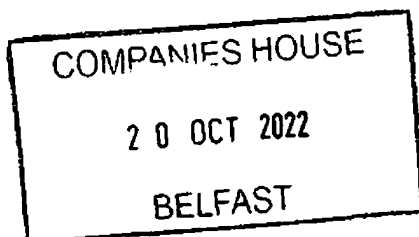


REGISTERED NUMBER: 01687590 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
ESAB HOLDINGS LIMITED



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ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	8
Income Statement	11
Statement of Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS: K Atkins
K Johnson (appointed 19 April 2021)
C Jewell (appointed 14 February 2022)

REGISTERED OFFICE: 6th Floor
322 High Holborn
London
WC1V 7PB

REGISTERED NUMBER: 01687590 (England and Wales)

AUDITORS: Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT
United Kingdom

BANKERS: HSBC plc
City of London Corporate Office
PO Box 125
8 Canada Square
London
E14 5HQ

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their Strategic Report for the year ended 31 December 2021.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company acts as a holding company for the companies as disclosed in the financial statements. The company's principal activity is to provide management, administrative and technical services for companies within the ESAB Group. There are no planned changes in its activities for the year to 31 December 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's ultimate parent company is Colfax Corporation as at 31 December 2021. From the perspective of the directors, the principal risks and uncertainties and financial risks of the company are integrated with those of the Colfax Corporation group and are not managed separately. Accordingly, the principal risks and uncertainties and financial risks of the Colfax Corporation group, which include those of the company, are discussed in the business and financial review contained in Colfax's annual report, which does not form part of this report. Similarly, the Colfax Corporation central treasury department carries out the management of financial risks, and details are discussed in the annual report of Colfax Corporation. Finally, any risks associated with COVID-19 are being managed by the ultimate parent company.

OPERATIONAL ACTIVITIES

The company's key financial and other performance indicators during the year were as follows:

	2021 £000	2020 £000	Change %
Turnover	65,096	62,121	5
Operating Profit	3,041	3,456	(12)
Loss after tax	(8,974)	(39,117)	(77)
Shareholders' funds	188,776	197,709	(5)

The rise in turnover is due to price increases in ESAB branded products, resulting in higher royalty income for ESAB Holdings Limited.

Operating profit reduced slightly in 2021 due to higher management fees received from ESAB AB during the year.

The loss after tax in 2020 mainly consisted of an impairment to investments of £35m, the impairment in 2021 was £nil.

The overall loss of £9m in the year reduced Shareholders' funds by 5%.

**STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

SECTION 172 REPORT

The Companies (Miscellaneous Reporting) Regulations 2018 (the “**Regulations**”) have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. Amongst other things, the Regulations require the Company to report how the directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the “**Act**”)) (“**Section 172**”), to promote the success of the Company, during the reporting period.

The Company, as at 31 December 2021, was part of the Colfax Corporation sub-group of companies in the UK and was ultimately owned by Colfax Corporation. Colfax Corporation and its subsidiaries are referred to as the **Group**. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of both the immediate entity and the wider Group. The Company’s corporate purpose is to act as a holding company for the companies as disclosed in the financial statements. A key principle applied by our directors is to always consider whether the decision they are about to take leads to a positive long-term increase in the value of the Company for the benefit of the shareholder, and ultimately Colfax Corporation.

As part of the overall governance approach, the Group recognises the need to have appropriate levels of governance across its subsidiaries as part of its approach to risk mitigation. The Group maintains strong levels of governance at both an enterprise wide and legal entity level, and as a result of increased regulation, Colfax Corporation and its UK subsidiary boards recognise the need to formalise and implement key standards across its UK subsidiaries. As such the Company intends to, during the course of 2022, adopt a UK subsidiary governance policy (the “**Policy**”), which provides detailed guidance for directors and management on the application and execution of Section 172 duties.

Decision making and corporate governance process

The Company’s board of directors (the “**Board**”) have clear processes to follow when considering decisions, including principal decisions, which are strategically and commercially material decisions which impact the Company’s key stakeholders. Responsibility for decision making on certain decisions, including principal decisions, is delegated to the board of Colfax Corporation except where they cannot be delegated under the Act. The Board confirms and ratifies any decisions made on its behalf.

As part of the governance process, board paper preparers must ensure sufficient information is provided to the Board with high levels of quality and integrity. The governance process provides a framework to ensure everyone involved in and contributing to the decision making process understands the duties which the directors are obligated to consider in the decision making process and applicable regulations, in order to be able to provide relevant information and therefore lead to effective decision making. These governance processes will be formalised in the Policy.

**STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' Training

The Group's Legal and Compliance programmes support the Group in operating sustainably and consistently with its values which includes leading with integrity and building enduring relationships. The Group's Legal and Compliance team provides advice, guidance and support to management and works closely with them to provide training to our employees. Legal and Compliance provides support on a range of matters, including establishing policies and procedures, providing compliance training, communications and legal advice on compliance and business issues.

Employees and directors of the Group, which include the directors of the Company, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the directors to be committed to operating the business to the highest ethical, moral and legal standards when making decisions and putting the Group's core ethical values of integrity, honesty and respect for the law into practice in their daily duties.

During the year external training sessions, facilitated by the Company Secretary, were provided to the Board to support them in discharging their roles and responsibilities as statutory directors. This included training on directors' statutory duties under the Act, along with an update on the Regulations and wider regulatory responsibilities. Under the Policy, all newly appointed directors will receive director training within 3 months of being appointed and all directors will refresh their training at least once every calendar year. The provision of training will be facilitated by the Company Secretary.

Board Composition

The Company's Board, which comprises 3 directors, collectively have a broad range of skills, knowledge and industry experience including general management, finance and legal to enable the Company to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making and align the decisions to the corporate purpose of the Company in providing financial support to other companies within the Group.

Before any director is to be appointed to the Board, consultation with the Group is undertaken to ensure the composition of the Board is appropriate, taking into consideration the skills and experience of the appointee and the overall diversity mix.

Stakeholder Engagement

The principal activity of the Company is to provide management, administrative and technical services for companies within the Group. The Company's key stakeholders are its shareholder, creditors and other Group companies which it provides support to. As part of the Group, the Board must consider how the decisions made on behalf of the Company affect both the shareholder and the other Group companies to ensure the success of the Company and value creation for the shareholder and ultimately, Colfax Corporation. The Group's treasury activities are coordinated through a central function who manage the financial risks of the Group and secure funding for the Group. On behalf of the Company, the Group frequently engages with its creditors and credit agencies as part of the Group's financial risk management processes and to ensure the Company's levels of borrowings are appropriate for its needs.

Where a principal decision is to be made, an impact assessment will be undertaken by the Board or on its behalf, the results of which will be documented for recommendation to the Board or Colfax Corporation where the decision has been delegated. The impact assessment will provide an assessment of the impact of the principal decision on key stakeholders, how each key stakeholders' interest was considered throughout the assessment process, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks and consideration of any potential impacts on the Company's reputation and how that impact will be monitored. The Company maintains a stakeholder register, recording details of impact assessments and principal decisions made. On an annual basis, the Board will review and confirm the Company's key stakeholders, recording how the directors formed the opinion that they are key stakeholders.

**STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal Decisions

The Board and the board of Colfax Corporation have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term.

In line with the Regulations and in accordance with the approach taken during the financial year under review, the following principal decisions were made:

- consideration of the Company's ongoing own capital and funding requirements in light of the Company's operations and function in the Colfax Corporation sub-group in the UK, including consideration of COVID-19 (see Principal risks and uncertainties section). In making its decision in this regard, the Board received and considered reports on the merits of the proposed capital changes and the effects it would have for the Company in maintaining its ongoing operations and to continue to provide support to other intragroup companies. The consequences of the Company's financing needs were considered, including the long-term impact on both the Company and those in which the Company provided financial support to, which were considered to create value for the Group and the shareholder in line with the corporate purpose of the Company.
- the provision of management, administrative and technical services to other intragroup companies in order to facilitate their ongoing operations in line with the Company's role as a holding company within the Colfax Group structure. In making its decisions, the Board considered detailed reports along with consideration of the Company's expected cash flows, its financing requirements and operating risks. In addition, the long-term consequences of the continued provision of financial support to other group companies was considered, where it was noted it would help to ensure the success of the Company and creation of value for the Group and the shareholder in line with the corporate purpose of the Company.

ON BEHALF OF THE BOARD:

Kevin Atkins

K Atkins – Director

Date: 14th October 2022

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

DIVIDENDS

The directors do not recommend the payment of a final dividend (2020 £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

K Atkins

Other changes in directors holding office are as follows:

D A Pryor (Resigned 14 February 2022)

C M Hix (Resigned 14 February 2022)

K Johnson (Appointed on 19 April 2021)

C Jewell (Appointed 14 February 2022)

DIRECTORS' QUALIFYING THIRD PARTY AND PENSION SCHEME INDEMNITY PROVISIONS

K Atkins K Johnsons and C Jewell have been granted a qualifying third-party indemnity, as defined in the Companies Act 2006, by the ultimate parent company, ESAB Corporation, to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. In addition, ESAB Corporation may pay the directors' legal costs as they are incurred, subject to reimbursement if the director is convicted, or if judgement is given against the director in an action brought against the company. Such indemnities survive the resignation of each director.

RESULTS

The loss for the year, after taxation, amounted to £8,794,000 (2020: Loss of £39,117,000). The retained loss for the year has been transferred to reserves. There are no planned changes in the company's activities for the year to 31 December 2022.

GOING CONCERN

The company has sufficient financial resources and support of the ultimate parent undertaking to continue to operate. Consequently, the directors believe the company has an effective framework for its business risks and that it is well managed.

The company is a wholly owned subsidiary of Colfax Corporation as of 31 December 2021. In April 2022, Colfax Corporation completed the spin-off of Colfax's Fabrication Technology business and certain other corporate entities. ESAB Corporation then became the new ultimate parent of the company in April 2022. ESAB Corporation is the ultimate parent and not immediate parent company. The directors have obtained a letter of support from the ultimate parent company, ESAB Corporation. The letter of support confirms that ESAB Corporation will support the company to meet all liabilities for a period to 31 December 2023, which is consistent with the company's going concern assessment period. The directors have assessed the ability of ESAB Corporation to provide this support and have no concerns. The directors therefore have a reasonable expectation that the company can continue as going concern to 31 December 2023, which is at least 12 months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on the going concern basis.

Russia's recent invasion of Ukraine poses wide-ranging challenges. Given the evolving situation, there are many unknown factors and events that could materially impact our operations or the operations of the wider group. These events have and continue to impact commodity prices, supply chains, credit risk included those related to receivables, treasury and other factors. Any of these factors, individually or in aggregate, could have a material effect on our earnings, financial condition and cash flows. Despite this fact the ESAB group is well capitalised and has adequate access to capital in order to continue its operations for a period to 31 December 2023.

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

EMPLOYEE INVOLVEMENT

Company policy requires that employees be kept up to date with the future of the company through a wide range of internal communications and that employees' comments and ideas be taken into account when developing the business.

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

Company policy is to find the best qualified person for each job and to make sure that training and promotion possibilities are open to all employees, regardless of sex, sexual orientation, disability, race, colour, religion, age, marital status, nationality or ethnic origin. Applications for employment from disabled people are given full and fair consideration and such employees are reviewed when suitable opportunities arise. If an employee becomes disabled, arrangements are made, wherever possible, to continue employment and training.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are each aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and each director has taken all the steps they ought to have taken as a director, in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

ON BEHALF OF THE BOARD:

Kevin Atkins

K Atkins – Director

Date: 14th October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESAB HOLDINGS LIMITED

Opinion

We have audited the financial statements of ESAB Holdings Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESAB HOLDINGS LIMITED - continued

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESAB HOLDINGS LIMITED - continued

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (the Companies Act 2006 and FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland') and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain significant laws and regulations that may have an indirect effect on the determination of the amounts and disclosures in the financial statements. These are those laws and regulations relating to employee matters, health and safety, environmental and bribery and corruption practices.
- We understood how ESAB Holdings Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries by performing a review of the company's board minutes as well as correspondence from regulatory bodies. We also reviewed the code of conduct, which drives the culture of honesty and ethical behaviour within the Company. We noted no contradictory evidence.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the controls that the company established to address risks identified that otherwise seek to prevent, deter and detect fraud.
- Based on this understanding we designed audit procedures to identify noncompliance with laws and regulations. We considered the risk of fraud through management override of controls and designed testing over manual journals entries as part of our audit approach. We selected manual journals with specific risk criteria and obtained supporting evidence for the journals selected. We also assessed that revenue was a judgemental area of the audit which is more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue. We tested, the occurrence of the revenue recorded in the financial statements and any manual adjustments to revenue that met specific risk criteria. These procedures included tracing transactions and manual adjustments back to source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Neil Corry (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 19 October 2022

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
TURNOVER	2	65,096	62,121
Administrative expenses		<u>(62,055)</u>	<u>(58,665)</u>
OPERATING PROFIT	4	3,041	3,456
Income from shares in group undertakings	5	3,688	9,608
Interest receivable and similar income	6	-	1,489
Impairment expense	7	-	(35,898)
Interest payable and similar expenses	8	<u>(10,946)</u>	<u>(15,137)</u>
LOSS BEFORE TAXATION		(4,217)	(36,482)
Tax on loss	9	<u>(4,757)</u>	<u>(2,635)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(8,974)</u>	<u>(39,117)</u>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 27 are an integral part of these financial statements.

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £'000	2020 £'000
LOSS FOR THE FINANCIAL YEAR	(8,974)	(39,117)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Actuarial pension adjustment	41	(11)
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF INCOME TAX	41	(11)
	<hr/>	<hr/>
TOTAL OTHER COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR	<u>(8,933)</u>	<u>(39,128)</u>

The notes on pages 15 to 27 are an integral part of these financial statements.

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**BALANCE SHEET
31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	10	-	36
Investments	11	<u>821,291</u>	<u>817,840</u>
		<u>821,291</u>	<u>817,876</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	6,260	7,751
Cash at bank and in hand		<u>582</u>	<u>451</u>
		6,842	8,202
CREDITORS			
Amounts falling due within one year	14	<u>(639,357)</u>	<u>(628,369)</u>
NET CURRENT LIABILITIES		<u>(632,515)</u>	<u>(620,167)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES / NET ASSETS		<u>188,776</u>	<u>197,709</u>
CAPITAL AND RESERVES			
Called up share capital	15	46,639	46,639
Retained earnings		<u>142,137</u>	<u>151,070</u>
SHAREHOLDERS' FUNDS		<u>188,776</u>	<u>197,709</u>

The financial statements were approved by the Board of Directors on 14th October 2022 and were signed on its behalf by:

Kevin Atkins

K Atkins - Director

The notes on pages 15 to 27 are an integral part of these financial statements.

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020		46,639	190,198	236,837
Changes in equity				
Loss for the financial year		-	(39,117)	(39,117)
Other comprehensive loss		-	(11)	(11)
Balance at 31 December 2020		<u>46,639</u>	<u>151,070</u>	<u>197,709</u>
Changes in equity				
Loss for the financial year		-	(8,974)	(8,974)
Other comprehensive income		-	41	41
Balance at 31 December 2021		<u>46,639</u>	<u>142,137</u>	<u>188,776</u>

Share capital represents the issued and fully paid up share capital of the company.

Retained earnings represents the current and all prior period profit and losses less any dividends paid.

The notes on pages 15 to 27 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. All amounts are presented to the nearest thousand unless stated otherwise.

ESAB Holdings Limited is a limited liability company incorporated and domiciled in England and Wales. The company's registered address is 6th Floor, 322 High Holborn, London, WC1V 7PB.

These financial statements contain information about ESAB Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group of companies. The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its wholly owned subsidiary undertakings are included by full consolidation in the financial statements of its ultimate parent undertaking as at 31 December 2021, Colfax Corporation. The consolidated financial statements of Colfax Corporation are available from Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover is comprised of the invoiced value of management and license fees to subsidiary undertakings excluding VAT of which the majority originates from Switzerland, Russia, China and Brazil. Turnover is recognised when the company has fulfilled its obligations to subsidiary undertakings and is entitled to receive consideration.

Fixed assets

Fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The expected useful lives of the assets of the business are reassessed periodically in the light of experience.

Depreciation is normally provided as follows:

Software is depreciated at the rate of 20 per cent per annum.

Fixed assets impairment

It is company policy to conduct a review for indicators of impairment prior to the year end to ensure assets are carried at the lower of cost and net realisable value (higher of value in use and market value).

Fixed asset investments

Fixed asset investments are included at cost less provision for any impairment in value. The amount of any provision for impairment in value is determined by reference to the recoverable amount. Any provision for impairment in value will be released if the fixed asset investment demonstrates a sustained increase in the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. ACCOUNTING POLICIES – continued

Deferred tax

Deferred income taxation liabilities are provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the Balance Sheet.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income taxation is not provided on the unremitted earnings of subsidiaries where the timing of the reversal of the resulting temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future or where the remittance would not give rise to incremental tax liabilities or is otherwise not taxable.

Foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated at the rate of exchange ruling on the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. All translation differences are taken to the profit and loss account. Differences arising from the retranslation of investments in subsidiaries and of currency borrowings used to finance or hedge such investments are taken to reserves and are reported in the Statement of Comprehensive Income.

Pensions

The company participates in a defined benefit scheme. The scheme is funded by the company at rates determined by an independent actuary. The current service cost and net return on pension assets are included in the income statement, whilst actuarial gains/losses are reflected in the Statement of Other Comprehensive Income. The market quoted assets of the scheme are measured at their bid values. The assets and liabilities of the scheme are held separately from those of the company.

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 16 includes contributions payable by the company to the fund.

Related party transactions

The Company, as at 31 December 2021, is a wholly owned subsidiary undertaking of Colfax Corporation and accordingly has taken advantage of the exemption available in FRS 102 "Related party disclosures" not to disclose related party transactions which are eliminated on consolidation in the Colfax Corporation consolidated accounts.

Interest and dividends

Interest payable or receivable on amounts due to or from group companies is calculated using the effective interest method. Dividend distributions to the company's shareholders are recognised in the accounts in the period when paid. Dividends receivable are recognised when the company's right to receive payment has been established and is unconditional.

Going concern

The company has sufficient financial resources and support of the ultimate parent undertaking to continue to operate. Consequently, the directors believe the company has an effective framework for its business risks and that it is well managed.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. ACCOUNTING POLICIES – continued

Going concern - continued

The company is a wholly owned subsidiary of Colfax Corporation as of 31 December 2021. In April 2022, Colfax Corporation completed the spin-off of Colfax's Fabrication Technology business and certain other corporate entities. ESAB Corporation then became the new ultimate parent of the company in April 2022. ESAB Corporation is the ultimate parent and not immediate parent company. The directors have obtained a letter of support from the ultimate parent company, ESAB Corporation. The letter of support confirms that ESAB Corporation will support the company to meet all liabilities for a period to 31 December 2023, which is consistent with the company's going concern assessment period. The directors have assessed the ability of ESAB Corporation to provide this support and have no concerns. The directors therefore have a reasonable expectation that the company can continue as going concern to 31 December 2023, which is at least 12 months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on the going concern basis.

Russia's recent invasion of Ukraine poses wide-ranging challenges. Given the evolving situation, there are many unknown factors and events that could materially impact our operations or the operations of the wider group. These events have and continue to impact commodity prices, supply chains, credit risk included those related to receivables, treasury and other factors. Any of these factors, individually or in aggregate, could have a material effect on our earnings, financial condition and cash flows. Despite this fact the ESAB group is well capitalised and has adequate access to capital in order to continue its operations for a period to 31 December 2023.

Intercompany Receivables and Payables

Amounts owed by or to group undertakings are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Amounts that are due within one year are not discounted.

Operating leases

Costs in respect of operating leases are charged to the income statement on a straight-line basis over the lease term.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for revenues and expenses during the year. Actual results could differ from those estimates. Certain projections were required in the assessment of investment carrying values, the basis of the impairment calculation is explained in the fixed assets investment policy above. There were no other significant judgements or estimates made in connection with the preparation of these financial statements.

2. TURNOVER

The turnover and loss (2020 - loss) before taxation are attributable to the one principal activity of the company, which is to provide management, administrative and technical services for companies within the Colfax Group in the year to 31 December 2021.

Turnover	2021 £000	2020 £000
Analysis of turnover by geographical market is as follows:-		
Europe	29,280	29,273
Rest of the world	<u>35,816</u>	<u>32,848</u>
	<u>65,096</u>	<u>62,121</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. EMPLOYEES AND DIRECTORS

	2021 £'000	2020 £'000
Wages and salaries	2,016	1,793
Social security costs	264	230
Other pension costs	<u>96</u>	<u>93</u>
	<u>2,376</u>	<u>2,116</u>

The average monthly number of employees during the year was as follows:

	2021 Number	2020 Number
Administration	<u>27</u>	<u>28</u>

	2021 £	2020 £
Directors' remuneration	<u>116,307</u>	<u>113,416</u>

4. OPERATING PROFIT

Operating profit is stated after charging:	2021 £'000	2020 £'000
Auditors' remuneration - audit services	15	15
Operating lease rentals - buildings	506	481
Tangible fixed assets - depreciation	36	267
Employee costs	2,376	2,116
Directors' remuneration	<u>116</u>	<u>113</u>

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2021 £'000	2020 £'000
Dividends received:		
EWAC Alloys Limited	-	5,415
ESAB India Limited	<u>3,688</u>	<u>4,193</u>
	<u>3,688</u>	<u>9,608</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	£'000
Interest receivable from group undertakings	-	1,489
	<u>-</u>	<u>1,489</u>

7. IMPAIRMENT EXPENSE

	2021	2020
	£'000	£'000
Impairment of fixed asset investments	-	35,898
	<u>-</u>	<u>35,898</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Interest payable to group undertakings	10,946	15,137
	<u>10,946</u>	<u>15,137</u>

9. TAX ON LOSS

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2021	2020
	£'000	£'000
<u>Current tax:</u>		
UK tax	150	481
Adjustment in respect of prior periods	38	223
Less double tax relief	(150)	(481)
	<u>38</u>	<u>223</u>
Overseas tax	3,804	3,200
<u>Deferred tax:</u>		
Origination and reversal of timing differences	1,461	176
Effect of increased tax rate on opening asset	(623)	(234)
Adjustments in respect of prior periods	77	(730)
Total deferred tax charge/(credit)	<u>915</u>	<u>(788)</u>
Total tax on loss on income statement	<u>4,757</u>	<u>2,635</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

9. TAX ON LOSS - continued

Reconciliation of total tax charge included in income statement

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK. The difference is explained below.

	2021 £'000	2020 £'000
Loss before tax	<u>(4,217)</u>	<u>(36,482)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 – 19%)	(801)	(6,932)
Effects of:		
Impairment of investments not taxable	-	6,821
Dividend non-taxable	(701)	(1,825)
Changes in rate of tax (on deferred tax)	(623)	(234)
Difference between current and deferred tax rates	351	-
Group relief surrender	3,037	2,593
Overseas tax	3,332	2,719
Transfer pricing adjustments	46	-
Disallowed expenses	1	-
Adjustments in respect of prior periods	115	(507)
Total tax charge	<u>4,757</u>	<u>2,635</u>

Factors affecting the tax charge

The rate of corporation tax will remain at 19% until 31 March 2023. From 1 April 2023 the rate will increase to 25% in accordance with the Finance Act 2021.

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. TANGIBLE FIXED ASSETS

	Software £'000
COST	
At 1 January 2021	15,979
Disposals	-
	<u> </u>
At 31 December 2021	<u>15,979</u>
ACCUMULATED DEPRECIATION	
At 1 January 2021	15,943
Charge for year	36
	<u> </u>
At 31 December 2021	<u>15,979</u>
NET BOOK VALUE	
At 31 December 2021	<u> </u>
At 31 December 2020	<u>36</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2021	1,010,161
Additions	3,451
	<u> </u>
At 31 December 2021	<u>1,013,612</u>
PROVISIONS	
At 1 January 2021	192,321
Provision for year	-
	<u> </u>
At 31 December 2021	<u>192,321</u>
NET BOOK VALUE	
At 31 December 2021	<u>821,291</u>
At 31 December 2020	<u>817,840</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021****11. FIXED ASSET INVESTMENTS - CONTINUED**

Details of the company's principal investments are as follows:

Name of company	Country of incorporation	Nature of business and operation	Interest in equity share capital
Exelvia Netherlands BV	Netherlands	Holding company	100%
Exelvia Cyprus Limited	Cyprus	Holding company	100%
ESAB Group Russia Limited	England & Wales	Holding company	100%
ESAB Pensions Limited	England & Wales	Holding company	100%
ESAB Sweden Holdings AB	Sweden	Holding company	100%
HTP Beteiligungs AG	Switzerland	Holding company	100%
ESAB Mor Kft	Hungary	Welding consumables	99%
		Welding consumables and equipment	
ESAB India Limited	India	Welding consumables and equipment	37.31%*
	United Arab Emirates	Welding consumables and equipment	
ESAB Middle East LLC		Welding consumables	49%
EWAC Alloys Limited	India	Welding consumables	100%
ESAB Africa (Pty) Limited	South Africa	Welding consumables	100%

* 37.31% is directly held by the company with a further 36.41% held by Exelvia Group India BV. Which is an indirectly held wholly owned subsidiary of the company.

In the opinion of the directors, the value of the company's investments in subsidiary undertakings are not less than the amount at which they are included in the balance sheet. During the year, an assessment of the carrying value of the investments was undertaken and investments impaired to their recoverable amount. The investments were impaired by £nil in 2021 (2020: £35,898,000).

In accordance with Section 401 of the Companies Act 2006, consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Colfax Corporation, a company incorporated in the United States of America.

Exelvia Netherlands BV is incorporated at Lansinkesweg 4, 7553 AE, Hengelo, Netherlands.

Exelvia Cyprus Limited is incorporated at 4th Floor, 12 Esperidon Street, 1087, Nicosia, Cyprus.

ESAB Group Russia Limited and ESAB Pensions Limited are incorporated at 6th Floor, 322 High Holborn, London, WC1V 7PB.

ESAB Sweden Holdings AB is incorporated at Box 8004, SE 40277, Göteborg, Sweden.

ESAB Mor Kft is incorporated at Teréz körút 55-57, Budapest, Hungary.

ESAB Middle East LLC is incorporated at Plot No. S20134, Jebel Ali Free Zone (South), PO Box 8964, Dubai, United Arab Emirates.

ESAB India Limited is incorporated at 3rd Main Road, Ambattur, Chennai 600058, India.

HTP Beteiligungs AG is incorporated at Seeberstrasse 11, Muttenz 4132, Switzerland.

EWAC Alloys Limited is incorporated at L&T House, Ballard Estate, Mumbai, Maharashtra, 400001, India.

ESAB Africa is incorporated at 53 Lake Rd, Longmeadow Business Estate, Edenvale, 1609, South Africa

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. FIXED ASSET INVESTMENTS – CONTINUED

During 2021 there was a share premium contribution to the shares of Exelvia Netherlands B.V. in the amount of €3,875,000 (£3,451,000).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Other debtors	537	254
Deferred tax asset (Note 13)	1,135	2,051
Amounts due from group undertakings - interest free	4,262	5,271
Prepayments and accrued income	<u>326</u>	<u>175</u>
	<u>6,260</u>	<u>7,751</u>

Interest free amounts due from group undertakings are unsecured and repayable on demand.

13. DEBTORS: DEFERRED TAX ASSET

The deferred tax asset is made up as follows:

	2021 £'000	2020 £'000
Decelerated capital allowances	968	1,086
Tax losses	167	959
Accruals	<u>-</u>	<u>6</u>
Net deferred tax asset	<u>1,135</u>	<u>2,051</u>

	2021 £'000	2020 £'000
At the beginning of the period	2,051	1,263
Deferred tax (charged) / credited to the income statement	<u>(916)</u>	<u>788</u>
At the end of the period	<u>1,135</u>	<u>2,051</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	1,178	578
Intercompany creditors	435	5,688
Other taxes and social security costs	348	225
Amounts owed to group undertakings - interest bearing	634,974	620,047
Accruals and deferred income	<u>2,422</u>	<u>1,831</u>
	<u>639,357</u>	<u>628,369</u>

Interest bearing amounts owed to group undertakings are unsecured, repayable on demand and interest is payable at LIBOR plus two percent.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021 £'000	2020 £'000
Number:	Class:	Nominal Value:		
46,638,661	Ordinary Shares	£1	<u>46,639</u>	<u>46,639</u>

16. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in the ESAB Group UK Limited Pension and Life Assurance Scheme, which is a defined benefit scheme. An actuarial valuation was carried out on 31 December 2021 by a qualified independent actuary, taking into account the requirements of FRS 102, in order to assess the liabilities of the scheme at 31 December 2021 using the projected unit credit method. Scheme assets are stated at their market value at 31 December 2021.

The Trustee of the pension scheme signed a bulk annuity agreement with an insurance company in August 2019. This is a buy-in arrangement at present whereby the Trustee transferred scheme assets to the insurance company matching their quoted premium, and all risks associated with future movements in assets and liabilities similarly passed to the insurance company. The Trustee of the scheme currently remains legally responsible for paying the pensioners but the funding is provided by the insurance company. The plan is to buy-out the scheme as soon as practical, at which point the insurance company will be fully responsible for paying and administering members' benefits. The Trustee will then wind up the scheme. The net assets & liabilities of the scheme were written off as at the 2019 year end, as the employer has no unconditional right to a refund of these monies, irrespective of how these monies might be allocated in due course.

Change in benefit obligation	2021 £000	2020 £000
Benefit obligation at beginning of year	2,517	2,355
Actuarial (gain)/loss	(119)	257
Benefits paid	<u>(95)</u>	<u>(95)</u>
Benefit obligation at end of year	<u>2,303</u>	<u>2,517</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. EMPLOYEE BENEFIT OBLIGATIONS - continued

Analysis of defined benefit obligation

Plans that are wholly or partly funded	<u>2,303</u>	<u>2,517</u>
Change in plan assets		
Fair value of plan assets at beginning of year	2,517	2,355
Asset ceiling adjustment	(27)	17
Actuarial (loss)/gain	(77)	246
Administration expenses	(15)	(6)
Benefits paid	<u>(95)</u>	<u>(95)</u>
Fair value of plan assets at end of year	<u>2,303</u>	<u>2,517</u>
Funded status - Surplus	-	-

Components of pension cost

Administration expenses	<u>15</u>	<u>6</u>
Total pension cost recognised in the profit and loss account	<u>15</u>	<u>6</u>
Actuarial (gain)/loss immediately recognised	<u>(41)</u>	<u>11</u>
Total pension (income)/cost recognised in the statement of other comprehensive income	<u>(41)</u>	<u>11</u>
Cumulative amount of actuarial gains immediately recognised	<u>71</u>	<u>30</u>

Plan scheme assets

The fair value of the scheme assets at the year-end were as follows:

	31 Dec 2021 (£'000's)	31 Dec 2020 (£'000's)
Insurance Policy	<u>2,303</u>	<u>2,517</u>
Market Value	<u>2,303</u>	<u>2,517</u>
Actual return on plan assets	<u>2021 £000 (43)</u>	<u>2020 £000 293</u>
Weighted average assumptions used:	2021	2020
Discount rate	1.81%	1.43%
Salary increase rate	n/a%	n/a%
Rate of Inflation	3.66%	3.20%

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. EMPLOYEE BENEFIT OBLIGATIONS - continued

The expected return on assets has been calculated by reference to the market value of the invested assets at the beginning of the accounting period. Bond returns are calculated by reference to the yields available on market indices. Equity and property returns allow for an element of additional outperforming above the yield on UK government securities.

In August 2019 the Trustee entered into a buy-in arrangement with an insurance company whereby the Trustee transferred scheme assets to the insurance company matching their quoted premium, and all risks associated with future movements in assets and liabilities similarly passed to the insurance company.

Five year history (£'000)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Benefit obligation at end of year	2,303	2,517	2,355	1,802	2,262
Fair value of plan assets at end of year	<u>2,303</u>	<u>2,517</u>	<u>2,355</u>	<u>2,262</u>	<u>2,430</u>
Surplus	-	-	-	460	168
Difference between actual and expected return on scheme assets					
Amount (£'000)	35	47	70	65	109
Percentage of scheme assets	2%	2%	3%	3%	5%

Defined contribution schemes

In addition to the defined benefit scheme discussed above, the company operates a defined contribution scheme. The assets of this scheme are held separately from those of the company in independently administered funds. The pension cost charge of £96,000 (2020: £93,000) represents contributions payable by the company to the funds. At 31 December 2021 there were £nil (2020: £nil) contributions outstanding.

17. ULTIMATE PARENT COMPANY

The company's shares are held by Cast Limited, its immediate parent company and controlling party at 31 December 2021. The company regards Colfax Corporation as its ultimate parent company and its ultimate controlling party at 31 December 2021. Colfax Corporation is listed on the New York Stock Exchange.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared and of which the company is a member is Colfax Corporation, a company incorporated in the United States of America at 31 December 2021. The consolidated financial statements of Colfax Corporation are available from Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701.

18. SUBSEQUENT EVENTS

In April 2022 the Colfax Corporation completed the separation of its medical technology and fabrication technology businesses and, as a result, ESAB Holdings Limited's ultimate parent is now ESAB Corporation.

18. SUBSEQUENT EVENTS – continued

Russia's recent invasion of Ukraine poses wide-ranging challenges. Given the evolving situation, there are many unknown factors and events that could materially impact our operations or the operations of the wider group. These events have and continue to impact commodity prices, supply chains, credit risks including those related to receivables, treasury and other factors. Any of these factors, individually or in aggregate, could have a material effect on our earnings, financial condition and cash flows.

The company is jointly and severally liable under a group value added taxation registration for which it is the nominated company. The company has also given an unlimited guarantee in respect of bank facilities granted to the ultimate parent company and various group companies.

The company has also issued unsecured bank guarantees of £7,792,000 (2020: £8,897,000) on behalf of its subsidiary undertaking.