Audit Report to the shareholders' meeting of Beijer Electronics Group AB (publ),

Corporate Identity Number 556025-1851

Report on the annual accounts and consolidated financial statements

Opinion

We have audited the annual accounts and consolidated financial statements of Beijer Electronics Group AB (publ) for 2017 with the exception of the Corporate Governance Report on pages 82-85. The company's annual accounts and consolidated financial statements are included on pages 40-91 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give an essentially true and fair view of the parent company's financial position at 31 December 2017 and of its financial results and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and give an essentially true and fair view of the group's financial position at 31 December 2017 and of its financial results and cash flows for the year in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the corporate governance report on pages 82-85. The Directors' Report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the shareholders' general meeting adopt the parent company and consolidated income statements and balance sheets.

Our opinion in this report on the annual accounts and consolidated financial statements is consistent with the supplementary report submitted to the Audit Committee of the parent company and group in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under these standards is described in the section The auditor's responsibilities. We are independent of the parent company and the group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards. This includes ensuring, based on our best knowledge and conviction, that no prohibited services within the meaning of Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled undertakings within the EU.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion

Our audit approach

Focus and scope of the audit

We designed our audit by determining the level of materiality and assessing the risk of material misstatement in the financial statements. We paid particular attention to those areas where the Chief Executive Officer and Board of Directors have made subjective judgements, for example, in respect of critical accounting estimates that are based on assumptions and forecasts about future events, which are inherently uncertain. As in all our audits, we also addressed the risk that the Board of Directors and Chief Executive Officer will override internal controls, and considered whether there is any evidence of bias that has created a risk of material misstatement due to fraud.

We tailored our audit so as to be able to complete a satisfactory examination aimed at enabling us to express an opinion on the financial statements as a whole, taking account of the structure of the group, the accounting process and controls, and in the industry in which the group operates. On this basis, we selected the companies in the group that we considered material and decided which audit procedures to carry out for these companies. Fourteen companies were considered material. Entities that were not considered material have been reviewed by the group audit team. Prior to submitting our opinion for the group audit, we also obtained deviation reports from companies which are subject to auditing under local regulations. Based on these reports, we assessed whether any circumstances have emerged that should be taken into account in the group's financial reports.

The group audit team also carried out an audit of the parent company, the consolidation, the annual accounts, and material assumptions and judgements. Based on the executed audit procedures, as described above, we believe we have obtained sufficient audit evidence to submit an opinion on the financial statements as a whole.

Materiality

The scope and focus of the audit were affected by our assessment of materiality. An audit is designed to obtain reasonable assurance that the financial statements are from material misstatement. Misstatements can arise from fraud or error. They are considered material if, individually and in aggregate, they can reasonably be expected to influence financial decisions made by users on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including thresholds for the financial statements as a whole. Based on these thresholds, as well as qualitative considerations, we determined the focus and scope of the audit and the nature, timing and scope of our audit procedures, and assessed the effect of any misstatements, both individually and in aggregate, on the financial statements as a whole.

Key audit matters

Key audit matters are those matters which, in our professional judgment, were of greatest significance for the audit of the annual accounts and consolidated financial statements for the period concerned. These matters were addressed in the context of the audit of, and in the preparation of our opinion on, the annual accounts and consolidated financial statements as a whole, but we do not present a separate opinion on these matters.

Key Audit Matter	***How the key audit matter was addressed in our audit***
Impairment testing of intangible assets IFRS requires that intangible assets with indefinite useful lives be tested for impairment annually. At 31 December 2017, goodwill was SEK 503 million, as shown in Note 12, which also includes a breakdown between goodwill and other intangible assets. The carrying amount has been tested for impairment applying an assessment incorporating complexity, as well as involving a significant degree of judgement. Impairment tests have been performed for Beijer Electronics, Westermo and Korenix, which are the cash-generating units in which the goodwill is recognised. The tests consider the fact that the group is required to make forward-looking statements on the businesses' internal and external circumstances and plans. Examples of such judgements include future cash flows, which, for example, require assumptions to be made about future product launches, price increases and market ventures. Note 1, Section C (i) and Note 12 describe how the group made its judgement and presents the key assumptions on growth rates and the cost of capital (WACC) along with sensitivity analyses. The group has not identified any impairment for 2017.	In our audit, we have focused on assessing whether there is a risk of impairment of goodwill. We have also assessed key assumptions against the company's budget and strategic plan. Some of the assumptions and judgements made in the impairment tests concerning future cash flows and circumstances are complex and have a significant impact on the calculation of value in use. This applies in particular to estimates of future growth rates, gross margins and discount rates, where minor deviations have a significant impact on the calculation of value in use. We have performed this by assessing the accuracy of assumptions made in previous years and by challenging assumptions linked to those factors which have the biggest impact on the impairment test, such as growth, gross margins and the cost of capital (WACC). By performing our own sensitivity analyses, we have also tested the safety margins for each cash-generating unit and assessed the risk of impairment based on these tests. As part of our audit, we have also assessed the calculation model used by management, and have assessed the accuracy of the disclosures made in the annual report. Based on our audit, we have not noted any material deviations from the group's conclusions from the impairment tests.
Measurement of deferred tax assets At the end of the financial year, the group had deferred tax assets of SEK 52 million, of which SEK 24 million was related to unutilised tax losses. These tax losses refer mainly to the group's Swedish operations. Note 24 describes other unused tax losses that have not been included, which relate to cases in which it is uncertain whether the tax losses can be used to offset future taxable profits. The recognition of deferred tax assets is based on the group's assessment of the amount of, and point in time, at which future taxable profits will be available. Estimates of future profits rely on assumptions about future market conditions. The carrying amount of deferred tax assets can vary if other assumptions are applied in estimating future profits and assessing the possibility of using the tax losses. In view of the fact that the carrying amount of deferred tax assets is based on assessments of tax laws and estimates of future taxable profits, there is a risk that the carrying amount of the deferred tax assets may prove too high or too low, and that each adjustment of the value will therefore have a direct impact on earnings for the period and on the effective tax rate.	Our audit has focused primarily on the assessment of unused tax losses in Sweden, where the accumulated tax losses are greatest. We have challenged the assessments made and examined the data used as a basis for the assessment. We have analysed the earnings generated during the year in relation to the future profits that will be required to enable the company to use the recognised tax losses. We have also discussed changes in local tax rules. Under Swedish tax rules, which apply to the majority of the recognised tax losses, there is currently no expiration date for the tax losses. We have also assessed the completeness and accuracy of the disclosures made in the annual report. Based on our audit, we have not noted any material deviations from the group's conclusions in respect of the measurement of deferred tax assets.

Other information than the annual accounts and consolidated financial statements

This document also contains other information than the annual accounts and consolidated financial statements, which is found on pages 1-39 and 92-96. The other information do not constitute a part of the annual report. Responsibility for this other information rests with the Board of Directors and Chief Executive Officer.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information, and we do not express any assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, it is our responsibility to read the information identified above and, in so doing, to consider whether it is materially inconsistent with the annual accounts and consolidated financial statements. In this review we also take account of other knowledge obtained in the course of our audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work carried out in respect of this information, we conclude that the other information contains a material misstatement, we have a duty to report this. We have nothing to report in that regard.

The Board of Directors' and Chief Executive Officer's responsibilities

Responsibility for ensuring that the annual accounts and consolidated financial statements are prepared and give a true and fair view pursuant to the Annual Accounts Act and, as regards the consolidated financial statements, pursuant to the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. The Board and CEO are also responsible for such internal control as they deem necessary for the purpose of preparing annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board and CEO are responsible for assessing the company's and group's ability to continue as a going concern. Where applicable, it is also required to disclose circumstances which could affect the company's ability to continue as a going concern and use the going concern assumption. The going concern assumption applies unless the Board and CEO intend to liquidate the company or cease to operate, or have no realistic alternative to doing so.

The Audit Committee of the Board of Directors is tasked with monitoring, without prejudice to the other responsibilities and duties of the Board, the financial reporting of the company.

The auditor's responsibilities

Our objective is to obtain reasonable assurance that the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to submit an auditor's report containing our opinion. Reasonable assurance is a high degree of assurance, but does not constitute a guarantee that an audit conducted in accordance with ISA and Swedish GAAS will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, can reasonably be expected to affect financial decisions made by users on the basis of the annual accounts and consolidated financial statements.

As part of our audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout our audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We are required to inform the Board of Directors of, among other matters, the planned scope, focus and timing of the audit. We are also required to communicate significant audit findings, including any significant deficiencies in internal control that we identified.

We are also required to provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated financial statements, including the most important assessed risks of material misstatement, and are therefore the key audit matters We describe these matters in the auditor's report unless laws, regulations or administrative provisions preclude disclosure about the matter.

Report on other legal and regulatory requirements

Opinion

In addition to our audit of the annual accounts and consolidated financial statements, we have audited the Board of Directors' and Chief Executive Officer's management of Beijer Electronics Group AB (publ) for 2017 and the proposed appropriation of the company's profit or loss.

We recommend that the shareholders allocate the retained earnings as proposed in the Directors' Report and grant release from liability to the Directors and Chief Executive Officer in respect of the financial year.

Basis of opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under these standards is described in the section The auditor's responsibilities. We are independent of the parent company and the group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

The Board of Directors' and Chief Executive Officer's responsibilities

Responsibility for the proposed appropriation of the company's profit or loss rests with the Board of Directors. The preparation of a dividend proposal involves assessing whether the dividend is justifiable with regard to the equity, consolidation, liquidity and financial position requirements of the parent company and group arising from the nature, scope and risks of the operations of the parent company and group.

The Board is responsible for the company's organisation and the management of its affairs. This involves continuously assessing the company's and the group's financial situation, and ensuring that the company's organisation is structured so as to ensure satisfactory control of its accounting, management of funds and financial affairs. The Chief Executive Officer is responsible for day-to-day management in accordance with the guidelines and instructions issued by the Board, and is required to take such actions as may be necessary to ensure compliance with the company's statutory accounting obligations and satisfactory management of funds.

The auditor's responsibilities

Our objective for the management audit, and thus for our opinion on release from liability, is to obtain audit evidence which enables us to assess with reasonable assurance whether any member of the Board or the Chief Executive Officer has in any material respect:

• taken any action or been guilty of any neglect that could give rise to a liability to indemnify the company

• otherwise acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective in respect of our audit of the proposed appropriation of the company's profit or loss, and thus for our opinion on the same, is to obtain reasonable assurance that the proposed appropriation is consistent with the Companies Act.

Reasonable assurance is a high degree of assurance but does not guarantee that an audit conducted in accordance with Swedish GAAS will always detect actions or neglect that could give rise to a liability to indemnify the company, or that the proposed appropriation of the company's profit or loss is consistent with the Companies Act.

As part of our audit in accordance with Swedish GAAS, we exercise professional judgment and maintain professional scepticism throughout our audit. Our examination of the management and the proposed appropriation of the company's profit or loss is based primarily on our audit of the financial statements. We exercise professional judgment to decide which additional audit procedures to carry out based on risk and materiality. This means that we focus our examination on such procedures, areas and circumstances that are material to the business and where deviations and violations would be particularly significant for the company's situation. We review and test the decisions that have been made, the bases for these decisions, the measures taken and other circumstances that are relevant to our opinion on release from liability. As a basis for our opinion on the Board of Directors' proposed appropriation of the company's profit or loss, we have examined whether the proposal is consistent with the Companies Act.

The auditor's review of the corporate governance report

Responsibility for the corporate governance report on pages 82-85 and for ensuring that it has been prepared in accordance with the Annual Accounts Act rests with the Board of Directors.

Our review has been conducted in accordance with Statement RevU 16 The Auditor's Examination of the Corporate Governance Report issued by FAR, the professional institute for authorised public accountants in Sweden. Our review of the corporate governance report has a different focus and a significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and Swedish GAAS. We believe this review gives us a sufficient basis for our opinion.

A corporate governance report has been prepared. Disclosures pursuant to Ch. 6 § 6 second para. points 2–6 of the Annual Accounts Act and Ch. 7 § 31 second para. of the said Act are consistent with the other parts of the annual accounts and consolidated financial statements, and comply with the Annual Accounts Act.

PricewaterhouseCoopers AB, SE-113 97 Stockholm, were appointed as auditors of Beijer Electronics Group AB (publ) at the shareholders' meeting on 27 April 2017 and have been the company's auditor since its initial public offering in 2000.

Malmö, Sweden, 23 March 2018
PricewaterhouseCoopers AB

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Authorised Public Accountant
Lead Audit Engagement Partner

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