

ESAB ApS
Nordager 22, 6000 Kolding

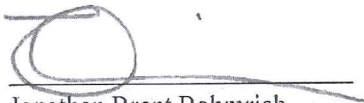
Company reg. no. 10 24 47 14

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the

29/6-2017



Jonathan Brent Bohmrich
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.



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Management's report

The board of directors and the managing director have today discussed and approved the annual report of ESAB ApS for the financial year 1 January to 31 December 2016.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 23. juni 2017

Managing Director

Jonathan Brent Bohmrich

Board of directors

Jonathan Brent Bohmrich
Chairman

Mark Paul Lehman

Sten Johan Magnus Wallin



Independent auditor's report

To the shareholders of ESAB ApS

Auditor's report on the annual accounts

Opinion

We have audited the annual accounts of ESAB ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts



Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company'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 or, if such disclosures are inadequate, to modify our opinion. 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 the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.



Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Report on other legal and regulatory requirements

Violation of the Danish Bookkeeping Act

In our opinion, the Company has not complied with the requirements of the Danish Bookkeeping Act regarding storing of accounting records abroad. Management may incur liability in the respect.

Frederiksberg, 23. JUNI 2017

Ernst & Young, Godkendt Revisionspartnerselskab

Company reg. no. 30700228

Brian Stubton
State Authorised Public Accountant



Company data

The company

ESAB ApS
Nordager 22
6000 Kolding

Company reg. no. 10 24 47 14
Established: 26 June 1933
Domicile: Kolding
Financial year: 1 January - 31 December

Board of directors

Jonathan Brent Bohmrich, Chairman
Mark Paul Lehman
Sten Johan Magnus Wallin

Managing Director

Jonathan Brent Bohmrich

Auditors

Ernst & Young, Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg



Management's review

The principal activities of the company

The main activity of the Company is sale of welding consumables and equipment for electric welding of metallic items. Delivery is furthermore made of automated welding equipment for cutting of metals by way of torch cutting and similar methods based on electric processes.

Development in activities and financial matters

The gross profit for the year is DKK 9.937.379 against DKK 9.750.336 last year. The results from ordinary activities after tax are DKK 1.963.764 against DKK 2.084.508 last year. The results and financial development of the company were as expected. The management consider the results satisfactory.

The company expects a result for 2017 at the same level as 2016.

Impact on the external environment:

Purchasers of the Company's goods are primarily the shipbuilding and windmill industry and other manufacturing enterprises. The Company is therefore exposed to cyclical risks.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Gross profit	9.937.379	9.750.336
1 Staff costs	<u>-7.382.330</u>	<u>-6.975.866</u>
Operating profit	2.555.049	2.774.470
Other financial income	0	25.612
2 Other financial costs	<u>-19.539</u>	<u>-12.771</u>
Results before tax	2.535.510	2.787.311
3 Tax on ordinary results	<u>-571.746</u>	<u>-702.803</u>
Results for the year	<u>1.963.764</u>	<u>2.084.508</u>
Proposed distribution of the results:		
Allocated to results brought forward	<u>1.963.764</u>	<u>2.084.508</u>
Distribution in total	<u>1.963.764</u>	<u>2.084.508</u>



Balance sheet 31 December

All amounts in DKK.

Assets	<u>2016</u>	<u>2015</u>
<u>Note</u>		
Fixed assets		
Other debtors	<u>77.493</u>	<u>77.493</u>
Financial fixed assets in total	<u>77.493</u>	<u>77.493</u>
Fixed assets in total	<u>77.493</u>	<u>77.493</u>
Current assets		
Manufactured goods and trade goods	<u>1.460.560</u>	<u>1.895.567</u>
Inventories in total	<u>1.460.560</u>	<u>1.895.567</u>
Trade debtors	15.299.830	17.353.696
Amounts owed by group enterprises	5.410.996	1.646.959
Deferred tax assets	104.030	270.052
Accrued income and deferred expenses	<u>139.079</u>	<u>18.845</u>
Debtors in total	<u>20.953.935</u>	<u>19.289.552</u>
Available funds	<u>2.225.999</u>	<u>1.079.216</u>
Current assets in total	<u>24.640.494</u>	<u>22.264.335</u>
Assets in total	<u>24.717.987</u>	<u>22.341.828</u>



Balance sheet 31 December

All amounts in DKK.

Equity and liabilities		<u>2016</u>	<u>2015</u>
<u>Note</u>			
Equity			
4	Contributed capital	3.000.500	3.000.500
	Results brought forward	8.706.392	6.742.628
	Equity in total	<u>11.706.892</u>	<u>9.743.128</u>
Liabilities			
	Trade creditors	294.811	620.411
	Debt to group enterprises	9.222.637	8.279.268
	Corporate tax	405.724	532.386
	Other debts	3.087.923	3.166.635
	Short-term liabilities in total	<u>13.011.095</u>	<u>12.598.700</u>
	Liabilities in total	<u>13.011.095</u>	<u>12.598.700</u>
	Equity and liabilities in total	<u>24.717.987</u>	<u>22.341.828</u>
5	Contingencies		
6	Related parties		



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2015	3.000.500	4.658.120	7.658.620
Profit or loss for the year brought forward	0	2.084.508	2.084.508
Equity 1 January 2016	3.000.500	6.742.628	9.743.128
Profit or loss for the year brought forward	0	1.963.764	1.963.764
	3.000.500	8.706.392	11.706.892



Notes

All amounts in DKK.

	<u>2016</u>	<u>2015</u>
1. Staff costs		
Salaries and wages	6.624.266	6.157.119
Pension costs	721.067	775.341
Other costs for social security	36.997	43.406
	<u>7.382.330</u>	<u>6.975.866</u>
Average number of employees	<u>10</u>	<u>10</u>
2. Other financial costs		
Financial costs, group enterprises	94	1.507
Other financial costs	19.445	11.264
	<u>19.539</u>	<u>12.771</u>
3. Tax on ordinary results		
Estimated tax charge for the year	405.724	532.386
Adjustment for the year of deferred tax	166.022	170.417
	<u>571.746</u>	<u>702.803</u>
4. Contributed capital		
The share capital consists of 29 shares of 100.000 DKK, 1 shares of 99.000 DKK and 3 shares of 500 DKK.		

There have been no changes in share capital during the four preceding financial years.



Notes

All amounts in DKK.

5. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into lease contracts for cars, printers and office rent. The total payments under the remaining terms of the contracts amount to 1.791.073 DKK.

Joint taxation

Howden Holdings ApS, company reg. no 29616450 being the administration company, the company is subject to the Danish scheme of joint taxation and, as from the financial year 2012, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 1 July 2012, the company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

6. Related parties

Consolidated annual accounts

The consolidated annual accounts may be ordered by contacting the ultimate parent company Colfax Corporation, Maryland, USA (http://ir.colfaxcorp.com/annuals_proxy.cfm).



Accounting policies used

The annual report for ESAB ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. The adoption did not impact the income statement or the balance sheet for 2016 or the comparative figures. As such, the accounting policies are consistent with those of last year. The annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.



Accounting policies used

The profit and loss account

Gross profit

The gross profit comprises the net turnover, cost of sale other external costs and other operating income.

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured net of all types of discounts/rabates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Net financials

Financial expenses and financial income include interest income, interest expenses, as well as allowances and surcharges under the advance-payment-of-tax-scheme. Financial expenses and financial income are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses). Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.



Accounting policies used

The balance sheet

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

Debtors

Debtors are measured at amortised cost which usually corresponds to nominal value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets an liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deffered tax are measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.