ESAB ApS

C.F. Tietgens Vej 7B, 6000 Kolding

Company reg. no. 10 24 47 14

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 27 June 2024.

Sten Anders Bengtsson
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 %.

Contents

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of ESAB ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Kolding, 27 June 2024

Managing Director

Sten Anders Bengtsson
CEO

Board of directors

Kevin Joseph Johnson

Christopher Edwin Mansell
Chairman

Sten Anders Bengtsson

Curtis Evan Jewell

Independent auditor's report

To the Shareholders of ESAB ApS

Opinion

We have audited the financial statements of ESAB ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

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 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 ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Odense, 27 June 2024

EY
Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Anders Flou
State Authorised Public Accountant
mne32777

Company information

The company	ESAB ApS C.F. Tietgens Vej 7B 6000 Kolding	
	Company reg. no.	10 24 47 14
	Established:	26 June 1933
	Domicile:	Kolding
	Financial year:	1 January - 31 December
Board of directors	Kevin Joseph Johnson Christopher Edwin Mansell, Chairman Sten Anders Bengtsson Curtis Evan Jewell	
Managing Director	Sten Anders Bengtsson, CEO	
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3 5230 Odense M	

Description of key activities of the company

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

Development in activities and financial matters

The revenue for the year totals DKK 170.578.119 against DKK 124.650.584 last year. Income or loss from ordinary activities after tax totals DKK 10.201.143 against DKK 4.724.480 last year. Management considers the net profit or loss for the year satisfactory.

Financial risks and the use of financial instruments

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

Events occurring after the end of the financial year, there are no events to report on, that would significantly alter the company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Revenue	170.578.119	124.650.584
	Other operating income	261.394	268.867
	Costs of raw materials and consumables	-147.069.722	-95.746.190
	Other external expenses	-5.904.835	-17.614.144
	Gross profit	**17.864.956**	**11.559.117**
1	Staff costs	-5.571.642	-5.439.454
	Operating profit	**12.293.314**	**6.119.663**
2	Other financial income	814.397	33.500
	Other financial expenses	-22.265	-85.045
	Pre-tax net profit or loss	**13.085.446**	**6.068.118**
	Tax on net profit or loss for the year	-2.884.303	-1.343.638
	Net profit or loss for the year	**10.201.143**	**4.724.480**

Proposed distribution of net profit:

	2023	2022
Dividend for the financial year	28.000.000	0
Transferred to retained earnings	0	4.724.480
Allocated from retained earnings	-17.798.857	0
Total allocations and transfers	**10.201.143**	**4.724.480**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
	Other receivables	23.963	23.963
	Total investments	23.963	23.963
	Total non-current assets	**23.963**	**23.963**
	Current assets		
	Manufactured goods and goods for resale	95.465	183.374
	Total inventories	95.465	183.374
	Trade receivables	23.123.650	23.370.052
	Receivables from group enterprises	30.360.717	20.942.043
	Deferred tax assets	176.524	200.097
	Prepayments	83.428	38.883
	Total receivables	53.744.319	44.551.075
	Cash and cash equivalents	1.074.885	1.164.253
	Total current assets	**54.914.669**	**45.898.702**
	Total assets	**54.938.632**	**45.922.665**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	3.000.500	3.000.500
	Retained earnings	5.675.824	23.474.682
	Proposed dividend for the financial year	28.000.000	0
	Total equity	**36.676.324**	**26.475.182**
	Liabilities other than provisions		
3	Other payables	633.625	649.076
	Total long term liabilities other than provisions	633.625	649.076
	Trade payables	588.031	639.018
	Payables to group enterprises	8.575.523	12.724.155
	Income tax payable	2.787.275	1.334.897
	Other payables	5.124.570	4.100.337
	Deferred income	553.284	0
	Total short term liabilities other than provisions	17.628.683	18.798.407
	Total liabilities other than provisions	**18.262.308**	**19.447.483**
	Total equity and liabilities	**54.938.632**	**45.922.665**

4 Contingencies

5 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	3.000.500	18.750.202	0	21.750.702
Retained earnings for the year	0	4.724.480	0	4.724.480
Equity 1 January 2022	3.000.500	23.474.682	0	26.475.182
Retained earnings for the year	0	-17.798.858	28.000.000	10.201.142
	3.000.500	**5.675.824**	**28.000.000**	**36.676.324**

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	4.974.133	4.828.734
	Pension costs	551.971	543.515
	Other costs for social security	45.538	67.205
		5.571.642	**5.439.454**
	Average number of employees	6	8
2.	**Other financial income**		
	Interest, banks	22.076	0
	Interest, group enterprises	792.321	33.500
		814.397	**33.500**
3.	**Other payables**		
	Total other payables	**633.625**	**649.076**
	Share of liabilities due after 5 years	0	0

4. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases. The total payments under the remaning terms of the contracts amount to DKK 943.966.

5. Related parties

Consolidated financial statements

The consolidated financial statements may be ordered by contacting the ultimate parent company ESAB Corporation, USA (https://investors.esabcorporation.com/financials/annual-reports-and-proxy-statements/default.aspx)

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, write-downs 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 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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Revenue
The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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.

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 governement reimbursements.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from realised and unrealised capital gains and losses relating to debt and transactions in foreign currency as well as surcharges and reimbursements under the advance tax scheme, etc.

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.

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.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities. Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.