

Auditor's Report

To the general meeting of the shareholders 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 2018 with the exception of the Corporate Governance Report on pages 86-89. The company's annual accounts and consolidated financial statements are included on pages 40-95 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with 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 86-89. The Directors' Report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis of opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards is described in the Auditor's responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected the entities in the group that we considered material and decided which audit procedures to carry out for these companies. Thirteen 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 free from material misstatement. Misstatements may arise due to 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.

<i>Key audit matter</i>	<i>How the key audit matter was addressed in our audit</i>
<p>Impairment testing of intangible assets</p> <p>IFRS requires that intangible assets with indefinite useful lives be tested for impairment annually. At 31 December 2018, goodwill was SEK 525 million, as shown in Note 12, which also includes a breakdown between goodwill and other intangible assets.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The group has not identified any impairment for 2018.</p>	<p>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.</p> <p>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).</p> <p>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.</p> <p>Based on our audit, we have not noted any material deviations from the group's conclusions from the impairment tests.</p>

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 96-100. 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.

Responsibilities of the Board of Director's and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do 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.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Director's and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Director's and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. 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 accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also 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 accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes 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 2018 and the proposed appropriation of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis of opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 86-89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Beijer Electronics Group AB (publ) by the general meeting of the shareholders on 26 April 2018 and have been the company's auditor since its initial public offering in 2000.

Malmö, 25 March 2019

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar Blomstedt

Authorized Public Accountant
Lead Audit Engagement Partner

Magnus Jönsson

Authorized Public Accountant