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KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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ESAB ApS
Nordager 22, 6000 Kolding
Company reg. no. 10 24 47 14
Annual report
1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 5 July 2019.

Jonathan Brent Bohmrich
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



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Management's report

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 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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, 1 July 2019

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 financial statements

Opinion

We have audited the financial statements of ESAB ApS for the financial year 1 January to 31 December 2018, which comprise income statement, balance sheet 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 the International Ethics Standards Board 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 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 when preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or if it has no realistic alternative but to do so.



Independent auditor's report

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 of users taken 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 of 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 for 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 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.

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.



Independent auditor's report

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 materially 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 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.

Copenhagen, 1 July 2019

Ernst & Young

Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Lars Hansen

State Authorised Public Accountant
mne24828



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
Osvold 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. 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 8.296.711 against DKK 8.232.172 last year. The results from ordinary activities after tax are DKK 2.252.960 against DKK 1.626.667 last year. The management consider the results satisfactory.

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

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	8.296.711	8.232.172
1 Staff costs	-5.406.160	-6.120.845
Operating profit	2.890.551	2.111.327
Other financial income	29.229	20.396
2 Other financial costs	-21.222	-16.367
Results before tax	2.898.558	2.115.356
3 Tax on ordinary results	-645.598	-488.689
Results for the year	2.252.960	1.626.667
Proposed distribution of the results:		
Allocated to results brought forward	2.252.960	1.626.667
Distribution in total	2.252.960	1.626.667



Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets		
Fixed assets		
Other debtors	77.493	77.493
Financial non-current assets in total	77.493	77.493
Non-current assets in total	77.493	77.493
Current assets		
Finished goods for resale	142.929	1.023.608
Inventories in total	142.929	1.023.608
Trade debtors	17.327.555	14.011.694
Amounts owed by group enterprises	8.639.797	3.481.313
Deferred tax assets	11.229	38.682
Accrued income and deferred expenses	159.882	488.395
Debtors in total	26.138.463	18.020.084
Available funds	1.392.474	949.792
Current assets in total	27.673.866	19.993.484
Assets in total	27.751.359	20.070.977



Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Equity			
4	Contributed capital	3.000.500	3.000.500
	Results brought forward	12.586.019	10.333.059
	Equity in total	<u>15.586.519</u>	<u>13.333.559</u>
Liabilities			
	Trade creditors	868.145	231.613
	Debt to group enterprises	4.778.820	3.391.793
	Corporate tax	614.255	409.534
	Other debts	5.903.620	2.704.478
	Short-term liabilities in total	<u>12.164.840</u>	<u>6.737.418</u>
	Liabilities in total	<u>12.164.840</u>	<u>6.737.418</u>
	Equity and liabilities in total	<u>27.751.359</u>	<u>20.070.977</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 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
Equity 1 January 2018	3.000.500	10.333.059	13.333.559
Profit or loss for the year brought forward	0	2.252.960	2.252.960
	3.000.500	12.586.019	15.586.519



Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Salaries and wages	4.823.949	5.482.267
Pension costs	549.528	606.091
Other costs for social security	<u>32.683</u>	<u>32.487</u>
	<u>5.406.160</u>	<u>6.120.845</u>
Average number of employees	<u>8</u>	<u>8</u>
2. Other financial costs		
Other financial costs	<u>21.222</u>	<u>16.367</u>
	<u>21.222</u>	<u>16.367</u>
3. Tax on ordinary results		
Estimated tax charge for the year	614.255	413.424
Adjustment for the year of deferred tax	27.452	65.348
Adjustment of tax for previous years	<u>3.891</u>	<u>9.917</u>
	<u>645.598</u>	<u>488.689</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 684.592 DKK.



Notes

All amounts in DKK.

5. 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

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

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.

As interpretation for revenue recognition IAS 18 have been used.

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

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 - As interpretation for impairment of financial recievables IAS 39 has been used.

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

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.

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"By my signature I confirm all dates and content in this document."

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Lars Hansen

Statsautoriseret revisor

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Jonathan Brent Bohmrich

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