will revert to Inwido, depending on the actual EBITDA outcome. In addition to the initial purchase consideration, the purchase agreement also provides that a contingent consideration be paid to Jack Brunsdon & Son's previous owner in the event that EBITDA for 2016 reaches a certain level ("additional payment level"). The additional payment level is higher than the refund level. For this purpose, an amount of approximately SEK 5 million was paid into an blocked account.

The acquisition is in line with Inwido's strategy to grow both organically and through acquisitions. The company sells windows and doors, including installation, direct to end-consumers within the premium segment. Its sales are made through proprietary stores in the London area. Jack Brunsdon & Son has no proprietary production. Over the two months ending 31 December 2015, the company contributed SEK 13.8 million to consolidated external sales and impacted consolidated operational EBITA negatively by SEK 0.8 million, of which SEK 0.3 million in acquisition-related one-off costs.

Staff

There were an average 3,370 (3,340) 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 2015.

To achieve our ambitious business targets, we must make sure we have the right employees for both current and future assignments.

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 conduct 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 distribution 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.

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 have been inspected by local environmental authorities and meet the requirements imposed by local environmental legislation.

The subsidiary Inwido Sverige AB and its subsidiaries, as well as 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. All of Inwido Sweden's production units are environmentally 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.

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 three sites: Vetlanda in Jönköping 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 2016.

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 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 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

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.

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.

MANAGEMENT/EXPOSURE

Financial credit risks are limited by using counterparties with a high level of creditworthiness.

In 2015, no credit losses were incurred as a consequence of investments in cash equivalents or financial instruments.

The Group applies a finance policy adopted by the Board of Directors. The transaction exposure is primarily minimized through internal measures such as matching of flows and choice of invoicing currency. Currency clauses can be used if contractually transparent and possible to follow up, ensuring that the Group is not exposed to any hidden currency risks. Secondarily, currency risks are to be mitigated by means of financial instruments.

Currency hedging is arranged with maturities of up to 12 months and is based on the latest estimates available. Currency hedges must meet the following conditions with an accuracy of about +/- 20 percentage points:

Contracted future payments for non-current assets in foreign currency may be secured up to the full cost.	Hedging horizon	Hedge level
	1-3 months	70%
No hedging is required if the net exposure to any single currency is less than the equivalent of EUR 500,000 annually.	4-6 months	60%
	7-9 months	40%
	10-12 months	20%

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****Risk of losses on trade and other receivables**

The risk that the Group's customers fail to meet their payment obligations for accounts receivable constitutes a customer credit risk.

MANAGEMENT/EXPOSURE

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 managed primarily by the relevant 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 2015, compensation expenses incurred as a consequence of complaints amounted to approximately 1.9 percent (1.7) 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 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.

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 the development of new products for the smart home.

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 expected, be more costly than anticipated 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.

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.

Since the end of 2014, Inwido has begun 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 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 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 is committed to responsible business and has the ambition that this approach should permeate the entire value chain. As part of this, Inwido requires 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 by activity in the housing market and overall consumer confidence, among other factors. 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. In addition, most of Inwido's sales take place in the less cyclical consumer market. 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.	Inwido works according to the guidelines in the Group's internal pricing policy.

Significant events after the end of the financial year

On 14 March 2016, Inwido signed an agreement to acquire 25 percent of the shares in Danish window company Outrup vinduer & Døre. The parties have also agreed that the remaining shares will be acquired in early 2018 (65 percent) and 2019 (10 percent). The acquisition strengthens Inwido's position in the Danish market and is expected to generate significant opportunities for expansion and synergies with Inwido's existing operations.

Outrup was founded in 1968 by Harry Ringgaard whose son Mogens now manages the company and is its principal owner. The company sells and produces windows and doors in wood and wood/aluminium for the Danish market. The company has a strong position, particularly among carpenters, and is focused on energy-efficient and modern window and door solutions.

Outrup has approximately 150 employees and production takes place at the factory in Outrup on the Danish island of Mors. In 2015, sales amounted to approximately DKK 180 million.

Due to the structure of the acquisition agreement, coordination with Inwido's other operations will not commence until January 2018 at the earliest. It will also not be until then that the main synergies will arise. The acquisition is subject to the approval of the relevant competition authorities.

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.

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 2015, 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 2015, the closing price was SEK 111 and the company's market capitalization was SEK 6,434 million. At the end of the year, the single largest shareholder, Fjärde AP-fonden, held 9.8 percent of the shares. See "The Inwido share" on page 86 for more information on the share and shareholders.

Guidelines for remuneration and other terms of employment for Group management 2015

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 by an Extraordinary General Meeting on 27 August, 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 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 2016

The Board has resolved to propose to the 2016 Annual General Meeting that the guidelines for determining salaries and other remuneration to senior executives remain unchanged.

Corporate Governance Report

See pages 34-37 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	888,092,150
Accumulated profit	243,827,143
Profit/loss for the year	230,597,180
Total, SEK	1,362,516,473

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 2.50 per share	144,918,820
Brought forward to new account	1,217,597,653
Total, SEK	1,362,516,473

The Board proposes a dividend for the 2015 financial year of SEK 2.50 per share (2.00). The record date for entitlement to dividends is 12 May 2016. If the Annual General Meeting approves the proposal, it is anticipated that the dividend will be paid on 17 May 2016.

Outlook for 2016

Our view is that the underlying demand for our products and services is stable and that we are also keeping to our strategic plan well. This entails the continuing transition towards more consumer business, that we are continuously reviewing our capacity and structure to identify, where possible, additional efficiency enhancements and that we have intensified our work with both organic and acquisition-based growth. On the other hand, external developments, both political and financial, remain uncertain with many risks that could affect our business adversely. These are factors that impact Inwido just as much as they affect many others.

Consolidated statement of comprehensive income

1 January – 31 December, SEKm	Note	2015	2014
Net sales	3	5,220.1	4,915.8
Cost of goods sold	10	-3,937.2	-3,742.0
Gross profit		1,282.9	1,173.8
Other operating income	6	10.6	12.6
Selling expenses	10	-468.7	-454.7
Administrative expenses	9, 10	-324.2	-315.3
Research and development expenses	10	-39.3	-31.0
Other operating expenses	7	-2.4	-13.1
Participations in the profit of associated companies	15	1.2	2.1
Operating profit	8, 25	460.2	374.2
Financial income	11	7.8	8.7
Financial expenses	11	-47.1	-130.2
Net financial items		-39.3	-121.5
Profit before tax		420.8	252.7
Taxes	12	-125.2	-71.7
Profit for the year		295.7	181.0
Other comprehensive income			
Items reallocated to, or that can be reallocated to profit for the year			
Translation differences, foreign operations		-80.8	87.4
Tax attributable to other comprehensive income		-	-
Other comprehensive income for the year		-80.8	87.4
Comprehensive income for the year		214.8	268.4
Profit for the year attributable to:			
Parent Company shareholders		295.6	180.9
Non-controlling interests		0.1	0.1
		295.7	181.0
Comprehensive income for the year attributable to:			
Parent Company shareholders		214.8	268.1
Non-controlling interests		0.0	0.3
		214.8	268.4
Earnings per share			
Before dilution (SEK)	20	5.10	3.12
After dilution (SEK)		5.10	3.12

Consolidated statement of financial position

As per 31 December, SEKm	Note	2015	2014
Assets	2		
Intangible non-current assets	13	3,239.5	3,284.4
Tangible non-current assets	14	628.9	636.5
Participations in associated companies	15	11.2	10.4
Financial investments	17	4.9	2.1
Deferred tax assets	12	74.2	81.2
Other non-current assets	17	34.8	35.2
Total non-current assets		3,993.4	4,049.7
Inventories	18	400.8	425.3
Current tax assets		55.0	24.9
Trade and other receivables	17	419.4	421.3
Prepaid expenses and accrued income		43.8	40.1
Other receivables	17	49.1	45.4
Cash and equivalents	17, 19	244.6	87.6
Total current assets		1,212.6	1,044.6
Total assets		5,206.0	5,094.3
Shareholders' equity	20		
Share capital		231.9	231.9
Other capital provided		943.5	943.5
Other reserves		-33.0	47.8
Profit brought forward including profit for the year		1,748.6	1,569.4
Equity attributable to Parent Company shareholders		2,891.0	2,792.5
Non-controlling interests		0.1	0.8
Total shareholders' equity		2,890.9	2,793.3
Liabilities	2		
Non-current interest-bearing liabilities	21	1,090.3	1,141.1
Deferred tax liabilities	12	86.8	88.1
Other liabilities		9.5	7.1
Total non-current liabilities		1,186.6	1,236.3
Other current interest-bearing liabilities	21	47.5	93.9
Other provisions	23	108.9	38.9
Trade and other payables		349.9	330.4
Current tax liabilities		122.9	78.6
Other liabilities		161.7	141.0
Accrued expenses and prepaid income	24	337.5	382.0
Total current liabilities		1,128.5	1,064.6
Total liabilities		2,315.1	2,301.0
Total equity and liabilities		5,206.0	5,094.3

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

Consolidated statement of changes in equity

2014, SEKm	Equity attributable to Parent Company shareholders						Total equity
	Share capital	Other capital contributions	Trans-lation-reserve	Retained earnings	Total	Non-controlling interests	
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
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

2015, SEKm	Equity attributable to Parent Company shareholders						Total equity
	Share capital	Other capital contributions	Trans-lation-reserve	Retained earnings	Total	Non-controlling interests	
Equity, opening balance, 1 Jan 2015	231.9	943.5	-47.8	1,569.4	2,792.5	0.8	2,793.3
Profit for the year				295.6	295.6	0.1	295.7
Other comprehensive income							
Change in translation reserve for the year (exchange rate difference)			-80.8		-80.8	0.0	-80.8
Other comprehensive income for the period			-80.8		-80.8	0.0	-80.8
Total comprehensive income for the period, excluding transactions with the company's owners			80.8	295.6	214.8	0.0	214.8
Transactions with the Group's owners							
Dividend				-115.9	-115.9	0.0	-115.9
Acquisition/divestment of participation in non-controlling interests				-0.4	-0.4	-1.0	-1.4
Total transactions with the Group's owners	-	-	-	-116.3	-116.3	-1.0	-117.3
Equity, closing balance, 31 Dec 2015	231.9	943.5	-33.0	1,748.6	2,891.0	-0.1	2,890.9

Consolidated cash flow statement

1 January – 31 December, SEKm	Note	2015	2014
Operating activities	19		
Profit before tax		420.8	252.7
Adjustment for items not included in cash flow:			
– Depreciation/amortization and impairment of assets		141.9	133.5
– Provisions		69.3	-30.8
– Unrealized exchange rate differences		16.2	-14.5
– Capital gains		-1.0	-5.8
– Change in provision for synthetic option		-	51.4
– Changes in value of derivatives		-6.3	-3.8
– Participations in loss of associated companies		-1.2	-1.7
Income tax paid		-106.2	-86.5
Cash flow from operating activities before changes in working capital		533.5	294.6
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		14.9	26.9
Increase (-)/decrease (+) in operating receivables		-34.3	70.7
Increase (+)/decrease (-) in operating liabilities		5.2	82.6
Cash flow from operating activities		519.4	309.6
Investing activities			
Acquisitions of tangible non-current assets		-113.4	-154.8
Divestments of tangible non-current assets		2.5	11.1
Acquisitions of intangible assets		-28.6	-18.7
Acquisitions of subsidiary companies/businesses, net effect on liquidity	5	-36.8	-184.7
Divestments of subsidiary companies/businesses, net effect on liquidity	5	-	-0.5
Divestments of financial assets		-6.5	5.0
Cash flow from investing activities		-182.9	-342.7
Financing activities			
Acquisition of non-controlling holding	5	-1.3	-
Dividends paid to Parent Company shareholders		-115.9	-
Loans raised		6.2	978.5
Amortization of loans		-56.8	-902.5
Amortization of leasing liability		-9.5	-6.3
Shareholders' contributions received		-	89.6
Group contributions paid		-	-116.3
Cash flow from financing activities		-177.3	42.9
Cash flow for the year		159.2	-10.0
Cash and equivalents at beginning of the year		87.6	76.6
Exchange rate difference in cash and equivalents		-2.2	1.0
Cash and equivalents at end of the year		244.6	87.6
Interest paid		-28.0	-47.4
Interest received		2.0	3.4

Income Statement, Parent Company

1 January – 31 December, SEKm	Note	2015	2014
Net sales	3	68.6	63.2
Gross profit		68.6	63.2
Administrative expenses	9	-71.4	-88.1
Other operating income	6	0.1	1.5
Other operating expenses	7	-	-
Operating loss	8	-2.7	-23.5
Result from financial items:			
Loss from participations in Group companies	11	51.3	-146.8
Profit from participations in associated companies	15	0.0	0.0
Gain from other securities and receivables that are non-current assets	11	-	-
Other interest income and similar profit items	11	24.4	18.6
Interest expense and similar profit items	11	-31.5	-88.7
Profit/loss after financial items		41.5	-240.3
Appropriations			
Difference between depreciation/amortization according to plan and reported depreciation/amortization		0.0	-0.4
Group contributions received		274.4	130.5
Group contributions paid		-35.2	-60.1
Profit/loss before tax		280.6	-170.2
Taxes	12	-50.0	-10.3
Profit/loss for the year		230.6	-180.5

Statement of comprehensive income, Parent Company

Items reallocated to, or that can be reallocated to profit for the year			
Profit/loss for the year		230.6	-180.5
Other comprehensive income for the year		-	-
Other comprehensive income for the year		-	-
Comprehensive income for the year		230.6	-180.5

Balance Sheet, Parent Company

As per 31 December, SEKm	Note	2015	2014
Assets			
Non-current assets			
Intangible non-current assets	13	0.7	1.1
Tangible non-current assets	14	0.1	0.1
Financial non-current assets:			
Participations in Group companies	28	2,043.9	1,934.2
Participations in associated companies	15	1.1	1.0
Receivables from Group companies	16	1,169.8	1,099.2
Deferred tax assets	12	4.5	3.3
Other receivables		2.6	-
Total financial non-current assets		3,221.8	3,037.7
Total non-current assets		3,222.6	3,038.9
Current assets			
Current receivables:			
Current tax assets		-	8.3
Receivables from Group companies	16	64.6	75.0
Prepaid expenses and accrued income		1.3	0.2
Other receivables		0.0	0.0
Total current receivables		65.9	83.5
Cash and equivalents		146.5	-
Total current assets		212.4	83.5
Total assets		3,435.0	3,122.4
Equity and liabilities			
Shareholders' equity	20		
Restricted equity:			
Share capital (57,968 thousand shares)		231.9	231.9
Statutory reserve		55.3	55.3
Non-restricted equity:			
Share premium reserve		888.1	888.1
Accumulated profit		243.8	540.2
Profit for the year		230.6	-180.5
Total shareholders' equity		1,649.8	1,535.1
Untaxed reserves			
Accumulated depreciation/amortization in addition to plan		0.4	0.4
Total untaxed reserves		0.4	0.4
Non-current liabilities			
Liabilities to credit institutions	22	1,085.8	1,126.3
Liabilities to Group companies		628.0	395.9
Other liabilities		7.8	5.4
Total non-current liabilities		1,721.6	1,527.6
Current liabilities			
Liabilities to Group companies		0.4	1.2
Liabilities to credit institutions	22	-	29.7
Trade and other payables		6.6	1.5
Current tax liabilities		31.0	-
Other liabilities		10.8	8.3
Accrued expenses and prepaid income	24	14.5	18.7
Total current liabilities		63.3	59.4
Total equity, untaxed reserves and liabilities		3,435.0	3,122.4

Pledged assets and contingent liabilities, Parent Company

As per 31 December, SEKm	Note	2015	2014
Pledged assets	26	12.6	9.8
Contingent liabilities	26	1,175.8	1,284.7

Statement of changes in equity, Parent Company

	Restricted equity		Non-restricted equity			Total Equity
	Share capital	Statutory reserve	Share- premium reserve	Accumu- lated profit/loss	Profit/loss for the year	
2014, SEKm						
Equity, opening balance, 1 Jan 2014	231.9	55.3	888.1	501.2	39.0	1,715.5
Profit/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/loss				39.0	-39.0	-
Transactions with the Group's owners						
Dividend					-	-
Equity, closing balance, 31 Dec 2014	231.9	55.3	888.1	540.2	-180.5	1,535.1
	Restricted equity		Non-restricted equity			
2015, SEKm	Share capital	Statutory reserve	Share- premium reserve	Accumu- lated profit/loss	Profit/loss for the year	Total Equity
Equity, opening balance, 1 Jan 2015	231.9	55.3	888.1	540.2	-180.5	1,535.1
Profit/loss for the year					230.6	230.6
Other comprehensive income for the year					-	-
Comprehensive income for the year					230.6	-230.6
Appropriation of profit/loss				180.5	180.5	-
Transactions with the Group's owners						
Dividend					-115.9	-115.9
Equity, closing balance, 31 Dec 2015	231.9	55.3	888.1	243.8	230.6	1,649.8

Cash flow statement, Parent Company

1 January – 31 December, SEKm	Note	2015	2014
Operating activities			
Profit/loss after financial items		41.5	-240.3
Adjustment for items not included in cash flow:			
– Depreciation/amortization and impairment of assets		75.9	147.2
– Capital loss/gains on sales of non-current assets		-	-
– Changes in value of derivatives		-1.7	-2.7
– Participations in loss of associated companies		-0.1	-0.0
– Unrealized exchange rate differences		-7.3	-16.2
Income tax paid		-42.8	-48.9
Cash flow from operating activities before changes in working capital		65.4	-160.9
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-	-
Increase (-)/decrease (+) in operating receivables		248.4	1.4
Increase (+)/decrease (-) in operating liabilities		-1.1	35.2
Cash flow from operating activities		312.7	-124.3
Investing activities			
Acquisitions of intangible assets		-	-
New share issue and shareholder contributions to subsidiaries	28	-185.2	-195.2
Divestments of subsidiaries, net effect on liquidity		-	-0.5
Investments in financial assets		-74.3	-339.0
Divestments of financial assets		-	-
Cash flow from investing activities		-259.5	-534.7
Financing activities			
Option premium		-	-
Dividends paid		-115.9	-
Loans raised		209.3	645.6
Amortization of loans		-	-
Shareholders' contributions received		-	89.6
Group contributions paid		-	-76.3
Cash flow from financing activities		93.4	658.9
Cash flow for the year		146.6	-
Cash and equivalents at beginning of the year		-	-
Cash and equivalents at end of the year		146.6	-
Interest received		24.4	18.6
Interest paid		-20.5	-15.5

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 30.

Changes in accounting principles

Detailed below are the changed accounting principles applied by the Group effective as of 1 January 2015. Other changes to IFRS applicable as of 1 January 2015 have had no material effect on the Group's reporting.

IFRIC 21 Levies: The interpretation addresses how various fees levied by the central government are to be reported. IFRIC 21 applies to fees that fall within the scope of IAS 37 and for commitments to pay fees that are certain in terms of the amount and timing. IFRIC 21 does not apply to income taxes (IAS 12) and fines. Only the reporting of liabilities is addressed and not whether the liability side is a cost or asset. The statement has entailed a liability for property tax being recognized as per 1 January when the obligation to pay the tax arises. The entire liability is accounted effective from 1 January, at the same time as a prepaid expense for property tax is reported.

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 will replace IAS 39 Financial Instruments. IFRS 9 shall be applied to financial years commencing 1 January 2018 and earlier adoption is permitted on the condition that the EU adopts the standard, which is expected to take place in the second half of 2016. The Group has yet to analyse the effect of

the introduction on the financial statements, although, based on the Group's current structure and business operations the introduction is not expected to have any material impact on the consolidated financial statements.

IFRS 15 is the new revenue standard that, according to the IASB, is to be applied to financial years commencing 1 January 2018 or later. Earlier adoption is permitted on the condition that the EU adopts the standard, which is expected to take place in the second half of 2016. The Group has yet to analyse the possible effects of the introduction of IFRS 15 on the principles for revenue recognition currently applied. Such an analysis will be made in the near future and it cannot currently be ruled out that IFRS 15 will affect the principles currently applied. However, it cannot be determined today whether this will entail a material impact on the financial statements.

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

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, EBE and Norway. 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 recognizing 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 impairment 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 realized 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. Accounts receivable 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 probable 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 deriva-

tives 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 impairments. 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 are described on the following page. 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, the Pension Obligations Vesting Act (tryggandelagen) and 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 shareholders' 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

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.

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. Inwido's principal external financing consists of bank loans. The long-term credit facilities amount to SEK 1,750 million, comprising term loans of SEK 1,100 million and a revolving credit facility of SEK 650 million. The credit agreement extends for five years. The agreement includes financial covenants that are followed up on a quarterly basis. Inwido meets the terms of existing credit agreements.

Consolidated cash and equivalents were SEK 245 million (88) at the end of the period. Available funds, including unutilized credit facilities, amounted to SEK 774 million (603).

At the end of the year, the Group's financial liabilities amounted nominally to SEK 1,138 million with the maturity structure indicated in the table below. At the end of 2015, the average remaining time to maturity on Inwido's long-term financing was 3.7 years.

Maturity structure, financial and operational liabilities – undiscounted cash flows

SEKm	Nominal amount, functional currency	2015			2014						
		0-6 mths	6-12 mths	1-5 yrs	5 yrs or later	Total	0-6 mths	6-12 mths	1-5 yrs	5 yrs or later	Total
Bank loans	1,090.0	11.1	11.1	1,152.7	2.3	1,177.2	22.9	15.6	98.4	1,163.3	1,300.2
Overdraft facilities	46.0	1.7	1.7	49.5	-	53.0	3.8	3.8	84.0	-	91.7
Derivatives	5.0	0.0	0.0	5.3	-	5.5	0.4	0.1	0.2	4.1	4.8
Trade and other payables	349.9	347.0	2.9	-	-	349.9	328.0	2.3	-	-	330.4
Financial lease liabilities	1.8	0.8	0.4	0.7	0.0	1.9	2.8	7.6	1.3	0.0	11.8
Other liabilities	166.2	155.9	5.9	0.3	4.1	166.2	123.7	17.0	-	3.1	143.8
Total	516.6	22.0	1,208.4		6.5	1,753.7	481.7	46.4	183.9	1,170.5	1,882.7

Interest rate risk

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. The fixed interest term is the most significant factor affecting interest rate risk. Management of the Group's interest rate risk is centralized, meaning that the central finance function is responsible for identifying and managing interest rate risk in accordance with the finance policy adopted by the Board of Directors. Derivative instruments, such as interest rate swaps, are used to manage interest rate risk by allowing interest rates to be switched from fixed to floating or vice versa. 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 21. As per 31 December 2015, the fair value of the swaps amounted to a negative SEK 5.2 million (4.5). The underlying nominal debt amounted to SEK 357 million (628).

As per 31 December 2015, interest-bearing borrowings, excluding financial leasing, amounted to SEK 1,137 million (1,224). The average period of fixed interest, excluding derivatives was approximately 3.4 months (4.5). The average period of fixed interest, including derivatives was approximately 16.3 months (12.0).

Sensitivity analysis – interest risk

If interest rates had been 1 percent higher/lower, the interest expense for the year would have been SEK 11 million (11) higher/lower before tax, based on average interest-bearing liabilities in 2015 and without taking existing interest rate derivatives outstanding at 31 December 2015 into account. Taking existing interest rate derivatives into account, the interest expense for the year would have been SEK 8 million (6) higher/lower before tax. Interest rates with different maturities and in different currencies can fluctuate differently. These calculations are based on all yield curves shifting in parallel by one percentage point. The Group has a seasonal debt for which the interest rate risk is not calculated due to its short term nature.

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 2015, the Group's 20 largest insured customers were fully insured and the Group's acceptance rate with the insurance company was higher than 78 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

Group, SEKm	2015			2014		
	Book invoice amount	Provision for customer losses	Book amount	Book invoice amount	Provision for customer losses	Book amount
Not overdue	327.1	0.0	327.1	330.5	-0.2	330.3
Overdue 0-60 days	79.5	-0.7	78.8	79.4	-1.4	78.0
Overdue 61-180 days	14.0	-4.6	9.4	12.9	-2.6	10.3
Overdue 181-365 days	3.4	-2.2	1.2	4.6	-2.5	2.1
More than 1 year	14.4	-11.4	3.0	14.1	-13.5	0.6
Total trade receivables	438.4	-19.0	419.4	441.5	-20.2	421.4

Provision account for impairment of trade and other receivables

Group, SEKm	2015	2014
Opening balance	20.2	21.8
Impairment for the year	-0.5	-7.7
Reversal of previous impairments	1.1	9.8
Exchange-rate differences	0.7	-0.5
Closing balance	-19.0	-20.2

Currency risks

• Transaction exposure

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 and choice of invoicing currency. Currency clauses can be used if contractually transparent and possible to follow up, ensuring that the Group is not exposed to any hidden currency risks. Secondarily, currency risks are to be mitigated by means of financial instruments.

Currency hedging is arranged with maturities of up to 12 months and is based on the latest estimates available. Currency hedges must meet the following conditions with an accuracy of about +/- 20 percentage points.

Hedging horizon	Hedge level
1-3 months.....	70%
4-6 months	60%
7-9 months.....	40%
10-12 months	20%

Contracted future payments for non-current assets in foreign currency may be secured up to the full cost.

No hedging is required if the net exposure to any single currency is less than the equivalent of EUR 500,000 annually.

In the table, the next column to the right, shows net flows and hedging volumes that Group companies have had in each foreign currency during each year.

The Group's transaction exposure has partially been hedged through currency derivatives (forward contracts). Transaction exposure is relatively limited as sales and purchases are largely denominated in local currency. Accordingly, an individual 10-percent change in the exchange rate would have a relatively limited impact on earnings.

Group, SEKm	2015		2014	
	12 months net flows	Total* hedges	12 months net flows	Total hedges
SEK	-193.4	111.0	-217.4	111.8
EUR	-106.6	-22.9	-130.1	-
NOK	1.3	-	0.5	-
DKK	60.8	-	-7.0	-
GBP	-2.5	-	-0.1	-
USD	-5.2	-	-2.6	-
Other	0.0	-	0.0	-

* Exposures to the EUR in Denmark and exposures to the DKK in Estonia are not hedged because of the currency peg between the EUR and DKK.

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:

Group Currency	2015			2014		
	Local currency	Amount SEKm	%	Amount SEKm	%	
SEK	2,153.3	2,153.3	74.5	2,000.1	71.6	
NOK	-69.3	-86.6	-3.0	-47.0	-1.7	
DKK	207.3	245.7	8.5	301.4	10.8	
EUR	69.6	635.8	22.0	615.0	22.0	
GBP	-4.3	-61.1	-2.1	-79.6	-2.8	
LTL	-	-	0.0	0.4	0.0	
PLN	6.9	3.8	0.1	2.2	0.1	
Total		2,891.0	100	2,792.5	100	

A 10 percent strengthening of the SEK against other currencies as of 31 December 2015 would entail a negative change in shareholders' equity of SEK 78.5 million (81.0) and a negative change in profit of SEK 10.0 million (10.3). This sensitivity analysis is based on all other factors (e.g. interest rates) remaining unchanged. The same conditions were applied for 2014.

Fair value

In all instances, fair value corresponds to the financial instrument's carrying amount. In all material respects, the carrying amounts for assets and liabilities recognized at their carrying amounts are equivalent to their fair value. Fair values and carrying amounts are detailed in the balance sheet below:

Group 2014, SEKm	Customer and loan receivables	Financial assets available for sale	Held for trade			Other liabilities	Total carrying value	Fair value
			Financial assets recognized at fair value in profit/loss	Financial liabilities recognized at fair value in profit/loss	-			
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
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	-	-	4.3	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
Other current liabilities			0.3	140.7		141.0		141.0
Total	-	-	-	4.3	1,709.2	1,713.5	1,713.5	1,713.5
Group 2015, SEKm								
Financial investments		4.9					4.9	4.9
Other non-current receivables	32.6		2.2				34.8	34.8
Trade and other receivables	419.4						419.4	419.4
Other current receivables	49.1						49.1	49.1
Cash and equivalents	244.6						244.6	244.6
Total	745.7	4.9	2.2	-	-	5.0	752.8	752.8
Non-current interest-bearing liabilities					1,090.3		1,090.3	1,090.3
Other non-current liabilities			5.0	4.5		9.5		9.5
Current interest-bearing liabilities				47.5		47.5		47.5
Trade and other payables				349.9		349.9		349.9
Other current liabilities			0.0	161.7		161.7		161.7
Total	-	-	-	5.0	1,654.0	1,659.0	1,659.0	1,659.0

Disclosures regarding determination of fair value

Group, SEKm	2015				2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-current receivable – derivative	-	2.2	-	2.2	-	1.5	-	1.5
Current receivable – derivative	-	-	-	-	-	-	-	-
Total	-	2.2	-	2.2	-	1.5	-	1.5
Non-current liability – derivative	-	5.0	-	5.0	-	4.0	-	4.0
Non-current liability – options	-	-	-	-	-	-	-	-
Current liability – derivative	-	-	-	-	-	0.3	-	0.3
Total	-	5.0	-	5.0	-	4.3	-	4.3

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. The table at the top of the next page 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).

Calculation of fair value

Group, SEKm	Non-current liability	Total
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/loss for the year	-51.4	-51.4
Closing balance 31 Dec 2014	-	-
Opening balance 1 Jan 2015	-	-
Options/shares redeemed	-	-
Options/shares issued	-	-
Translation difference	-	-
Total recognized gains and losses:		
Reported in profit/loss for the year	-	-
Closing balance 31 Dec 2015	-	-

The synthetic shares and options were redeemed in connection with Inwido's listing on the Nasdaq Stockholm exchange on 26 September 2014.

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 above.

• 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 on the balance sheet date.

• 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

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Sales of goods	4,939.9	4,640.3	-	-
Service assignments	280.2	275.5	68.6	63.2
Net sales	5,220.1	4,915.8	68.6	63.2

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	2015	2014
Sweden	2,221.1	1,943.6
Finland	1,264.9	1,346.9
Denmark	1,068.7	933.7
Norway	277.6	374.3
EBE*	338.3	267.4
Other countries	49.3	50.0
	5,220.1	4,915.8

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

NOTE 4 Segment reporting

Inwido's operations are divided into business areas 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 operational EBITA. Since decisions are made regarding the allocation of resources on the basis of the business areas, these constitute the Group's operating 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, EBE (Emerging Business Europe) and Norway.

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

In 2015, the companies JNA and SPAR, which were acquired in April 2014, combined to form the unit e-Commerce and were transferred from the Denmark segment to the EBE segment. The e-Commerce unit maintains operations in several European countries including the Nordic countries. Following this change, the EBE operating

segment comprises Austria, Ireland, Poland, the UK and e-Commerce. The historical figures have been adjusted as if JNA and SPAR had been a part of the EBE operating segment effective from the acquisition in April 2014. For the year 2014, net sales of SEK 182 million and an operating EBITA of SEK 34 million were transferred from the Denmark segment to the EBE segment. Structural changes have also affected the allocation of goodwill between segments, see Note 13.

Internal sales between operating segments are conducted in accordance with the Group's internal pricing policy.

Group 2014, SEKm	Sweden	Finland	Denmark	Norway	EBE	Other	Group-wide and eliminations		Adjustments between Denmark and EBE 2014	
							Total		Total	182.1
External sales	1,834.2	1,345.8	984.8	342.0	242.5	166.5	0.0	4,915.8		182.1
Internal sales	126.6	3.4	44.6	9.8	19.0	349.0	-552.4			0.0
Total net sales	1,960.7	1,349.2	1,029.4	351.7	261.5	515.6	-552.4	4,915.8		182.1
Operating EBITDA	235.7	218.0	201.0	-24.2	-9.4	54.8	-67.8	608.1		37.7
Operating EBITA	211.3	192.7	176.2	-30.3	-19.5	39.4	-68.2	501.5		33.5
EBITA	206.4	168.9	173.5	-84.7	-42.7	39.9	-85.0	376.3		33.5
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		123.9
Tangible non-current assets	174.1	156.2	111.1	25.4	80.2	89.4	0.1	636.5		19.2
Acquisitions of tangible non-current assets	68.9	54.7	55.5	9.0	11.1	9.8	0.0	174.5		25.1
Acquisitions of intangible assets, including goodwill	0.0	2.9	187.7	0.9	0.2	0.1	0.0	191.8		173.1

Group 2015, SEKm	Sweden	Finland	Denmark	Norway	EBE	Other	Group-wide and eliminations		Total
							Total		
External sales	2,097.1	1,264.0	899.3	234.4	541.5	183.7	0.0	5,220.1	
Internal sales	109.6	1.6	60.4	0.0	19.4	371.4	-562.4		
Total net sales	2,206.7	1,265.6	959.7	234.4	560.9	555.1	-562.4	5,220.1	
Operating EBITDA	326.4	181.0	188.1	-21.7	39.7	61.0	-70.9	703.5	
Operating EBITA	301.1	154.1	163.2	-25.3	22.3	45.4	-71.3	589.5	
EBITA	262.0	151.7	95.5	-25.3	22.3	45.4	-71.3	480.3	
EBIT								460.2	
Net financial items								-39.3	
Profit before tax								420.8	
Goodwill	1,022.4	466.9	1,162.6	100.0	266.0	116.7	0.0	3,134.6	
Tangible non-current assets	189.5	145.3	85.3	22.6	103.4	82.8	0.1	628.9	
Acquisitions of tangible non-current assets	41.3	20.6	18.8	2.5	22.5	9.7	0.0	115.5	
Acquisitions of intangible assets, including goodwill	0.0	9.9	17.4	1.1	59.2	0.0	0.0	87.6	

NOTE 5 Acquisitions and disposals

On 1 November 2015, the Group acquired 100 percent of shares and votes in the company Jack Brunsdon & Son Ltd for SEK 44.3 million, of which SEK 38.5 million was paid in cash in connection with the takeover. Of the initial purchase consideration for Jack Brunsdon & Son Ltd of SEK 44.3 million, about SEK 11 million was paid into a blocked account. In the event that EBITDA for the financial year 2016 does not reach a predetermined level ("refund level"), all or parts of the blocked amount will revert to Inwido, depending on the actual EBITDA outcome. In addition to the initial purchase consideration, the purchase agreement also provides that a contingent consideration be paid to Jack Brunsdon & Son's previous owner in the event that EBITDA for 2016 reaches a certain level ("additional payment level"). The additional payment level is higher than the refund level. For this purpose, an amount of approximately SEK 5 million was paid into an blocked account.

The acquisition is in line with Inwido's strategy to grow both organically and through acquisitions. The company sells windows and doors, including installation, direct to end-consumers within the premium segment. Its sales are made through proprietary stores in the London area. Jack Brunsdon & Son has no proprietary production. Over the two months ending 31 December 2015, the company contributed SEK 13.8 million to consolidated external sales and impacted consolidated operating EBITA negatively by SEK 0.8 million, of which SEK 0.3 million in acquisition-related one-off costs.

If the acquisition had occurred on 1 January 2015, management estimates that the acquired company's external sales would have been SEK 78.7 million and operating EBITA would have had a negative impact of SEK 9.5 million, of which SEK 3.8 million pertains to provisions for the 12 months ending 31 December 2015.

Goodwill includes the value of an expanded distribution network and knowledge of the market. No portion of goodwill is expected to be tax deductible.

Acquisition-related costs amounted to SEK 2 million in the form of consulting fees in connection with due diligence. These consulting expenses have been recognized as other operating expenses in the income statement and statement of other comprehensive income for the Parent Company, Inwido UK Ltd.

The acquired companies' net assets on the acquisition date:

Group 2015, SEKm	Jack Brunsdon & Son Ltd
Fair value of acquired net assets	-15.5
Goodwill, Group	59.8
Consolidated acquisition value	44.3
Compensation transferred	38.5
Cash and equivalents in the acquired businesses	1.7
Effect on Group cash flow	36.8
Acquired assets and liabilities	Fair value, Group
Tangible non-current assets	2.1
Intangible assets	0.0
Inventories	4.7
Trade and other receivables	8.9
Deferred tax assets	1.9
Cash and equivalents	1.7
Trade and other payables	-34.8
Deferred tax liabilities	-
Fair value of acquired net assets	-15.5

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

In the second quarter of 2015, Inwido acquired 40 percent of the shares from non-controlling interests in IP glass Sp.z.o.o. Ownership thus increased from 60 percent to 100 percent. The investments totalled SEK 0.1 million, of which SEK 0.1 million was paid in cash. The carrying amount for Inwido Supply's net assets in the consolidated accounts amounted at the time of acquisition to SEK 5.7 million. The Group recognizes a decrease in its non-controlling interests of SEK 1.0 million and a decrease in profit brought forward of SEK 0.4 million.

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 included three subsidiaries to Säästke OÜ (SparVinduer A/S, SpareVinduer AS and SparFönster AB). The acquisitions are in line with Inwido's strategy of growing both organically and through acquisitions. The acquisitions were also motivated by the ambition of being represented in the growing market for windows and doors on the Internet – an area where Inwido was not present at the time of the acquisition. Over the nine months ending 31 June 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 and involved fees to consultants in connection with due diligence. These expenses were recognized as other operating expenses in the income statement of earnings 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 value	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
Intangible assets	31.6
Inventories	18.2
Trade and other receivables	19.2
Cash and equivalents	16.4
Trade and other payables	-22.4
Deferred tax liabilities	-7.6
Fair value of acquired net assets	70.6

On 7 March 2014 an agreement was signed to divest Inwido's operations in Russia to a private investor in the form of an asset sale. 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.

NOTE 6 Other operating income

Group, SEKm	2015	2014
Rental income	0.9	1.0
Gain on sale of non-current assets	1.3	4.8
Exchange gains on operating receivables/liabilities	1.5	-
Insurance compensation	0.5	0.6
Other	6.5	6.2
Total	10.6	12.6
Parent Company, SEKm		
Exchange gains on operating receivables/liabilities	0.1	1.5
Other	-	-
Total	0.1	1.5

NOTE 7 Other operating expenses

Group, SEKm	2015	2014
Loss on sale of non-current assets	0.3	0.8
Exchange losses on operating receivables/liabilities	-	0.7
Disposal of business	-	3.7
Other	2.1	7.8
Total	2.4	13.1
Parent Company, SEKm		
Exchange losses on operating receivables/liabilities	-	-
Other	-	-
Total	-	-

NOTE 8 Employees and personnel expenses

Group, SEKm	2015	2014
Wages, remunerations, etc.	1,210.9	1,190.8
(Of which, wages and remunerations to Board, CEO and senior management)	(66.0)	(57.7)
(Of which, bonuses to Board, CEO and senior management)	(12.9)	(13.6)
Pension expenses, defined contribution plans	113.3	105.3
(Of which, to Board, CEO and senior management)	(11.7)	(10.5)
Social security contributions	210.8	198.1
	1,535.0	1,494.2

Management groups refer to senior executives within each operating segment. The number of executives may vary from year to year.

Average number of employees

	2015	of which, men	2014	of which, men
Parent Company				
(Sweden)	18	72%	16	75%
Total	18	72%	16	75%
Subsidiaries:				
Sweden	1,233	69%	1,247	70%
Finland	648	75%	633	76%
Denmark	647	79%	593	81%
Poland	358	75%	319	73%
Estonia	204	60%	210	65%
Norway	93	53%	140	59%
UK	107	87%	130	93%
Lithuania	40	55%	32	56%
Ireland	14	50%	12	58%
Austria	8	88%	6	67%
Russia	0	0%	2	0%
Total in subsidiaries	3,352	72%	3,324	73%
Total, Group	3,370	72%	3,340	73%

Gender distribution in executive management

Parent Company	Women, 2015	Women, 2014
Board of Directors	22%	18%
Total, Group		
Boards of Directors	16%	13%
Other senior executives	23%	19%

Salaries and other remunerations to senior executives

Group 2014, SEKm	Basic salary, Board fee	Variable remuneration	Pension expense	Share-related remuneration	Other remuneration	Total	Pension obligations
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 2015, SEKm							
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	-
Henrik Lundh	0.2	-	-	-	-	0.2	-
Leif Johansson	0.2	-	-	-	-	0.2	-
Sisse Fjelsted Rasmussen	0.2	-	-	-	-	0.2	-
CEO: Håkan Jeppsson	6.4	2.6	3.2	-	0.1	12.3	-
Other senior executives (9 persons)	14.9	5.0	3.9	-	0.8	24.5	-
Total	23.0	7.6	7.1	-	0.9	38.5	-

Salaries, other remunerations and social security expenses

Parent Company, SEKm	2015		2014	
	Wages and remunerations	Social security expenses	Wages and remunerations	Social security expenses
Board of Directors, CEO and senior management	19.3	11.5	19.5	10.4
(of which, bonuses)	(5.3)		(6.5)	
Other employees	8.5	5.5	5.8	4.4

Of social security expenses, SEK 4.6 million (4.6) represent pension expenses for members of the Board of Directors, the CEO and senior management, and SEK 2.4 million (2.6) for other employees.

Guidelines

At the Annual General Meeting in May 2015, the following terms were adopted, applicable to 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.

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. These remuneration components are based on the guidelines for remuneration for senior executives adopted by the Annual General Meeting in May 2015 and which are set out in the Directors' Report.

Tables on the preceding page account for the actual cost of remuneration and other benefits for the financial years 2015 and 2014 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 1,650,000 (1,000,000) to be distributed among the members as follows: SEK 420,000 (400,000) to the Chairman and SEK 205,000 (200,000) to each of the other members of the Board who are not employees of the company. 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 6,300,000 (6,100,000). 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.

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 45 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. 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.

• 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 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 37-40.

Defined benefit pensions

For salaried employees in Sweden, defined benefit pension commitments for retirement and family pension (alternatively family pension) under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP plans financed through insurance with Alecta, this is a defined benefit plan that covers several employers. For the 2015 financial year, the company has not had access to information enabling it to report its proportional share of the plan's obligations, plan assets and costs, which means that it has not been possible to account for the plan as a defined benefit plan. Consequently, the ITP2 pension plan, which is insured through a policy with Alecta, is recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated individually and is dependent on factors including previously earned pension and the expected remaining period of service. The Group's share of the total contributions to the plan amounted to SEK 6.3 million (5.2).

NOTE 9 Auditors' fees and reimbursements

SEKm	Group		Parent Company	
	2015	2014	2015	2014
KPMG				
Audit assignments	3.7	4.0	1.1	0.9
Audit work not included in the audit assignment	0.2	1.1	-	0.5
Advisory services:				
– taxes	0.3	0.4	0.1	0.0
– other	0.4	0.6	0.0	-
Other auditors				
Audit assignments	1.6	1.5	-	-
Audit work not included in the audit assignment	0.1	-	-	-
Advisory services:				
– taxes	0.1	0.1	-	-
– other	0.1	0.2	-	-
	6.5	7.8	1.1	1.4

Auditing assignments refer to the audit of the annual report and accounting, the administration of the Board and CEO, as well as 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

Group, SEKm	2015	2014
By type of cost:		
Raw materials and input goods	1,793.1	1,621.8
Changes in inventories of finished products and products in progress	15.9	67.7
Personnel expenses	1,693.2	1,619.1
Depreciation and impairment	134.1	133.5
Transport	199.1	206.4
Installation	263.5	263.0
Energy	44.4	46.0
Repairs and maintenance	70.3	59.0
IT and telephony	98.9	86.6
Other external expenses	456.7	453.0
Total	4,769.2	4,556.2

NOTE 11 Financial income and expenses

Group, SEKm	2015	2014
Financial income		
Interest income*	2.0	3.4
Assets and liabilities valued at fair value		
- Held for trade	5.2	2.4
Exchange rate difference	-	-
Other financial income	0.5	1.1
Divestments of financial assets held for sale	0.1	1.8
Total	7.8	8.7
Financial expenses		
Interest expenses*	-28.0	-47.4
Assets and liabilities valued at fair value		
- Held for trade	-	-51.4
Exchange rate difference	-11.9	-18.4
Other financial expenses	-7.2	-13.0
Total	-47.1	-130.2
Net financial items	-39.3	-121.5

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

Parent Company, SEKm	2015	2014
Profit/loss from participations in subsidiaries		
Impairment of shares in subsidiaries	-75.5	-146.8
Dividend	126.8	-
Total	-51.3	-146.8
Other interest income and similar profit items		
Interest income	0.3	0.1
Interest income, Group companies	24.1	18.5
Exchange rate difference	-	-
Change in value of derivatives	-	-
Total	24.4	18.6
Interest expense and similar profit/loss items		
Interest expenses	-20.5	-15.5
Interest expenses, Group companies	0.0	-
Exchange rate difference	-7.4	-16.2
Change in synthetic options	-	-47.0
Change in value of derivatives	-1.7	-2.7
Other financial expenses	-1.9	-7.4
Total	-31.5	-88.7
Net financial items	44.2	216.9

NOTE 12 Taxes

Group, SEKm	2015	2014
Current tax expense (-) / income (+)		
Tax expense/income for the period	-117.9	-87.0
Adjustment for taxes attributable to previous years	-2.0	-2.9
Taxes on participation in profit/loss of associated companies	-0.0	-0.4
Deferred tax expense (-) / income (+)		
Deferred tax on temporary differences	8.4	-13.6
Deferred tax expense/income due to changes in tax rates	-3.8	4.1
Deferred tax income on tax value of loss carryforwards capitalized during the year	0.5	33.5
Utilization of previously capitalized loss carryforwards	-1.0	-5.4
Impairment of previously capitalized loss carryforwards	-9.4	-
Total consolidated tax recognized	-125.2	-71.7

Parent Company, SEKm	2015	2014
Current tax expense (-) / income (+)		
Tax expense (-) / income (+) for the period	-51.6	-6.7
Adjustment for taxes attributable to previous years	0.5	-4.8
Deferred tax expense (-) / income (+)		
Deferred tax on temporary differences	1.2	1.1
Total consolidated tax recognized	-50.0	-10.3

Reconciliation of effective tax

Group, SEKm	2015	2014
Profit/loss before tax	420.8	252.7
Less participations in profit/loss of associated companies	-1.2	-2.1
Estimated earnings before tax		
Tax according to the current tax rate for the Parent Company, 22.0%	-92.3	-55.6
Effect of different tax rates for foreign subsidiaries	8.3	8.7
Non-deductible expenses	-7.1	-14.5
Non-taxable income	-1.8	-0.8
Increase in loss carryforwards with no equivalent capitalization of deferred tax	-19.2	-9.2
Impairment of previously capitalized loss carryforwards	-9.4	-
Effects of changed tax rates and regulations	-6.1	0.8
Taxes attributable to previous years	-2.0	-2.9
Other	0.7	1.7
Recognized effective tax	-125.2	-71.7

Parent Company, SEKm	2015	2014
Profit/loss before tax	280.6	-170.2
Tax according to the current tax rate for the Parent Company	-61.7	37.3
Non-deductible expenses	-16.9	-43.4
Non-taxable income	28.2	0.5
Taxes attributable to previous years	0.5	-4.8
Recognized effective tax	-50.0	-10.3

Deferred tax assets and liabilities recognized

Recognized deferred tax assets and liabilities relate to the following:

Group, SEKm	Deferred tax assets		Deferred tax liabilities		Net	
	2015	2014	2015	2014	2015	2014
Intangible assets	0.8	1.6	-49.4	-50.2	-48.6	-48.6
Tangible non-current assets	0.0	-0.3	-7.0	-7.9	-7.0	-8.2
Financial assets	-	-	-0.4	-0.4	-0.4	-0.4
Inventories	1.1	1.9	-0.4	-0.4	0.7	1.4
Trade receivables	0.2	0.6	0.0	0.0	0.2	0.6
Other receivables	0.0	-	-0.2	-0.7	-0.2	-0.7
Trade and other payables	-0.2	-	-	-	-0.2	-
Pensions	3.8	3.1	-	-	3.8	3.1
Provisions	15.5	3.8	-1.2	-	14.3	3.8
Other	1.4	1.0	-0.4	-0.1	1.1	0.9
Tax loss carryforwards	51.5	69.6	-	-0.1	51.5	69.4
Tax allocation reserve	-	-	-27.9	-28.1	-27.9	-28.1
Current tax assets/liabilities net	74.2	81.2	-86.8	-88.1	-12.7	-6.9
Deferred tax assets/liabilities:						
maturing within one year	16.2	1.6	-0.9	-1.7	15.3	-0.1
maturing after one year	5.6	10.3	-7.7	-10.8	-2.1	-0.5
without maturity	52.4	69.3	-78.3	-75.6	-25.9	-6.3
Parent Company, SEKm						
Pensions	3.4	2.7	-	-	3.4	2.7
Other	1.1	0.7	-	-	1.1	0.7
Current tax assets/liabilities	4.5	3.3	-	-	4.5	3.3
Set-off	-	-	-	-	-	-
Current tax assets/liabilities net	4.5	3.3	-	-	4.5	3.3

Deferred tax assets for loss carryforwards are mainly attributable to Norway and EBE. If the operations in Norway and EBE not generate profits in the future, tax assets for loss carryforwards may be impaired.

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:

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Tax losses	38.8	27.6	-	-

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.

In certain countries where the Group has operations, the results of operations are tax exempt, provided that the profits generated are not distributed. On the balance sheet date, the total tax exempt reserves amounted to SEK 69 million, which, if the subsidiaries were to pay dividends from these reserves, would mean a tax liability of SEK 14 million.

Group, SEKm	2015					2014					
	Balance on 1 Jan. 2015	Recognized in profit/loss for the year	Acquired business	Recognized in equity	Trans-lation differ-ence	Balance on 31 Dec. 2015	Balance on 1 Jan. 2014	Recognized in profit/loss for the year	Acquired business	Trans-lation differ-ence	Balance on 31 Dec. 2014
Tangible non-current assets	-48.6	-1.8	-	1.8	-48.6	-30.2	-3.5	-	-14.7	-0.3	-48.6
Intangible assets	-8.2	0.8	-	0.4	-7.0	-6.3	-2.0	-	-	0.1	-8.2
Financial assets	-0.4	0.0	-	0.0	-0.4	-0.3	-	-	-0.1	0.0	-0.4
Inventories	1.4	-0.7	-	0.0	0.7	3.1	-1.6	-	-	0.0	1.4
Trade receivables	0.6	-0.3	-	0.0	0.2	0.9	-0.3	-	-	0.0	0.6
Other receivables	-0.7	0.5	-	0.0	-0.2	-0.1	-0.6	-	-	0.0	-0.7
Trade and other payables	-	-0.2	-	0.0	-0.2	-	-	-	-	-	-
Pensions	3.1	0.7	-	0.0	3.8	2.2	0.9	-	-	0.0	3.1
Provisions	3.8	11.0	-	-0.4	14.3	6.5	-2.7	-	-	0.0	3.8
Other liabilities	0.9	0.1	-	0.0	1.1	1.5	-0.6	-	-	0.0	0.9
Tax loss carryforwards	69.4	-15.4	1.9	-4.4	51.5	42.1	31.5	-4.3	-	0.1	69.4
Tax allocation reserve	-28.1	-	-	0.2	-27.9	-25.5	-2.6	-	-	0.0	-28.1
Total	-6.9	-5.3	1.9	-2.4	-12.7	-6.2	18.6	-4.3	-14.8	-0.1	-6.9

NOTE 13 Intangible assets

Group, SEKm	Internally developed intangible assets		Acquired intangible assets		
	Development expenditure	Market and customer-based assets	Other intangible assets	Goodwill	Total
Accumulated cost					
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	-	-	-	-	-
Disposal of business	-	-	-	-	-
Reclassifications	8.9	-	-8.9	-	0.0
Exchange rate differences for the year	0.8	2.5	10.5	121.2	135.0
Closing balance, 31 Dec. 2014	17.2	74.7	152.1	3,193.7	3,437.7
Opening balance, 1 Jan. 2015	17.2	74.7	152.1	3,193.7	3,437.7
Acquired business	-	-	-	59.8	-59.8
Other investments	7.6	-	21.0	-	-28.6
Disposals and scrappings	-	-	-0.7	-	-0.7
Reclassifications	-	-	-0.1	-	-0.1
Exchange rate differences for the year	-0.9	-1.6	-8.0	-94.7	-105.3
Closing balance, 31 Dec. 2015	23.9	73.1	164.5	3,158.8	3,420.2
Accumulated amortization and impairment					
Opening balance, 1 Jan. 2014	-	-35.1	-91.7	-8.3	-135.1
Acquired business	-	-	-0.6	-	-0.6
Disposals and scrappings	-	-	-	-	-
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	0.0	-35.1	-109.4	-9.0	-153.5
Opening balance, 1 Jan. 2015	0.0	-35.1	-109.4	-9.0	-153.5
Acquired business	-	-	-	-	-
Disposals and scrappings	-	-	0.7	-	0.7
Impairment for the year	-	-	-3.2	-16.3	-19.5
Amortization for the year	-1.2	-	-14.3	-	-15.5
Reclassifications	-	-	0.0	-	0.0
Exchange rate differences for the year	0.0	0.0	5.9	1.1	7.0
Closing balance, 31 Dec. 2015	-1.2	-35.1	-120.3	-24.2	-180.8
Carrying amounts					
On 1 January 2014	-	-	26.4	2,949.5	2,975.9
On 31 December 2014	17.2	39.6	42.7	3,184.7	3,284.4
On 1 January 2015	17.2	39.6	42.7	3,184.7	3,284.4
On 31 December 2015	22.7	38.0	44.2	3,134.6	3,239.5

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
2015 (SEKm): Cost of goods sold	-15.5
Administrative expenses	-19.5

The restructuring of production in Denmark necessitated impairment of intangible non-current assets.

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	2015	2014
Goodwill amounts by cash generating unit:		
Inwido Sweden	1,022.4	991.7
Inwido Finland	466.9	486.3
Inwido Denmark	1,162.6	1,230.4
Inwido Norway	100.0	143.9
Inwido EBE	266.0	215.9
Other	116.7	116.8
Total	3,134.6	3,184.9

In 2015, the companies JNA and SPAR combined to form the unit e-Commerce and were transferred from Inwido Denmark to Inwido EBE. Goodwill for e-Commerce has transferred to Inwido EBE. In the table, the adjustment has also been made for 2014. Goodwill of SEK 124 million has been transferred from Inwido Denmark to Inwido EBE. In 2015, goodwill of SEK 30.7 million was also transferred from Inwido Norway to Inwido Sweden, taking into account the relocation of production in 2014, which reached full effect in 2015.

In impairment testing, the recoverable amount consists of the assessed value in use of the cash generating units.

The pre-tax discount rate is 6.7-7.0 percent (8.3-8.6). For the operating segments Sweden, Denmark, Finland and Norway, a discount rate of 6.7 percent before tax was applied; and for EBE and Other, a discount rate of 7.0 percent before tax was applied. The difference between the discount rates is the specific risk premium. It is the company's assessment that the risk premium is lower for the Nordic markets because of the market positions. Inwido has a larger market share in the Nordic markets than in the markets in EBE and consequently the company has made the assessment that the risk premium is 0.5 percentage points lower for the operating segments Sweden, Denmark, Finland and Norway. It is the company's assessment that the risk premium should be equal for the operating segments Sweden, Denmark, Finland and Norway. The Company has a lower market position in Norway, but since most production has been moved to Sweden, the company assesses that the risk premium should be the same as for the other Nordic operating segments. Other parameters in the discount rate are the same. The value is based on cash flow calculations, of which the first four years are based on the four-year business forecast approved annually by company management. The cash flows calculated for periods after the first four years are

based on 2.5 percent (2.5) annual growth. The company estimates that the annual growth rate exceeds the central banks' long-term inflation target of 2 percent because of population growth and urbanization in each market. The key assumptions in the four-year business forecast are detailed in the table below.

Acquired and other intangible assets

Parent Company, SEKm	2015	2014
Accumulated cost		
Opening balance	1.8	1.8
Other investments	-	-
Closing balance	1.8	1.8
Accumulated amortization and impairment		
Closing balance	-0.8	-0.4
Amortization for the year	-0.4	-0.4
Closing balance	-1.1	-0.8
Carrying amounts	0.7	1.0

Key variables	Assessment methods
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 sales of new products and accessories, establishment of new markets, strong demand for energy-efficient products and the expected demographic trend. The forecast agrees with previous experience and forecasts.
Purchasing 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 price trends for the principal groups of materials based on external data sources. The forecast agrees with previous experience and forecasts.
Personnel expenses and efficiency	Forecast personnel costs are based on expected wage increases, planned efficiency measures and other synergies within the Group. The forecast agrees with previous experience and forecasts.
In the Group's assessment, reasonable 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.	

NOTE 14 Tangible non-current assets

Group, SEKm	Land and buildings	Machinery and equipment	Construction in progress	Total
Cost				
Opening balance, 1 Jan. 2014	442.4	1,406.5	24.0	1,872.9
Acquired business	2.8	23.7	-	26.5
Other investments	6.9	103.1	44.8	154.8
Re-classification	1.4	28.8	-29.9	0.3
Disposals	-19.8	-25.8	-0.8	-46.4
Disposals of businesses	-	-	-	-
Exchange-rate differences	12.0	42.5	0.5	55.0
Closing balance, 31 Dec. 2014	445.7	1,578.7	38.6	2,062.9
Opening balance, 1 Jan. 2015	445.7	1,578.7	38.6	2,062.9
Acquired business	-	5.3	-	5.3
Other investments	9.4	65.7	38.4	113.4
Disposals and scrappings	-0.1	-23.2	-	-23.3
Re-classification	5.9	19.3	-25.4	0.1
Exchange-rate differences	-9.8	-42.5	-0.5	-52.9
Closing balance, 31 Dec. 2015	451.0	1,603.4	51.0	2,105.4

Group, SEKm	Land and buildings	Machinery and equipment	Construction in progress	Total
Depreciation and impairment				
Opening balance, 1 Jan. 2014	-220.1	-1,079.0	-	-1,299.1
Acquired business	-1.1	-5.7	-	-6.8
Impairment for the year	-	-24.8	-	-24.8
Amortization for the year	-13.4	-84.7	-	-98.1
Re-classification	-	0.0	-	0.0
Disposals	15.5	23.9	-	39.4
Disposals of businesses	-	-	-	0.0
Exchange-rate differences	-4.1	-32.8	-	-36.9
Closing balance, 31 Dec. 2014	-223.2	-1,203.3	-	1,426.4
Opening balance, 1 Jan. 2015	-223.2	-1,203.2	-	-1,426.4
Acquired business	-	-3.2	-	-3.2
Disposals and scrappings	-0.1	-21.7	-	21.8
Impairment for the year	-1.2	-3.4	-	-4.6
Amortization for the year	-13.7	-88.7	-	-102.3
Re-classification	0.0	0.0	-	0.0
Exchange-rate differences	4.9	33.4	-	38.3
Closing balance, 31 Dec. 2015	-233.2	-1,243.4	-	1,476.5
Carrying amounts				
On 1 January 2014	222.3	327.5	24.0	573.8
On 31 December 2014	222.5	375.4	38.6	636.5
On 1 January 2015	222.5	375.4	38.6	636.5
On 31 December 2015	217.9	360.0	51.0	628.9
Including government subsidies in the amount of:	-	-	-	-

Depreciation is included in the following**items in the income statement:**

Group, SEKm	2015	2014
Cost of goods sold	-95.1	-88.3
Selling expenses	-2.2	-3.0
Administrative expenses	-5.0	-6.8
Research and development expenses	0.0	-
Total	-102.3	-98.1

**Impairment is included in the following
items in the income statement:**

Cost of goods sold	-4.6	-24.8
Total	-4.6	-24.8

The restructuring of production in Sweden and Denmark necessitated impairment of tangible non-current assets during 2015.

Financial leasing (leased production equipment)**Future payment obligations for
non-cancellable lease contracts:**

Group, SEKm	2015		2014	
	Nominal amount	Calculated current amount	Nominal amount	Calculated current amount
Within 1 year	1.2	1.1	10.3	9.8
Two to five years	0.7	0.7	1.3	1.3
Later than 5 years	-	-	-	-
	1.9	1.8	11.7	11.1

Group, SEKm	2015	2014
Carrying amount	1.8	18.2
Minimum lease fees paid during the year	9.7	6.1

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.

NOTE 15 Participations in associated companies

Group, SEKm	2015	2014
Carrying amount at start of year	10.4	5.5
Acquisitions of associated companies	-	3.2
Participations in profit of associated companies	1.2	2.1
Share in taxes of associated companies	-	-0.4
Impairment	-	0.0
Dividend	-	-
Translation difference	-0.4	0.1
Carrying amount at end of year	11.2	10.4

The table below specifies the consolidated values for the ownership proportion of income, profit, assets and liabilities.

Associated companies 2014, SEKm	Country	Revenue	Profit/loss	Assets	Liabilities	Equity capital	Owned share in %	Share of profit 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
2015, SEKm										
Parent Company's:										
WeBe Home AB	Sweden	4.7	0.1	1.3	0.8	0.6	30.0	0.0	-	1.1
Subsidiaries':										
Art Andersen ApS	Denmark	13.8	0.0	5.8	4.8	0.1	30.0	0.0	-	3.1
UAB Panorama Nordic Ltd	Lithuania	18.9	2.9	27.5	13.5	14.0	40.0	1.1	-	7.0
									1.2	11.2

NOTE 16 Receivables from Group companies

Parent Company, SEKm	2015	2014
Accumulated cost		
Opening balance	1,174.2	668.5
Additional receivables	559.3	1,053.6
Settled receivables	-499.1	-547.9
Impairment of receivables	-	-
Closing balance, 31 December	1,234.4	1,174.2

NOTE 18 Inventories

Group, SEKm	2015	2014
Raw materials and consumables	228.6	231.2
Products in progress	52.1	52.3
Finished goods and goods for resale	120.0	141.8
	400.8	425.3

Operating expenses include inventory impairments of SEK 8.1 million (7.9) after reversals of previous impairments of SEK 2.8 million (0).

NOTE 17 Financial assets

Group, SEKm	2015	2014
Financial assets that are non-current assets		
Financial assets recognized at fair value in profit/loss		
- Derivatives	2.2	1.5
Financial assets available for sale		
- Unlisted shares and participations	4.9	2.1
Loans and trade and other receivables	32.6	33.6
	39.7	37.3
Investments that are current assets		
Cash and equivalents	244.6	87.6
Loans and trade and other receivables	468.5	466.7
	713.1	554.3
Shares and participations		
Opening balance	2.1	3.0
Acquisitions	2.9	0.0
Transferred assets	-0.1	-0.9
Translation difference	0.0	0.0
Closing balance	4.9	2.1

NOTE 19 Cash and equivalents

Group, SEKm	2015	2014
Cash and equivalents include the following sub-components:		
Cash and bank balances		
Cash and bank balances	244.6	87.6
Total according to statement of financial position and statement of cash flows	244.6	87.6

NOTE 20 Equity

Parent Company, number of shares, 000s	2015	2014
Ordinary shares, par value SEK 4 (4)	57,968	57,968

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	2015	2014
Paid during the year	115.9	-
Proposed for payment	144.9	115.9

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.

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	2015	2014
Capital		
Total equity	2,890.9	2,793.3
	2,890.9	2,793.3
Net debt/equity ratio		
Financial liabilities	1,137.9	1,235.0
Financial interest-bearing receivables	-15.8	-16.5
Cash and equivalents	-244.6	-87.6
Net debt	877.4	1,130.9
Net debt / Total equity	0.3	0.4
Net debt / Operational EBITDA (multiple)	1.2	1.9

Net debt decreased by SEK 254 million in 2015. During the same period, total equity increased by SEK 98 million and the net debt/equity ratio decreased to 0.3. Consolidated cash flow from ordinary operations has been used for investments and to amortize debt. Net debt has decreased by SEK 254 million over the past three years.

The relatively low net debt/equity ratio 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.

Financial targets

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

- Growth

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

Comment *In our assessment, Inwido, on the whole, gained market share in 2015. Over the year we carried out an acquisition in the UK and expanded into a new market, Germany, by establishing e-commerce there. The plan for the near future is to maintain and strengthen our position in the Nordic region, while growing in Europe, both organically and through selected acquisitions.*

- Profitability

Inwido's profitability target is an operating EBITA margin of 12 percent.

Comment *Profitability was further improved in 2015 and we achieved an operating EBITA margin of 11.3 percent for the year. This improved profitability was achieved in several different ways. Through ongoing rationalization and improvement measures, we have established a lower cost level and improved productivity, which enabled improved profitability as markets started to gain momentum. In addition, marketing initiatives and improved sales efforts, in which we focused on profitable transactions, suitable customers and the appropriate pricing, produced results, generating higher volumes and margins.*

We stand firm in our assessment in connection with the stock market listing in 2014 that it will be possible to achieve the profitability target within a few years, based on improvement measures in recent years, existing plans, as well as on the assumption that general market demand will develop in pace with current expectations. Inwido may not achieve its profitability targets during years when the market trend is weaker. In such cases, Inwido will undertake measures to further enhance profitability, which we have been successful with in the past.

- Capital structure

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

Comment *Through good profitability and strong cash flows, our net debt in relation to operational EBITDA decreased to a multiple of 1.2, and we thereby achieved the target by a wide margin. Our strong balance sheet provides scope for investment both in existing operations and acquisitions.*

- Dividend

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.

Comment *In 2014, the dividend was SEK 2.00 per share, totalling SEK 116 million, which represented 64 percent of profit after tax. The Board proposes a dividend of SEK 2.50 per share for 2015.*

The Group's principal external financing consists of bank loans. In 2014, Inwido signed a new credit agreement with Nordea. The long-term credit facilities amount to SEK 1,750 million, comprising term loans of SEK 1,100 million and a revolving credit facility of SEK 650 million. The credit agreement extends for five years.

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	2015	2014
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	295.6	180.9
Earnings per share, before dilution, SEK	5.10	3.12
Earnings per share, after dilution, SEK	5.10	3.12

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	2015	2014
Non-current liabilities		
Liabilities to credit institutions	1,089.6	1,139.9
Financial lease liabilities	0.7	1.3
Total	1,090.3	1,141.1

Group, SEKm	2015	2014
Current liabilities		
Overdraft facilities	46.0	76.3
Current liabilities to credit institutions	0.4	7.8
Current portion of financial lease liabilities	1.1	9.8
Total	47.5	93.9
Liabilities maturing later than five years after the balance sheet date		
Bank loans	2.3	2.4
Financial leasing	-	-

Terms and repayment periods

Group, SEKm	Current	Matures	2015		2014	
			Recognized nominal value	Recognized value	Recognized nominal value	Recognized value
Credit institute	SEK	12 Sep 2019	173.3	173.3	173.3	173.3
Credit institute	EUR	12 Sep 2019	169.1	169.1	186.3	186.3
Credit institute	DKK	12 Sep 2019-30 Sep 2026	711.4	711.4	749.5	749.5
Credit institute	GBP	12 Sep 2019	42.7	42.7	46.8	46.8
Accrued bank expense	SEK	12 Sep 2019	-6.6	-6.6	-8.3	-8.3
Financial lease liabilities	DKK, NOK, PLN, EUR	2016-2019	1.8	1.8	11.1	11.1
Overdraft facilities utilized	GBP, PLN	30 Jun 2016 – 12 Sep 2019	46.0	46.0	76.3	76.3
Interest-bearing liabilities			1,137.9	1,137.9	1,235.0	1,235.0

NOTE 22 Liabilities to credit institutions

Parent Company, SEKm	2015	2014
Non-current liabilities		
Bank loans	1,085.8	1,126.3
Current liabilities		
Overdraft facilities	-	29.7
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 2015, SEKm	Guarantee reserve	Restructuring measures	Total
Carrying amount at start of period, 1 January 2015	22.7	15.5	38.3
Provisions made during the period	9.3	84.6	93.8
Amounts utilized	-7.1	-10.8	-17.8
Re-classification	-0.3	-3.7	-4.0
Translation difference	0.3	-1.0	1.3
Carrying amount at end of period, 31 December 2015	24.3	84.6	108.9
amount expected to be paid:			
- after more than 12 months	0.0	0.0	0.0
- within 12 months	24.3	84.6	108.9

Guarantees

Provisions for guarantees and refunds are mainly attributable to sales of windows and doors during the 2014 and 2015 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 2016.

Restructuring

Of the restructuring measures adopted within Inwido, SEK 109.2 million has impacted the earnings for the year negatively. Of these restructuring expenses of SEK 109.2 million, provisions of SEK 84.6 million remained at 31 December 2015. The majority of these provisions were made to cover the expected expenses for the closures of units in Sweden and Denmark. The full provision will expire during 2016.

NOTE 24 Accrued expenses and deferred income

Group, SEKm	2015	2014
Accrued liabilities for wages and vacation compensation	190.5	206.4
Accrued social security contributions	42.2	41.3
Customer bonuses	71.6	87.1
Accrued interest expenses	1.8	2.0
Other	31.3	45.1
Total	337.5	382.0
Parent Company, SEKm	2015	2014
Accrued liabilities for wages and vacation compensation	9.6	8.8
Accrued social security contributions	3.0	3.6
Accrued interest expenses	1.4	1.9
Other	0.5	4.4
Total	14.5	18.7

NOT 25 Operational leasing

Leasing agreements where the Group is the lessee.

Group, SEKm	2015	2014
Non-cancellable leasing payments amount to:		
Within 1 year	44.6	49.0
2-5 years	108.3	141.7
Later than 5 years	106.2	134.0
Total	259.1	324.7
Fees expensed for operational lease agreements amount to:		
Minimum lease fees	32.0	34.6
Variable fees	23.6	21.4
Total lease expenses	55.6	56.0

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

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Pledged assets				
In the form of assets pledged for the company's own liabilities and provisions				
Property mortgages	3.1	26.1	-	-
Chattel mortgages	3.9	33.4	-	-
Assets with ownership reservation	1.1	15.7	-	-
Shares	-	-	-	-
Receivables	-	-	-	-
Endowment insurance	13.5	9.8	12.6	9.8
Pledged receivables	-	-	-	-
Other	34.3	35.8	-	-
	55.8	120.8	12.6	9.8
Other pledged assets and collateral	-	-	-	-
Total pledged assets	55.8	120.8	12.6	9.8
Contingent liabilities				
Guarantee obligations for the benefit of subsidiaries	1,184.8	1,310.8	1,175.8	1,284.7
Total contingent liabilities	1,184.8	1,310.8	1,175.8	1,284.7

NOTE 27 Related parties

Relations with related parties

The Group's close relationship with the former parent company, Ratos AB and its subsidiaries ceased in connection with the listing on the Nasdaq Stockholm exchange in September 2014. The corresponding close relationship for the Parent Company ended at the same time. 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	-	-	-
	2015	-	-	-	-	-
Group companies	2014	-	-	-	-	-
	2015	-	-	-	-	-
Associated companies	2014	-	-	-	-	-
	2015	-	-	-	-	-

Transactions with related parties are priced on market terms. For receivables from, and liabilities to, Group companies, terms are in line with the market. Terms for concluded receivables and liabilities to the Parent Company in 2014 were STIBOR 12-month plus a 1 percent margin.

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
Parent Company related parties						
Parent Company	2014	-	0.4	-	-	-
	2015	-	-	-	-	-
Subsidiaries	2014	63.2	18.1	1,174.2	-	397.1
	2015	68.6	24.1	1,234.4	-	628.4
Group companies	2014	-	-	-	-	-
	2015	-	-	-	-	-
Associated companies	2014	-	-	-	-	-
	2015	-	-	-	-	-

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.

For receivables from, and liabilities to, Group companies, terms are in line with the market.

Terms for concluded receivables and liabilities to the Parent Company in 2014 were STIBOR 12-month plus a 1 percent margin.

Transactions with key individuals in senior positions

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, holding in subsidiary, direct and indirect ownership	Subsidiary's domicile, country	2015	2014
Inwido Denmark A/S	Denmark	100	100
- Art Andersen CPH*	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 Invido Support	Lithuania	100	100
- TB Europe A/S	Denmark	100	100
- JNA Vindue & Døre A/S	Denmark	100	100
- Säästke OÜ	Estonia	100	100
- Spar Vinduer APS	Denmark	100	100
- Sparevinduer AS	Norway	100	100
- Sparfenster AB	Sweden	100	100
- Sparfenster GmbH	Germany	100	-
Inwido Europe AB	Sweden	100	100
- Inwido CE GmbH	Austria	100	100
Inwido Ireland Ltd.	Ireland	100	100
- Carlson Contracts Ltd.	Ireland	-	100
- Carlson & Co Ltd.	Ireland	100	100

Group, holding in subsidiary, direct and indirect ownership	Subsidiary's domicile, country	Holding in %	
		2015	2014
Inwido Finland Oy	Finland	100	100
- Eskopuu Oy	Finland	-	100
- Pihlavan Ikkunat Oy	Finland	-	100
- Tiivituote Oy	Finland	-	100
Inwido Norway AS	Norway	100	100
- Diplomat Norge AS	Norway	-	100
- Diplomat Prosjekt AS	Norway	-	100
- Inwido Salg AS*	Norway	100	100
- Frekhaug Vinduet AS	Norway	100	100
Inwido Polska S.A.	Poland	100	100
- Sokolka Okna i Drzwi S.A.	Poland	100	98
Inwido Supply AB	Sweden	100	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	100	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
- Inwido Försäljning 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
- Jack Brunsdon & Son Ltd	United Kingdom	100	-
- Allan Brothers Ltd.	United Kingdom	100	100

* Clean Factory A/S has changed name to Art Andersen CPH, Elitfönster AB has changed name to Inwido Försäljning AB, Hångerdörrar has changed name to Elitfönster AB, Lyssand Treindustri AS has changed name to Inwido Salg AS.

Parent Company, SEKm	2015	2014
Accumulated cost		
Opening balance	1,934.2	1,885.8
Purchases and issues	185.2	195.2
Disposals	-	-
Impairment	-75.5	-146.8
Intra-Group changes	-	-
Closing balance, 31 December	2,043.9	1,934.2

Subsidiaries (directly owned)

Company	Corporate identity number	Subsidiary's domicile/country	2015 SEKm	2014 SEKm	Number of shares	Holding in %
Inwido Sverige AB	556583-4693	Vetlanda	881.2	881.3	400,000	100
Inwido Finland Oy	1882624-9	Finland	223.2	223.2	532,130	100
Inwido Norway AS	988381063	Norway	200.0	100.0	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	34.8	25.0	2	100
Inwido Europe AB	556565-5767	Vetlanda	3.1	3.1	1,500	100
			2,043.9	1,934.2		

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 cost of the options amounted to SEK 51.4 million in 2014.

NOTE 30 Significant events after the end of the period

On 14 March 2016, Inwido signed an agreement to acquire 25 percent of the shares in Danish window company Outrup Vinduer & Døre. The parties have also agreed that the remaining shares will be acquired in early 2018 (65 percent) and 2019 (10 percent). The acquisition strengthens Inwido's position in the Danish market and is expected to generate significant opportunities for expansion and synergies with Inwido's existing operations.

Outrup was founded in 1968 by Harry Ringgaard whose son Mogens now manages the company and is its principal owner. The company sells and produces windows and doors in wood and wood/aluminium for the Danish market. The company has a strong position, particularly among carpenters, and is focused on energy-efficient and modern window and door solutions.

Outrup has approximately 150 employees and production takes place at the factory in Outrup on the Danish island of Mors. In 2015, sales amounted to approximately DKK 180 million. Due to the structure of the acquisition agreement, coordination with Inwido's other operations will not commence until January 2018 at the earliest. It will also not be until then that the main synergies will arise. The acquisition is subject to the approval of the relevant competition authorities.

NOTE 31 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 2015 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 32 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 Engelbrekts-gatan 15, SE-211 33 Malmö, Sweden.

The consolidated accounts for 2015 comprise the Parent Company and its subsidiaries, together called the Group. The Group also includes participations in associated companies.

Board of Directors' attestation

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 1 April 2016.

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

Sisse Fjelsted Rasmussen
Board member

Ulf Jacobsson
Employee representative

Robert Wernersson
Employee representative

Håkan Jeppsson
President and CEO

My audit report was submitted on 1 April 2016.

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 10 May 2016.

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 2015. The annual and consolidated accounts of the company are included in the printed version of this document on pages 42-84.

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

The Board of Directors and the Chief Executive Officer 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 2015 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 2015 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 2015.

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, 1 APRIL 2016

Eva Melzig Henriksson
Authorized Public Accountant

The Inwido share

Since 2014, the Inwido share has been traded on Nasdaq Stockholm's Mid-Cap list. At the end of the year, the market capitalization amounted to approximately SEK 6,434 million.

Sales and trading

The share's ticker symbol is INWI and the ISIN code is SE0006220018. During 2015, a total of 79.1 million shares were traded at a value of approximately SEK 7,073 million on Nasdaq Stockholm. An average of 315,281 shares was traded per trading day, which corresponds to a value of approximately SEK 28 million. During the period, an average of 511 trades were carried out per trading day.

Share capital

At the end of 2015, Inwido's share capital amounted to SEK 231,870,112, shared among 57,967,528 shares with a par value of SEK 4 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 6,396 shareholders. The largest single shareholder was Fjärde AP-fonden, whose total share ownership amounted to 9.78 percent of the capital and votes in the company. The ten largest shareholders accounted for 37.25 percent of the capital and votes. Foreign shareholders' ownership totalled approximately 52 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 for 2015 of SEK 2.50 per share to the Annual

General Meeting, which corresponds to 49 percent of profit for the year after tax. The proposal will mean a total dividend payment of approximately SEK 145 million.

Data per share

SEK	2015	2014	2013
Earnings per share	5.10	3.12	2.52
Dividend per share	2.50 ¹⁾	2.00	—
Share price on 31 Dec	111.00	68.00	—
Yield, % ²⁾	2.3%	3.0%	—
Equity per share	49.87	48.17	43.55

1) Dividend for 2015 according to the Board's proposal

2) Dividend/share price at year-end

Source: Inwido and Nasdaq Stockholm

Largest shareholders

Owners on 31 Dec 2015	Number of shares	Proportion in % of votes	Proportion in % of capital
Fjärde AP-Fonden	5,667,287	9.78	9.78
Handelsbanken Fonder	3,581,408	6.18	6.18
Catella Fondförvaltning	2,574,828	4.44	4.44
SEB Investment Management	1,929,723	3.33	3.33
JP Morgan Bank Luxembourg S.A.	1,852,198	3.20	3.20
Enter Fonder	1,659,938	2.86	2.86
Danske Capital Sverige AB	1,101,229	1.90	1.90
Didner & Gerge Fonder Aktiebolag	1,100,000	1.90	1.90
Danske Invest	1,096,329	1.89	1.89
State Street Bank and Trust Client	1,030,158	1.78	1.78
Total	21,593,098	37.25	37.25

Source: Euroclear

Owner distribution Swedish/foreign owners

Owners 31 Dec 2015	Number shareholders	Shareholders, %	Holding	Holding in %	Votes	Votes in %
Resident in Sweden	5,722	89.46	27,834,041	48.02	27,834,041	48.02
Nordic Region (excl. Sweden)	447	6.99	4,211,153	7.26	4,211,153	7.26
Other parts of Europe (excl. Sweden and Nordic Region)	149	2.33	17,435,660	30.08	17,435,660	30.08
US	56	0.88	7,868,646	13.57	7,868,646	13.57
Rest of world	22	0.34	618,028	1.07	618,028	1.07
Total	6,396	100.00	57,967,528	100.00	57,967,528	100.00

Source: Euroclear

Share price performance



Share price performance

The closing rate for Inwido's share on 31 December 2015 was SEK 111, giving a market capitalization of approximately SEK 6,434 million. During 2015, the share price rose 64 percent. In the same period, OMX Stockholm's Consumer Goods index rose 24 percent. The average share price during the period was SEK 90.50.

Shareholder information

2016 Annual General Meeting

Inwido's Annual General Meeting will be held in Malmö on 10 May 2016 at Malmö Börshus, Skeppsbron 2. Registration for the Meeting commences at 3:00 p.m. and light refreshments are offered. The meeting starts at 4.00 p.m. The full notice, including the proposed agenda, is available on the website www.inwido.com

Right to participate

Shareholders who are entitled to participate in the Meeting are those who:

- are entered in the share register of the company maintained by Euroclear Sweden AB on Tuesday, 3 May 2016
- notify the company of their intention to attend the Meeting by 3 May 2016 before 4:00 p.m.

Nominee-registered shares

Shareholders who have had their shares nominee-registered must temporarily re-register the shares in their own name with Euroclear

Sweden AB in order to participate in the meeting. Such registration must be completed by Tuesday, 3 May 2016. This means that shareholders must instruct their nominees in sufficient time prior to this date.

Notification of participation

The notification shall state the name, personal identity number (corporate registration number), shareholding, telephone number and any proxies and/or the name of the participant's assistant. For shareholders represented by proxy, power of attorney shall be submitted before the meeting. Anyone representing a legal entity must present a copy of the registration certificate or similar papers of authorization.

Website:

www.inwido.com

Post:

Inwido AB (publ)

2016 Annual General Meeting

Engelbrektsgatan 15

SE-211 33 Malmö

e-mail:

ir@inwido.com

Annual Report, reports and news

Inwido's Annual Report is available on demand (print) or for download (PDF) in Swedish and English from www.inwido.com. Inwido can also be followed there by subscribing for press releases and financial reports.

IR contact

Peter Welin, CFO, e-mail: peter.welin@inwido.com
Tel. +46 70 32 43 190 or +46 10 45 14 552

Financial calendar 2016

Annual Report 2015	14 April
Interim Report, January-March 2016	25 April
Annual General Meeting, Malmö	10 May
Interim Report, January-June 2016	18 July
Interim Report, January-September 2016	24 October

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

Inwido Denmark A/S
Østre Havnegade 18
DK-9000 Aalborg
Denmark
Tel.: +45 98 63 24 44

Inwido Finland OY
Lutakonaukio 1, Innova 4
FI-40100 Jyväskylä
Finland
Tel.: +358 20 7690 111

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

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

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

Inwido Sverige AB
Post: Box 153
SE-574 22 Vetlanda
Sweden
Visitors: Brogårdsgatan 1
Tel.: +46 10 451 40 00

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

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

INWIDO
Great Windows & Doors