

# **ESAB ApS**

**Nordager 22, 6000 Kolding**

**Company reg. no. 10 24 47 14**

## **Annual report**

**1 January - 31 December 2017**

The annual report have been submitted and approved by the general meeting on the 18 June 2018.



**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**

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The board of directors and the managing director have today presented the annual report of ESAB ApS for the financial year 1 January to 31 December 2017.

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

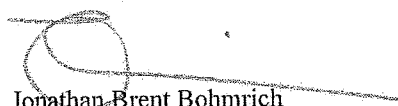
We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

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, 18 June 2018

### **Managing Director**




Jonathan Brent Bohmrich


### **Board of directors**



Jonathan Brent Bohmrich  
Chairman



Mark Paul Lehman



Sten Johan Magnus Wallin

## **Independent auditor's report**

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**To the shareholders of ESAB ApS**

### **Auditor's report on the financial statements**

#### **Opinion**

We have audited the financial statements of ESAB ApS for the financial year 1 January to 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the company in accordance with international ethics standards for accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### **Management's responsibilities for the financial statements**

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

In preparing the financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **Independent auditor's report**

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark 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 made by users on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the 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 of 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 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 and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 financial statements 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 financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## **Independent auditor's report**

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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 internal control that we identify during our audit.

### **Statement on the management's review**

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be material misstated.

Moreover, 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 conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of 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, 18 June 2018

### **Ernst & Young**

Godkendt Revisionsanpartsselskab  
Company reg. no. 30 70 02 28



Lars Hansen  
State Authorised Public Accountant  
MNE-nr. 24828

## Company data

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### **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  
Osveld Helmuths Vej 4  
2000 Frederiksberg

## **Management's review**

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### **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. The Company operates on the Danish market as a sales entity of ESAB division of Howden Group.

### **Development in activities and financial matters**

The gross profit for the year is DKK 8.232.172 against DKK 9.937.379 last year. The results from ordinary activities after tax are DKK 1.626.667 against DKK 1.963.764 last year. The management consider the results satisfactory.

The company expects a result for 2018 at the same level as 2017.

### **Special risks**

Operating risks:

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.



## Profit and loss account 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Gross profit</b>	<b>8.232.172</b>	<b>9.937.379</b>
1 Staff costs	-6.120.845	-7.382.330
<b>Operating profit</b>	<b>2.111.327</b>	<b>2.555.049</b>
Other financial income	20.396	0
2 Other financial costs	-16.367	-19.539
<b>Results before tax</b>	<b>2.115.356</b>	<b>2.535.510</b>
3 Tax on ordinary results	-488.689	-571.746
<b>Results for the year</b>	<b>1.626.667</b>	<b>1.963.764</b>
<b>Proposed distribution of the results:</b>		
Allocated to results brought forward	1.626.667	1.963.764
<b>Distribution in total</b>	<b>1.626.667</b>	<b>1.963.764</b>

## Balance sheet 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Non-current assets</b>		
Other debtors	77.493	77.493
Financial non-current assets in total	<u>77.493</u>	<u>77.493</u>
<b>Non-current assets in total</b>	<b><u>77.493</u></b>	<b><u>77.493</u></b>
<b>Current assets</b>		
Finished goods for resale	1.023.608	1.460.560
Inventories in total	<u>1.023.608</u>	<u>1.460.560</u>
Trade debtors	14.011.694	15.299.830
Amounts owed by group enterprises	3.481.313	5.410.996
Deferred tax assets	38.682	104.030
Accrued income and deferred expenses	488.395	139.079
Debtors in total	<u>18.020.084</u>	<u>20.953.935</u>
Available funds	<u>949.792</u>	<u>2.225.999</u>
<b>Current assets in total</b>	<b><u>19.993.484</u></b>	<b><u>24.640.494</u></b>
<b>Assets in total</b>	<b><u>20.070.977</u></b>	<b><u>24.717.987</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2017</u>	<u>2016</u>
<b>Equity</b>			
4	Contributed capital	3.000.500	3.000.500
	Results brought forward	10.333.059	8.706.392
	<b>Equity in total</b>	<b><u>13.333.559</u></b>	<b><u>11.706.892</u></b>
<b>Liabilities</b>			
	Trade creditors	231.613	294.811
	Debt to group enterprises	3.391.793	9.222.637
	Corporate tax	409.534	405.724
	Other debts	2.704.478	3.087.923
	Short-term liabilities in total	<u>6.737.418</u>	<u>13.011.095</u>
	<b>Liabilities in total</b>	<b><u>6.737.418</u></b>	<b><u>13.011.095</u></b>
	<b>Equity and liabilities in total</b>	<b><u>20.070.977</u></b>	<b><u>24.717.987</u></b>
5	<b>Contingencies</b>		
6	<b>Related parties</b>		

## Statement of changes in equity

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
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
Equity 1 January 2017	3.000.500	8.706.392	11.706.892
Profit or loss for the year brought forward	0	1.626.667	1.626.667
	<b>3.000.500</b>	<b>10.333.059</b>	<b>13.333.559</b>

## Notes

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All amounts in DKK.

	<u>2017</u>	<u>2016</u>
<b>1. Staff costs</b>		
Salaries and wages	5.482.267	6.624.266
Pension costs	606.091	721.067
Other costs for social security	32.487	36.997
	<u>6.120.845</u>	<u>7.382.330</u>
Average number of employees	<u>8</u>	<u>10</u>
<b>2. Other financial costs</b>		
Financial costs, group enterprises	0	94
Other financial costs	16.367	19.445
	<u>16.367</u>	<u>19.539</u>
<b>3. Tax on ordinary results</b>		
Estimated tax charge for the year	413.424	405.724
Adjustment for the year of deferred tax	65.348	166.022
Adjustment of tax for previous years	9.917	0
	<u>488.689</u>	<u>571.746</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.

#### **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 560.832 DKK.

## Notes

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All amounts in DKK.

### . **Contingencies (continued)**

#### **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/annual-reports-proxy-statement>).

## **Accounting policies used**

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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. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and 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**

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### **The profit and loss account**

#### **Gross profit**

The items revenue, cost of sale, other external costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statement Act.

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.



## **Accounting policies used**

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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.

### **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.

Inventories primarily consist of finished goods for resale and consumables, which are held by the sales force in the field both for sales and demonstration purposes.

#### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face 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.

According to the rules of joint taxation, ESAB ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

## **Accounting policies used**

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Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

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