Audit Report To the general meeting of the shareholders of Beijer Electronics AB (publ),

Corporate Identity Number 556025-1851

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Beijer Electronics AB (publ) for the year 2016 with the exception of the corporate governance report on pages 76-79. The annual accounts and consolidated accounts of the company are included on pages 34-75 in 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 as of 31 December 2016 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 2016 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 76-79. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and 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.

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 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 consideration the structure of the Group, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected the companies within the group which we believed to be significant and determined the audit activities to be executed on these companies. Totally, 13 companies, to varying degrees, have been deemed as significant. These companies comprise approximately 80% of the group's external net sales. The components which are not seen to be significant have been audited by the group team on the basis of a review, and we have, prior to presenting our opinion regarding the group audit, obtained deviation reports from all companies subject to an audit according to local regulations. On the basis of this documentation we assess if any circumstances exist which should be considered in the group's financial statements. In addition the group team has, amongst other things, executed an audit of the parent company, the consolidation, the annual accounts and significant estimates and judgments. Based on the audit activities referred to above, we deem that we have received sufficient audit evidence to provide an opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the Key audit matter*
Impairment testing of intangible assets According to IFRS, an annual impairment test is to be made of intangible assets with indefinite useful lives. As at 31 December 2016, goodwill amounted to MSEK 519, which is seen in Note 12 where the allocation of goodwill and other intangible assets is presented. Company management base their impairment assessment on a calculation of the discounted cash flow for IAS and IDC, which are the cash generating units in which goodwill is reported. In the reported goodwill amount, MSEK 237 refers to IAS, and the remaining amount to IDC. During 2016, it was decided that a restructuring program within IAS would be undertaken to improve profitability. The impairment test is based on judgments and assumptions regarding the future cash flows and circumstances which are complex and contain a high level of judgments of company management. In Note 1 section C (i) and Note 12, information is provided as to how the management has undertaken their assessments, and important assumptions regarding a sustainable growth rate and capital costs (WACC) and sensitivity analyses are reported. Company management has not identified any impairment for 2016.	In our audit, we focused on determining if there is a risk that there exists an impairment requirement regarding goodwill. This primarily refers to the fact that the company's budget and business plan for IAS presumes that the action plan will create the desired effects to reverse the negative earnings trend. In our audit, we have reconciled important assumptions against the company's budget and strategic plan whereby we also take a position as regards the company management's assumptions and judgements, including the capacity to implement the determined restructuring program within IAS. This has been done through an analysis of the degree to which previous years' assumptions have been achieved, and we have challenged company management's assumptions referring to those aspects having the greatest impact on the write-down assessment, such as growth, profit margins and cost of capital (WACC). Through our own sensitivity analyses, we have tested the safety margin for the respective cash generating units and, based on these tests, have assessed the risk of an impairment requirement. As a part of our audit, we have also examined the calculation model applied by management. We have also assessed the correctness of the disclosures provided in the annual report. Based on our audit, we have not observed any significant deviations from the company management's conclusions in their assessment the requirement of a write-down.
Reporting of restructuring reserve In the beginning of 2016, the Board of Directors determined to initiate a restructuring program for the business area, IAS, at an estimated cost of MSEK 50. During the year, payments of MSEK 30 were made referring to costs for personnel and premises, and to production effectivity improvements to achieve the desired future savings. The remaining reserve as at 31 December 2016 amounts to MSEK 20. A restructuring reserve is, in nature, based on judgments and assumptions regarding the future outflow of liquidity and in Note 1 section C (iv) and Note 26 information is provided on the accounting assumptions and assessments.	In our audit of the accounting of the restructuring reserve we have included a combination of analytical procedures and detailed testing to ensure that the reported restructuring reserve is sufficient to cover actual assumptions and commitments. In our detailed testing we have also tested to determine if the costs which have reduced the reserve during the year have been items attributable to the restructuring program. For the remaining reserve of MSEK 20, we have assessed management's assumptions and cost calculations. The assessment has been based on available information and historical outcome. We have also assessed the completeness and correctness of the disclosures included in the annual report regarding the restructuring program. Our audit has not resulted in the identification of any significant deviations.
Valuation of deferred tax assets At the end of the financial year, the group had deferred tax assets of MSEK 47 of which MSEK 20 were related to loss carry forwards. These loss carry forwards refer, primarily, to the group's Swedish and German operations. According to Note 24, there are other loss carry forwards which have not been considered referring to cases in which there is uncertainty as regards the fiscal value that can be deducted. According to IFRS, a regular assessment is to be made of the probability of these deficits being able to be utilised against future fiscal surpluses. We deem that this area is very important in our audit due to the high degree of judgment associated with the valuation of deferred tax assets. Our audit has primarily focused on the assessment of the fiscal deficits in Sweden and Germany where the accumulated loss carry forwards are the largest. We have challenged company management's assessments and have examined the documentation providing the basis for these assessment.	An analysis has taken place of the results generated during the year in relation to the future surplus which can be required in order that capitalised loss carry forwards can be utilised. Discussions have also taken place regarding changes in local tax regulations. In accordance with Swedish tax rules, to which the majority of the capitalised loss carry forwards are subject, there is, currently, no determined useful life for loss carry forwards. In addition, we have assessed the completeness and correctness of the disclosures found in the annual report. Based on the executed audit, we have noted no significant deviations from the company management's conclusions as regards their assessment of the valuation of deferred tax assets.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 34-75. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director'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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Beijer Electronics AB (publ) for the year 2016 and the proposed appropriations 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 Managing Director be discharged from liability for the financial year.

Basis for 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 Managing Director

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 Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 Managing Director 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 t he 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 Director's 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 76-79 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.

Malmö, 23 March 2017
PricewaterhouseCoopers AB

Magnus Jönsson
Authorised Public Accountant