

LINCOLN® INDUSTRIES

2021 ANNUAL REPORT

INSIDE THIS ISSUE

BELIEFS

- Our people and their unique individual talents are valued.
- Appropriate recognition motivates our people to be successful.
- Leaders create value.
- Innovation creates continuous improvement.
- Profitability ensures the survival of our company.
- Positive relationships build loyalty.
- Honesty is essential in all transactions.
- We create value for our customers.
- Wellness and healthy lifestyles are important to our success.

DRIVERS

- Quality in everything we do.
- Productivity improvement is a continuous process.
- On-time delivery because our customers depend on us.
- A safe working environment is our commitment to each other.
- Environmental responsibility is our commitment to our communities.
- People development because our people create our success.
- Company growth is the result of providing a superior service.
- Value-added service means doing more for our customers.

For all inquiries contact:
Kayla Jacox, Marketing Manager

Lincoln Industries / 600 West E Street / Lincoln, NE 68522
kayla.jacox@lincolnindustries.com
402.473.2057
LincolnIndustries.com

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2021 ACCOMPLISHMENTS

A letter from Chairman and CEO Marc LeBaron

As I look back over the past year and a half, I am amazed at how the people of Lincoln Industries have responded to some of the most difficult issues and challenges we have faced in our lifetime.

As a company, Lincoln Industries has never shied away from a challenge -- A year ago, we didn't know the outlook for 2021. As it turned out, Lincoln Industries' rebound was more substantial and quicker than anticipated. We faced tremendous challenges in finding new talented team members, meeting customer demands, managing supply chains, and all the other daily obstacles.

Lincoln Industries' people persevered through this past year and have paved the way for a successful future. As an organization, we have strengthened our partnerships with our customers and made significant investments in new equipment and automation while staying focused on our culture and our people.

Lincoln Industries is adding efficiencies with automation and new equipment, leading the industry with the latest tube bending technology, and is committed to investing in technologies and creating new opportunities with new and existing customers.

As we've learned in the last several years, there will be challenges, but our commitment to our people and our customers never waivers. We look forward to the next year.



> "Our commitment to our people and our customers never waivers.

***Marc LeBaron** / Chairman and CEO*



BRANDED PRODUCTS

A new year with a focus on growth

Quality and premium craftsmanship have always been synonymous with Lincoln Industries' two branded product divisions – Lincoln Chrome and Khrome Werks. However, the last year has highlighted the growth potential for these two brands. Increasing the front-line sales presence while simultaneously investing in vertically integrated manufacturing capabilities has proven to be a positive investment to capitalize on demand and grow market share.

The focus on diversifying Lincoln Industries' overall portfolio has always been important, but the pandemic highlighted the growth opportunities in the aftermarket divisions. "While other segments saw a dramatic and sustained reduction in volume in the spring of 2020, Khrome Werks and Lincoln Chrome remained relatively steady and even saw growth," shared Bill Ellerbee, President. "We see a growth opportunity unlike any other time in our history."

As Lincoln Industries has often done, in-sourcing and vertically integrating has been a strategy when it creates a competitive advantage. In this case, it was critical to achieve the growth plans. In addition, the investment in automation and added capabilities smooth out supply chain issues and improve nimbleness in new product launches, ultimately serving our customers better.

A flat-bed laser is one of the newest investments supporting Lincoln Chrome's capacity for visors and bumpers. Having a dedicated laser for Lincoln Chrome products allows production to ramp up faster to meet demand.













KHROME WERKS & LINCOLN CHROME

"In previous years, we struggled to get bumpers out the door," said Branded Products Director Nate Meiergerd. "With the addition of the laser, we're producing over 400 bumpers a month." Lincoln Chrome has also invested in people by expanding its dedicated sales and customer support team. "We're better able to educate our customers on our full line of product offerings, now," said Meiergerd. "These long-time customers now have dedicated sales representatives and are continually updated on new products launches."

SourceOne, a division of Lincoln Industries, installed a Hass Lathe mill, resulting in substantial improvements in muffler tip production for Khrome Werks.

"Khrome Werks expanded their sales team, and we're seeing the immediate impact in growing orders from their regions," stated Meiergerd. "With support on the production side, we can push our team goals in sales and drive the business."

Aside from production and sales team investments, Lincoln Chrome and Khrome Werks strengthened their social media marketing to build brand recognition. As a result, both brands have seen significant growth in organic followers across social channels, driving demand in the market.

"The investments we've made with people and equipment are setting us up to achieve our long-term goals," said Meiergerd. "It will take a concerted effort across sales, marketing, production, and leadership, but we're on pace to exceed our goals, resulting in significant growth of both brands."















STATE-OF-THE-ART FACILITIES

ENSURING RELIABILITY & QUALITY

As part of an acquisition nearly four years ago, Lincoln Industries manufacturing facilities in New Berlin, Wisconsin, and Piedras Negras, Mexico, were again highlighted as intelligent investments for future growth.

Metal finishing is at the core of those businesses – a common thread within many manufacturing centers. Their finishing niche and expertise are polishing steel and aluminum substrates and plating decorative nickel-chrome on aluminum and zinc die casting products.

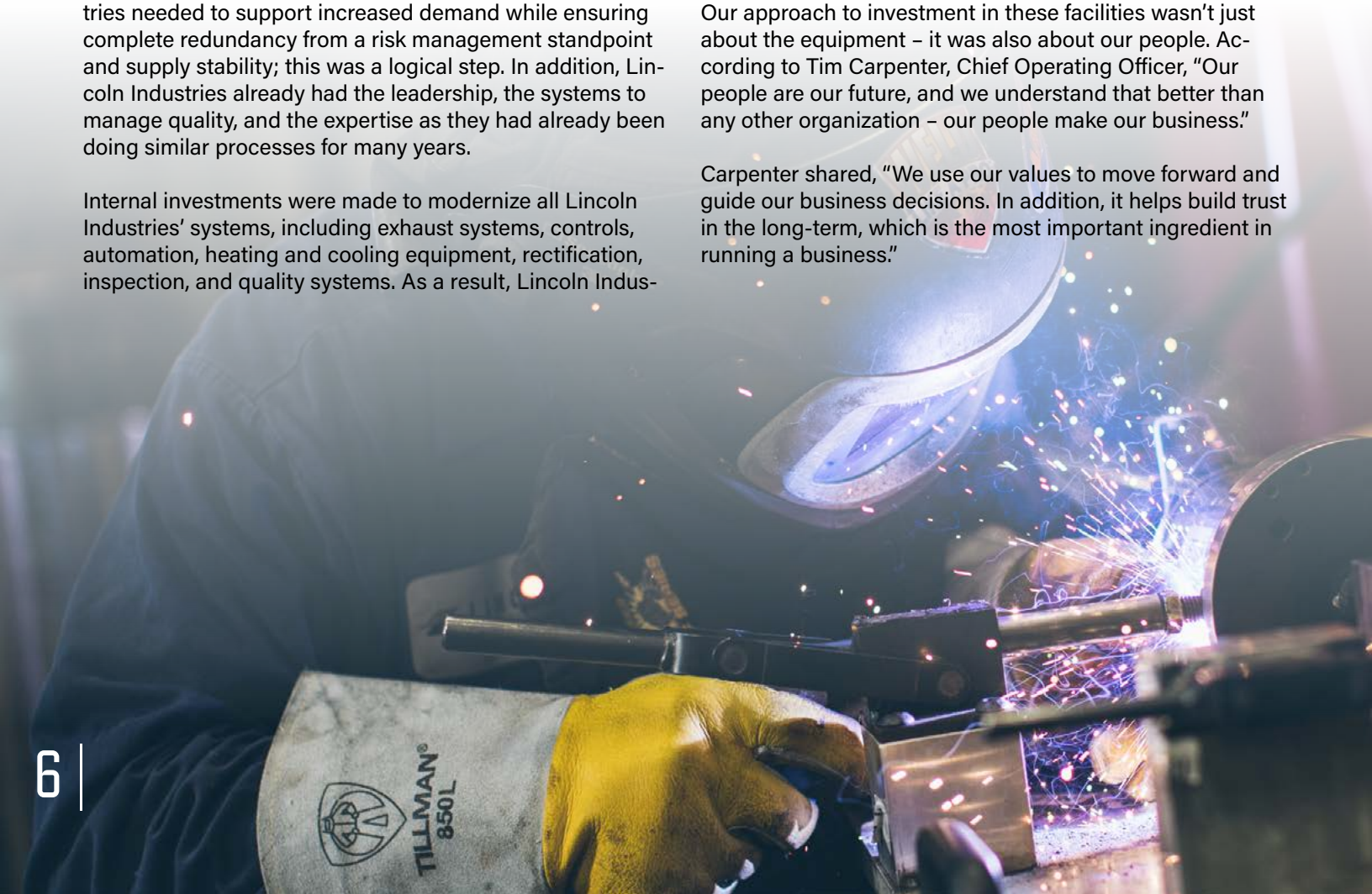
As Lincoln Industries' polishing and plating needs increased in the last year, and with suppliers facing capacity constraints, there was reason to look internally to make investments to support growth. To get the capacity Lincoln Industries needed to support increased demand while ensuring complete redundancy from a risk management standpoint and supply stability; this was a logical step. In addition, Lincoln Industries already had the leadership, the systems to manage quality, and the expertise as they had already been doing similar processes for many years.

Internal investments were made to modernize all Lincoln Industries' systems, including exhaust systems, controls, automation, heating and cooling equipment, rectification, inspection, and quality systems. As a result, Lincoln Industries now has state-of-the-art facilities that ensure a high level of reliability and quality.
"While we have made significa
nt investments in equipment and infrastructure, our people in Wisconsin and Mexico have demonstrated eagerness for change and improvement. This support from our people enabled these investments to be successful. Without their support, we would not have been able to accomplish everything we did," shared Louis Balogh, General Manager of Wisconsin and Mexico.

With full capabilities for both zinc die and aluminum die-cast substrates, these world-class manufacturing facilities are positioned for long-term growth.

Our approach to investment in these facilities wasn't just about the equipment – it was also about our people. According to Tim Carpenter, Chief Operating Officer, "Our people are our future, and we understand that better than any other organization – our people make our business."

Carpenter shared, "We use our values to move forward and guide our business decisions. In addition, it helps build trust in the long-term, which is the most important ingredient in running a business."



A YEAR IN NUMBERS

69 YEARS IN BUSINESS

172 COMPLETED CONTINUOUS IMPROVEMENT PROJECTS

855 HOURS VOLUNTEERED

9 IATF/ISO CERTIFICATIONS ENTERPRISE-WIDE

3 MOUNTAINS CLIMBED

18 YEARS OF ENVIRONMENTAL COMPLIANCE

460 PEOPLE ACHIEVED PLATINUM WELLNESS STATUS

1 CRIPPA CELL ADDED

275 STUDENTS IMPACTED BY LI PEOPLE TEACHING JUNIOR ACHIEVEMENT

120 TRAININGS OFFERED AT LI UNIVERSITY

LEADING THE INDUSTRY

THROUGH THE LATEST TUBE BENDING TECHNOLOGY





2021 marked another milestone year for growth and investment in large diameter tube bending for Lincoln Industries to support growing demand in the heavy-duty truck industry. Lincoln Industries is well-positioned for future growth with the arrival of a second fully automated large diameter tube bending cell. The first of the Crippa cells were installed in 2019. With the development and efficiency of the first fully automated cell, it was apparent that a second cell was a wise investment.

The journey began over 15 years ago, with Lincoln Industries becoming a Tier II polishing and plating supplier to a major OEM customer in the heavy-duty truck industry. As Lincoln Industries' performance and capabilities improved, so did the growth opportunities. It became a strategic decision to vertically integrate tube bending, leading to other tube bending and fabrication opportunities. Today, Lincoln Industries supplies various solutions to truck customers, including stacks, multi-bend elbows, under cab exhaust tubing, insulated exhaust tubes, bumpers, grille surrounds, engine coatings for corrosion, and insulated coatings for engine components.

Lincoln Industries' tube fabrication capabilities and capacity broadened when acquiring a small tube bending facility in Minnesota in 2015 and a facility expansion in Lincoln, Nebraska, in 2019. The two automated bending cells complement other assets to support the truck industry, including two multi-stack CNC benders, four other benders and supporting end forming and welding equipment.
"A major reason for the growth and evolution of this segment is the positive relationships with our customers and our expertise to offer design input and solve their challenges and our ability to meet quality and delivery expectations," according to Eric Jacobs, Director, Truck Accounts.

"We're leading the industry with the latest tube bending technology. We have an advantage with advanced technology at scale by expanding our tube business," said Bill Ellerbee, President.

The new automated tube bending cells begin with 20-foot-long steel or stainless steel tube in diameters of four to five inches. The tubing then goes through multiple operations, including cutting, bending, and swedging, with a significant percentage requiring polishing and nickel-chrome plating. As a result, Lincoln Industries is the only company fully integrated with a large diameter tube exhaust business, offering fabrication, polishing, plating, and insulation.

According to Chairman and CEO Marc LeBaron, Lincoln Industries' success results from focusing on quality and delivery. "Performing at a high level is always important, especially for our work with our truck customers," LeBaron said. "If our experience tells us anything, we must continue to improve. Our future is bright with the talented and dedicated people working in our truck value stream. I am proud to work with them and have the opportunity to recognize all of them for their successes."

Xclusive®

Revolutionary family of ceramic coatings

Anyone trying to clean a range top knows the frustrations of burnt food and staining that won't lift - Lincoln Industries has a solution.

The Innovation team at Lincoln Industries has developed a proprietary coating that solves this problem with easy-clean properties - Xclusive. As part of a broad family of ceramic coatings, Xclusive has multiple formulations that serve different purposes and applications.

Built on easy-clean and non-stick technology initially developed for cookware and bakeware, Xclusive coatings have multiple formulations for various applications, including high heat up to 1,000F (537C). In addition, Xclusive coatings have strong adhesion, wear abrasion, impact, chemical, stain, and thermal shock resistance. FDA-compliant Xclusive coatings are available in various colors, sheens, and sparkle effects for customizable formulations.

Xclusive coatings are suitable over various substrates, including mild steel, stainless steel, aluminum, aluminized steel, bronze, cast iron, enameling iron, and glass. Clear formulations are available and highly suitable for stainless steel applications where cleanability, non-stick, and hydrophobic surfaces are desired. In addition, Xclusive coatings effectively prevent oxidation and yellowing of stainless steel substrates in high-heat conditions.

Lincoln Industries' expertise in coatings and surface finishing and its proven record of solving customers' complex challenges make it an ideal Xclusive partner.

COATING BENEFITS

- high heat tolerance
- superior cleanability
- stain prevention
- strong adhesion
- long-term wear
- hardness
- enhanced impact resistance
- chemical proof
- PTFE & PFOA free
- multiple substrate application

APPLICATION EXAMPLES

- trim pieces
- burners
- drip pans
- broiler pans
- range panels
- oven panels
- griddles
- grates
- racks
- knobs
- handles
- baking sheets



Advanced Manufacturing

What started as an advanced manufacturing initiative from Lincoln Industries' strategic planning process quickly became a formal automation project with significant cultural and operational impacts. "As we considered where we wanted our business to be in five years, we knew advanced manufacturing and automation strategies were going to play critical roles in our success," shared Tim Carpenter, Chief Operating Officer.

With the current competition for top talent and low unemployment rates, Lincoln Industries prioritized areas that are manually intensive and require highly talented and skilled people. The polishing areas were at the top of the list, specifically polishing large-diameter truck tubes. Because Lincoln Industries is vertically integrated on these high-volume products, they were ideal candidates for automation.

"After the automation solutions were engineered and the business case put together, the decision to order the robots was quickly made. The timing of our decision was critical as the same robots now have lead times two to three times longer", says Director of Engineering, Tom Pryor.

Lincoln Industries still needs people to polish products manually, but supplementing the manual process with automation ensures a better work/life balance for its people and provides additional career opportunities.

Additional advanced manufacturing projects include new technologies that would eliminate the internal bottleneck within our coatings areas, improve efficiencies, and increase overall capacity. The addition of a new YLM 2.5" CNC bender in our Minnesota facility, a new robotic weld cell, and Cobots are used to load and unload parts for the bending machine. The safety improvements that Cobots offer are even more critical than the efficiencies gained, directly aligning with Lincoln Industries' driver that a safe working environment is our commitment to each other.



30th Annual Customer Satisfaction Survey

Lincoln Industries held its 30th annual customer satisfaction survey conducted by Priority Metrics in the fall. The yearly poll resulted in a score of 4.16 on a 5-point scale, which John Barrett, an analyst at Priority Metrics, says is world-class. In addition, in almost all areas scored, customers ranked Lincoln Industries significantly ahead of their best alternate supplier, specifically in customer and technical support, product quality, and overall satisfaction. "Lincoln Industries' score of 4.16 places them above most manufacturing companies in PMG's database of survey results," says Barrett.

Lincoln Industries' scores are exceptionally high in customer support, overall business relationships, and product value. Barrett continued, "Lincoln is rated above the best alternate supplier on all performance attributes, exceeding the competition by wide margins in product quality, customer support, business relationships, and perceived value. Although Lincoln Industries did see a drop in their scores around lead-time issues and on-time delivery, it was a trend that was shared around the globe, and they are still ahead of the competition."

Since 2019, Lincoln Industries has developed continuous improvement plans based on comments and scores from this survey. Each quarter teams meet to discuss the action items taken from the survey. "To better serve our customers and get the most value out of the survey, it is important to develop an action plan following the survey," says Marketing Manager Kayla Jacox. "By having segment groups create action items based on our customers' feedback, we're able to drive accountability and make positive changes to improve our customer relationships and performance."

"The company has a strong track record of success in targeting areas of relative weakness in a given survey, resulting in significantly higher scores in subsequent surveys. In addition, based on overall customer survey results, Lincoln Industries is a remarkably well-managed company with strong, loyal customer relationships," stated Barrett.

SOCIAL MEDIA
DO YOU FOLLOW US?



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POSITIVE ENGAGEMENT FOR INTERNAL CULTURE SURVEY

Each year, Lincoln Industries surveys its people to assess, measure, and drive meaningful change in the culture. Focusing on workplace culture and retention is critical with significant labor shortages and meager unemployment rates. One of the most important indicators of the health of a culture is the engagement score. This is a hybrid of two questions - how happy people are in their job and whether they recommend Lincoln Industries.

"Our engagement score did not see any change year over year, which is remarkable given the changes in the employment landscape and our business in the same time frame," shared Scott Miller, Vice President of People Resources. "Although we always want to see improvements, we feel this is affirmation from our people that we are focused on the right things and taking care of our people."

Throughout the pandemic, Lincoln Industries' engagement scores have outpaced the industry benchmark primarily due to the efforts of front-line leaders throughout the company. "We focused on leadership development and revamped our curriculum several years ago, centering it on the principles of Servant Leadership," said Miller. "Our third-highest score was 'my leader knows me by name and cares for me as a person.'"

Among other high-ranking scores were "commitment to quality" and "on-time delivery" - two themes that directly align with Lincoln Industries' core Beliefs and Drivers. Miller shared, "We consistently talk about our company values and align everything we do around them. So it's extremely satisfying to see those efforts reflected in the survey scores."

78%
RESPONSE RATE
76% Industry Benchmark

LINCOLN INDUSTRIES' PEOPLE

Most Valuable Resource

It's become apparent that the disruptions of Covid are likely to continue well into 2022. Whether it's supply chain disruptions, labor shortages, mask mandates and safety protocols, or any of the many issues companies have faced, it has created a lot of stress on organizations and people. However, it has also created opportunities to leverage people's talents and career development.

At Lincoln Industries, one of our core values is people development because our people create our success.

"Our people have always been our most important resource," says Chairman and CEO Marc LeBaron. "In this ever changing environment, it's easy to feel many variables are outside our control. However, we've never taken that attitude with culture and have always been intentional about creating a culture people can take pride in being part of."

Over the past two years, Lincoln Industries has continued to invest in leaders and individuals to give them opportunities to learn and grow. Sara Paisley, Manager of Learning and Development, shared, "The pandemic has stretched our leaders, so we had to think non-traditionally and adjust our leadership development courses to give them relevant tools to do their jobs successfully. In addition, with the labor shortage, retention has become a focus area, and we know our front-line leaders play a key role in driving the culture and retaining people."

Similarly, the development of individuals has been just as important. As a talent-based organization, Lincoln Industries has always invested in giving people the skills to do their jobs successfully. "If you find people that are a good fit culturally, and ensure they are in a job that utilizes their natural strengths, they'll be engaged and quickly learn how to excel in their career," according to Chief Operating Officer Tim Carpenter.



WELLNESS WINS

Breaking Records and Climbing Mountains

Lincoln Industries' people found so much to celebrate in a year filled with many obstacles. Over 460 people achieved Platinum wellness status by prioritizing their health and wellbeing -- a Lincoln Industries record. In addition, the launch of Lincoln Industries' total health wellness model, Evolve, empowers people using resources and coaching to become better versions of themselves and own their well-being journey. And topping it all off, the Lincoln Industries team made it back to the mountains.

Two mountain ranges were offered. One hundred and nineteen climbers summited. Thousands of feet of elevation were gained.

This year's climb marked the 16th annual mountain climb at Lincoln Industries. After a virtual climb in 2020, Lincoln Industries people were ready to get back on the mountains in Colorado.

"I feel blessed to have the opportunity to have a leadership role in the climb," said Wellness Manager Brandon Noerrlinger. "I stood at the top of Mt. Quandary for a few hours and witnessed the faces of people reaching the summit. From phone calls to tears, fist bumps, and hugs--it was a highlight of my year."

Mexico's People Resources Manager, Maria Gonzalez, contributed to some of those tears. "It was my third time in the mountains, and for some reason, it felt more challenging this year. However, I also thought we were more united than ever, which motivated me not to give up. Upon reaching the top, I could not help crying with emotion, and I felt that it was a new beginning for everyone after this pandemic."

When people think of the Lincoln Industries annual mountain climb, they think it's an incredible physical wellness incentive, but its value goes beyond that. The teamwork and camaraderie forged from the climbs have become a cornerstone of the company's culture.

Maintenance Technician Austin Crom agrees. "Many companies hope their people will live healthy lifestyles, but Lincoln Industries motivates us to do so. Having encouraging coworkers and management has been incredibly beneficial for training and summiting Mt. Quandary. Though it was physically and mentally challenging, the view at the top was a moment that I will never forget, and I can't wait to do it all again next year."

One of Lincoln Industries' beliefs is wellness, and healthy lifestyles are important to our success. Branded Products Design Engineer Greg Stuble thinks the climb is an experience that defines this. "The camaraderie here at Lincoln Industries makes me believe this truly is the best place to work. I am proud to have had the opportunity to achieve the summit and cannot wait to go again!"



ANNUAL HEALTH SCREENS

Establish a baseline and develop a plan for improvements

Wellness has been a part of Lincoln Industries' culture for more than 40 years. And though the annual mountain climb gets the most recognition, health screens serve as a vital part of overall wellness. Knowing your biometric numbers allows you to establish a baseline and develop a plan for improvements, according to Wellness Manager Brandon Noerrlinger. Lincoln Industries provided more than 750 people with critical health information for long-term wellness success. Information including glucose and triglyceride levels, blood pressure, HDL cholesterol, waist circumference, and tobacco usage are all part of the health screen. A combination of two or more of any of these characteristics would be an indicator of metabolic syndrome.

Health screens provide valuable insight into current and potential medical issues and are a fundamental component of Lincoln Industries' wellness culture. As a result, the risk for chronic preventable diseases such as diabetes, heart disease, and hypertension are identified and create opportunities for improved health and well-being.

This information, combined with the opportunity to meet with a certified medical health coach enterprise-wide, creates real value for Lincoln Industries people. Kristi Niederklein, a certified nurse practitioner in Lincoln, Nebraska, says health screen information is essential to setting goals and supporting people on their wellness journeys.

"Often, people schedule an appointment with me after their health screen if their values are out of range, inquiring on how to improve their numbers. So it's two-fold, for health and insurance premiums," said Niederklein. In addition, she says people regularly credit the screens for identifying health issues, such as elevated blood sugar or blood pressure, that may have otherwise gone unknown.

"Being healthy not only means being happier and more productive in the workplace but, more importantly, outside of work for loved ones," stated Chairman and CEO Marc LeBaron.

