

ESAB ApS

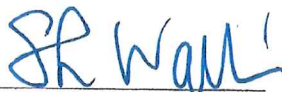
Nordager 22, 6000 Kolding

Company reg. no. 10 24 47 14

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 6/10 2020



Sten Johan Magnus Wallin
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

Today, the board of directors and the managing director have presented the annual report of ESAB ApS for the financial year 1 January - 31 December 2019.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Kolding, *06 October 2020*

Managing Director

Sten Johan Magnus Wallin

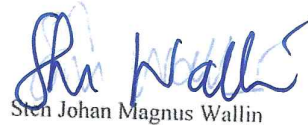
Board of directors

Jonathan Brent Bohmrich
Chairman



Daniel Alexis Pryor

Christopher Edwin Mansell



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 - 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 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 "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 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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 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 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 financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Report on other legal and regulatory requirements

In our opinion, the Company has at 31 December 2019 not complied with the Danish Bookkeeping Act requirement regarding storing of accounting records abroad.


The Company's Management may incur liability for non-compliance with the Danish Bookkeeping Act.

After year end, the Company has established procedures to comply with the Danish Bookkeeping Act requirement and established access to the accounting records from Denmark.

Copenhagen, 6 October 2020

EY Godkendt Revisionspartnerselskab

Company reg. no. 30 70 02 28



Alex Petersen
State Authorised Public Accountant
mnmne28604

Company information

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
Christopher Edwin Mansell
Sten Johan Magnus Wallin
Daniel Alexis Pryor

Managing Director

Sten Johan Magnus Wallin

Auditors

EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Management commentary

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 revenue for the year totals DKK 112.254.651 against DKK 94.312.460 last year. Income or loss from ordinary activities after tax totals DKK 2.968.307 against DKK 2.252.960 last year. Management considers the net profit or loss for the year 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.

Events occurring after the end of the financial year

The impacts of the global emergence of COVID-19 on our business are currently unknown. In an effort to protect the health and safety of our employees, we have taken actions to adopt social distancing policies at our locations, including working from home, reducing the number of people in our sites at any one time, and suspending employee travel.

Following the COVID-19 virus outbreak in Denmark, starting March 2020, the Company has experienced decreased activity levels on the Danish market. Management considers COVID-19 to constitute a non-adjusting event and has not adjusted any figures in the financial statements 2019. No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Actions being taken to help mitigate the effects of the temporary demand decline have included short term measures to reduce discretionary spend, salary reductions, furloughs and deferrals of certain near-term projects.

We continue to monitor the rapidly evolving situation and guidance from the authorities.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Revenue	112.254.651	94.312.460
Other operating income	219.660	175.749
Costs of raw materials and consumables	-96.594.080	-80.267.303
Other external costs	-6.617.217	-5.924.195
Gross profit	9.263.014	8.296.711
2 Staff costs	-5.325.943	-5.406.160
Operating profit	3.937.071	2.890.551
Other financial income	215	29.229
3 Other financial costs	-123.079	-21.222
Pre-tax net profit or loss	3.814.207	2.898.558
4 Tax on net profit or loss for the year	-845.900	-645.598
Net profit or loss for the year	2.968.307	2.252.960
Proposed appropriation of net profit:		
Transferred to retained earnings	2.968.307	2.252.960
Total allocations and transfers	2.968.307	2.252.960

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Non-current assets		
Other receivables	77.493	77.493
Total investments	77.493	77.493
Total non-current assets	77.493	77.493
Current assets		
Manufactured goods and goods for resale	223.488	142.929
Total inventories	223.488	142.929
Trade receivables	16.229.876	17.327.555
Receivables from group enterprises	13.725.497	8.639.797
Deferred tax assets	70.942	11.229
Other receivables	14	0
Prepayments and accrued income	837.970	159.882
Total receivables	30.864.299	26.138.463
Cash on hand and demand deposits	903.142	1.392.474
Total current assets	31.990.929	27.673.866
Total assets	32.068.422	27.751.359

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
5	Contributed capital	3.000.500	3.000.500
	Retained earnings	15.554.326	12.586.019
	Total equity	18.554.826	15.586.519
Liabilities			
6	Other payables	254.880	0
	Total non-current liabilities	254.880	0
	Trade payables	589.415	868.145
	Payables to group enterprises	7.033.476	4.778.820
	Income tax payable	905.613	614.255
	Other payables	4.730.212	5.903.620
	Total current liabilities	13.258.716	12.164.840
	Total liabilities	13.513.596	12.164.840
	Total equity and liabilities	32.068.422	27.751.359
1	Subsequent events		
7	Contingencies		
8	Related parties		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2018	3.000.500	10.333.059	13.333.559
Retained earnings for the year	0	2.252.960	2.252.960
Equity 1 January 2019	3.000.500	12.586.019	15.586.519
Retained earnings for the year	0	2.968.307	2.968.307
	3.000.500	15.554.326	18.554.826

Notes

All amounts in DKK.

1. Subsequent events

The impacts of the global emergence of COVID-19 on our business are currently unknown. In an effort to protect the health and safety of our employees, we have taken actions to adopt social distancing policies at our locations, including working from home, reducing the number of people in our sites at any one time, and suspending employee travel.

Following the COVID-19 virus outbreak in Denmark, starting March 2020, the Company has experienced decreased activity levels on the Danish market. Management considers COVID-19 to constitute a non-adjusting event and has not adjusted any figures in the financial statements 2019. No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Actions being taken to help mitigate the effects of the temporary demand decline have included short term measures to reduce discretionary spend, salary reductions, furloughs and deferrals of certain nearterm projects.

We continue to monitor the rapidly evolving situation and guidance from the authorities.

	<u>2019</u>	<u>2018</u>
2. Staff costs		
Salaries and wages	4.770.315	4.823.949
Pension costs	527.437	549.528
Other costs for social security	28.191	32.683
	<u>5.325.943</u>	<u>5.406.160</u>
Average number of employees	<u>9</u>	<u>8</u>
3. Other financial costs		
Financial costs, group enterprises	45.614	0
Other financial costs	77.465	21.222
	<u>123.079</u>	<u>21.222</u>

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
4. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	905.613	614.255
Adjustment of deferred tax for the year	-59.713	27.452
Adjustment of tax for previous years	0	3.891
	<u>845.900</u>	<u>645.598</u>

5. 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.

6. Other payables

Share of amount due within 1 year	<u>0</u>	<u>0</u>
Total other payables due within 1 to 5 years	<u>254.880</u>	<u>0</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

7. Contingencies

Contingent liabilities

Lease liabilities

In addition to finance leases, the company has entered into operational leases. The total payments under the remaining terms of the contracts amount to DKK 1.143.100.

Joint taxation

The company has withdrawn from joint taxation scheme, with Howden Holdings ApS (company reg. no 29616450) as of September 30, 2019 and shall not be liable for any tax claims against the other jointly taxed companies from the time of withdrawal from the joint taxation scheme.

8. Related parties

Consolidated financial statements

The consolidated financial statements may be ordered by contacting the ultimate parent company Colfax Corporation, Maryland, USA (<http://ir.colfaxcorp.com/annual-reports-proxy-statement>).

Accounting policies

The annual report for ESAB ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Revenue

As interpretation for revenue recognition IAS 18 have been used.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Revenue 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).

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Financial income and expenses

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

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Inventories primarily consist of finished goods for resale and consumables force in the field both for sales and demonstration purposes.

Receivables

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

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

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