To the general meeting of the shareholders of Beijer Alma AB (publl), corporate identity number 556229-7480

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of Beijer Alma AB (publ) for the year 2016 except for the corporate governance statement on pages x-x. The annual accounts and consolidated accounts of the company are included on pages x-y in this document.

In our opinion, the annual accounts and consolidated 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 December 31, 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 December 31, 2016 and its 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. 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach
Overview
Audit scope
Beijer Alma is an international industrial Group sectioned into three independent business areas. The Group has subsidiaries in 18 countries. The most significant balance sheet items are inventories and accounts receivable, and the valuation of these items is partially based on management's assessment. The majority of the Group's revenues pertain to sales of inventories, and are recognized with relatively straightforward agreements and some matters of judgement. Due to the fact that revenues represent such a significant item, but not a key audit matter, this is an area of focus when it comes to the audit and that revenues are accounted for and allocated to a particular period in a correct manner.

Our review is designed by determining the level of materiality and assessing the risk of material misstatements in the financial reports. PwC has audited components equivalent to approximately 50 percent of the Group's turnover and, by instructing other local network firms, audited another approximately 30 percent of the Group's turnover. We have also reviewed components equivalent to 8 percent of the Group's turnover. In particular, we addressed the areas where the President and the Board of Directors made subjective judgements: for example, significant accounting estimates that have been made on the basis of assumptions and projections concerning future events, which are uncertain to its characteristics, such as the valuation of inventories, accounts receivable and goodwill. As in all of our audits, we also addressed the risk of management (President and Board of Directors) 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.]

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance as to 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 [consolidated] financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall [Group] materiality for the [consolidated] financial statements as a whole as set out in the table below. 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 are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of our audit of the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Existence and valuation of inventories
The carrying amount of the Group's inventories amounts to MSEK [673]. Note x of the Annual Report describes how inventories are accounted for and valued, and Note x "Key estimates and assumptions for accounting purposes" describes the assumptions made by the company. As described in Note 22, total inventories, which amounted to MSEK [84], were valued at net selling price. The valuation of inventories was a key issue in our review due to the fact that these assessments, particularly of fair value, are partially based on management's assessment.

The Group is divided into a considerable number of entities and becasue these entities are manufacturing companies or sales companies, they have their own inventories. The existence of inventories was a key issue in our review.

How our audit addressed the key audit matter

Our review of the existence and valuation of inventories comprised the following procedures:

- Test check of manufacturing cost calculations and how these are applied.
- Review of the company's own assessments concerning write-down requirements due to, for example, slow-moving inventory. We have also assessed the explanations we have received from management.
- We have reviewed and assessed the internal control in the stock-taking process.
- We have also participated in the stock-taking process in the subsidiaries we considered significant.

In our review concerning the existence and valuation of inventory, we have not reported any significant findings to the Audit Committee.

Key audit matter

Valuation of accounts receivable

The carrying amount of Beijer Alma's accounts receivable amounts to MSEK 550. Note x describes how accounts receivable are accounted for and valued, and Note x "Key estimates and assumptions for accounting purposes" describes the company's assessments concerning this. Note 22 describes the provisions for doubtful receivables and aging structure of overdue receivables.

The valuation of the receivables is a key issue in our audit due to the fact that the valuation is partially based on management's assessments.

How our audit addressed the key audit matter

Our review of accounts receivable comprised the following procedures:

- We have noted, gained an understanding of and assessed the company's model concerning impairment of receivables.
- The value of accounts receivable has also been reviewed through various forms of substantive procedures, and by assessing provisions for bad debt losses.
- We have challenged the company when it comes to assessing the value of the accounts receivable.

Our review has shown that the most significant assumptions concerning the valuation of accounts receivable are within an acceptable interval and we have not reported any significant findings to the Audit Committee.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts, which can be found on pages [A-B]. The Board of Directors and the President 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 President

The Board of Directors and the President 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 President 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 President 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 President intend to liquidate the company or 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisonsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

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 President of Beijer alma 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 President 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 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.

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 President

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 President 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 President 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.

A further description of our responsibility for the audit of the administration is available on Revisonsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for ensuring that the corporate governance statement on pages x1-y1 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, second paragraph, points 2-6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of 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.

Uppsala, February 17, 2017

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant