



LINCOLN
INDUSTRIES

ANNUAL REPORT

2020

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.

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2020 ACCOMPLISHMENTS

A letter from Chairman and CEO Marc LeBaron

Adversity always creates challenges and opportunities for people and businesses, and 2020 was full of both.

The last year was filled with difficult decisions for our people, our families, and the company. Though it will indeed be seen as a challenging period, we stayed true to our values.

Lincoln Industries continued to invest in innovation and technology that enhanced relationships and created new opportunities with existing customers, and we continue building relationships with new customers in new markets. We saw our branded products, Khrome Werks, Lincoln Chrome, and SourceOne, prosper. And though it looked different, we found ways to celebrate our people.

Lincoln Industries people responded and adapted as well as any group could have during challenging times: taking on new tasks, different roles, and learning new things. As the business returned to full operation, we implemented

policies and protocols that allowed our people to perform critical activities while maintaining safety for themselves and their coworkers. Adapting to these changes has allowed us to meet the obligations of our customers safely.

We maintained a commitment to continue working and providing customers with products, as many of them faced shut-downs and scheduling complexities.

As we look forward to the next year, we see many exciting opportunities for our people and business.



“

**Adversity always creates
challenges & opportunities for
people and businesses**

Marc LeBaron / Chairman and CEO



ERP INTEGRATION CREATES ENTERPRISE-WIDE SYNERGIES

With locations in Nebraska, Minnesota, Wisconsin, and Mexico, creating consistency in information systems became an important goal for Lincoln Industries. In the past, the Minnesota and Wisconsin facilities operated on disparate legacy ERP systems lacking functionality required to support the business. Starting in February of 2019, the Minnesota facility integrated into Lincoln Industries core ERP system, followed by phased implementations in Wisconsin in January and September of 2020.

Slavic Stepanyuk, Information Systems Manager, played a vital role in these integrations. “The biggest hurdle we faced was the lack of a centralized source of information across the enterprise and tools available to support the business objectives at all levels,” Stepanyuk said.

An integrated enterprise resource planning system created synergies throughout all business areas. Lincoln Industries now has clear visibility of the supply chain and the manufacturing stages of all products.

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“The former systems weren’t working efficiently, often creating manual processes, lowering productivity, and inviting room for error,” stated Stepanyuk. “With integrated ERP,

we’re able to leverage the system to gain efficiencies in many areas, including planning, inventory control, supply chain management, and finance. We’re also able to have better tools for performance tracking and analysis.”

Lincoln Industries created a team including Slavic Stepanyuk, Bryan Fralin, Katie Hazzard, and Kaleb Nixon from Lincoln, Nebraska, while Nate Honeck and Jeff Fischer supported the transition in Wisconsin. Their priorities included forecasts, sales orders, and full integration of parts into the system. Lincoln’s team’s experience and Wisconsin’s teams’ adaptability enabled the deployment plans execution in a short amount of time without any business interruptions.

Planning Manager Nate Honeck is grateful for the integration. “It’s made huge improvements for the Wisconsin and Mexico teams. We now have real-time visibility to our inventory and the ability to run MRP (Material Requirements Planning), which allows us to react to changes in demand quickly to continue to support our customers. From the production side, it’s given us great visibility to respond to customers’ needs when it comes to ordering adjustments,” he said. “It’s still a learning process, but the team has taken the change in stride,” stated Honeck.

Though there were undoubtedly challenges initially, Lincoln Industries has learned to utilize the system to support all business areas, which is the driver behind the push to extend it to all locations. “It’s important for us to share best practices and leverage our strengths to replicate the things we’ve learned and developed over the years in all of our facilities and locations,” said Stepanyuk.

Lincoln Industries Ignite Program

Ignite, a Continuous Improvement (CI) program continued to build on its successes. Each year the CI team strives to initiate and close more projects, engage as many people as possible, and ultimately find many ways to improve safety, quality, and productivity throughout the company.

2020 was no different.

Lincoln Industries people initiated 156 projects, closed 123, and had 138 individuals participate in the program. Each quarter, the best projects are recognized.

In the spirit of continuously improving, the team updated the program itself. They created three new ways to deliver Ignite training, developed two new brainstorming cards, implemented project tracking, and launched the Ignite Representative team. Last, with great teamwork and collaboration, the program launched at SourceOne.

Lincoln Industries Community Giving

Lincoln Industries' tradition of giving is a hallmark of its history. The Community Connections' team is a diverse group passionate about impacting the community. Its mission is to contribute to the strengths and vitality of our community. They seek to build strong partnerships and lasting value in the community by supporting organizations that improve individuals and families' education, health, and economic opportunities.

Though COVID-19 impacted our in-person classroom visits for Junior Achievement and packing backpacks on behalf of the Food Bank, our Lincoln, Nebraska people volunteered over 930 hours for twenty-eight non-profits organizations. Communities in all of Lincoln Industries' locations also responded to the holiday season with a giving tradition.

Lincoln Industries' people are continually contributing to their communities and bringing awareness to several organizations and projects requiring attention.

A YEAR IN NUMBERS

68 YEARS
IN BUSINESS

4 IATF/ISO
CERTIFICATIONS
AWARDED

930 HOURS
VOLUNTEERED

123 COMPLETED
CONTINUOUS
IMPROVEMENT PROJECTS

17 YEARS OF
ENVIRONMENTAL
COMPLIANCE



BRANDED PRODUCTS

A Source of Exceptional Growth



Lincoln Industries' commitment to diversifying their business with their own branded products created stability and growth when other markets were soft.

Branded Products Director Nate Meiergerd reflects on 2020, "The year brought many challenges that the entire enterprise felt," he said. "Team members at both brands did a great job in meeting challenges and finding new ways to operate successfully in these tough times."

For Khrome Werks, quality and efficiency improvements were a top priority last year.

Operations teams looked for ways to improve products' designs and flow through the facility, which drove many efficiencies. With the support of a group of people, Khrome Werks launched new methods for manufactured products.

"We focused on new product launches to meet customer preferences and strengthen our brand," said Meiergerd. "And we were able to set a standard to new product launches locking in margins, ensuring profitability." Khrome Werks launched a new 4.5-inch muffler with a slash cut tip, hideaway headers, and buck series handlebars, all projected to do well in the marketplace.

In August, the Khrome Werks team saw a significant increase in direct consumer sales at the Sturgis Bike Rally in South Dakota. Their presentation improved with an upgraded trailer and booth that showcased the products, leading to a significant retail sales spike.

"We're proud of the efforts that went into Khrome Werks from all avenues," Meiergerd says. "It was truly a team effort that made us successful."

And Lincoln Industries branded product success doesn't end there. Lincoln Chrome saw an increase in sales in 2020 with continued growth. Their sales team is working with dealers to get messaging in front of the end-users about their differentiating characteristics. In addition to exhaust systems, Lincoln Chrome is emerging as a leader in the bumper and visor markets.

"Team members did a great job in meeting challenges and finding new ways to operate successfully in these tough times."

In the past, Lincoln Chrome took new products into the market at trade shows, but in 2020, a pivot was necessary. With some flexibility, they successfully launched new bumpers and visors digital campaigns.

"We were impressed with the success of the digital rollout of our launches," said Meiergerd. "Though there is something to be said about the grass-roots approach, we're excited to pair the two together for future releases." Lincoln Chrome has focused on exhaust systems for years, but as changes come to the industry, like the need for reduced emissions and aero trucks without stacks, they want to remain a leader.

"We want to see success with our bumpers and visors that we've experienced with our exhaust," said Meiergerd. "We're glad to be putting ourselves into that position with our new product launches and look forward to growing into that space in the coming years."

A LEADER IN WHEEL ASSEMBLY

A Complex Project that Added Growth to Lincoln Industries in 2020

Finding areas to grow during down years is a sign of a healthy company. One growth area for Lincoln Industries in 2020 was the assembly area. For over a decade, Lincoln Industries has manually assembled service laced wheels for OE motorcycles. Because of the service program's success, an opportunity arose to expand the wheel assembly area significantly, making Lincoln Industries the largest supplier of spoked wheels in North America.

Lincoln Industries created a cross-functional team of engineers with people from operations and quality to tackle the challenge. With 50,000 new assemblies per year, Innovation Manager Adam Matzner and Project Integration Engineer Rian Suiter knew that the current resources and processes were not ideal. They needed to design new manufacturing tooling specifically for this project. The team innovated a semi-automatic process and a machine

that positions parts exactly where they need to be every time.

"The machine knows which fasteners need tightening on each wheel and will present it to the operator with instructions on the screen. It also controls the gun's torque and records the number of rotations so no fasteners will be hit twice," said Matzner. "It's great to be able to take all the knowledge we've established and scale it up for an impactful project that's quite meaningful to Lincoln Industries and its customers."

Adding adjacent processes has helped Lincoln Industries grow over the years, and 2021 will be no different. Technical assemblies will continue to grow as customers look to simplify supply chains and reduce lead time. This complex project's success demonstrates Lincoln Industries' ability and confidence to develop more new business in assembly.

A CUTTING EDGE PROJECT WITH AN EXCITING BRAND

Lincoln Industries' diverse capabilities inspire partnership with Hudl



Two miles stand between Lincoln Industries and Hudl in Lincoln, Nebraska. A manufacturing company and a software company brought together a unique project that has built a great partnership.

Founded in 2006, Hudl revolutionized the way coaches and athletes prepare for and stay ahead of the competition. They offer a complete suite of products that empower more than 160,000 global sports teams at every level to gather insights with video and data. One of Hudl's most recent developments, the Hudl Focus smart camera, came to fruition in large part due to the partnership with Lincoln Industries.

This relationship began with Lincoln Industries' acquisition of neighbor SourceOne. Having explored the sheet metal and stamping capabilities at SourceOne, it made sense for Hudl's leaders to tour Lincoln Industries' Nebraska facility to see the additional offerings and explore the company as a whole.

The design teams from Hudl, Lincoln Industries, and SourceOne collaborated on a design that would encapsulate the look and manufacturability desired. The original Hudl Focus designs were attractive but challenging to manufacture at scale. SourceOne Project Engineer Ross Young came up with multiple models

focused on a design that could be manufactured to accomplish Hudl's vision. "Given the enormous success Hudl has had with other product offerings, we knew we needed to develop a solution that could be produced in substantial quantities while maintaining the desired look," said Young.

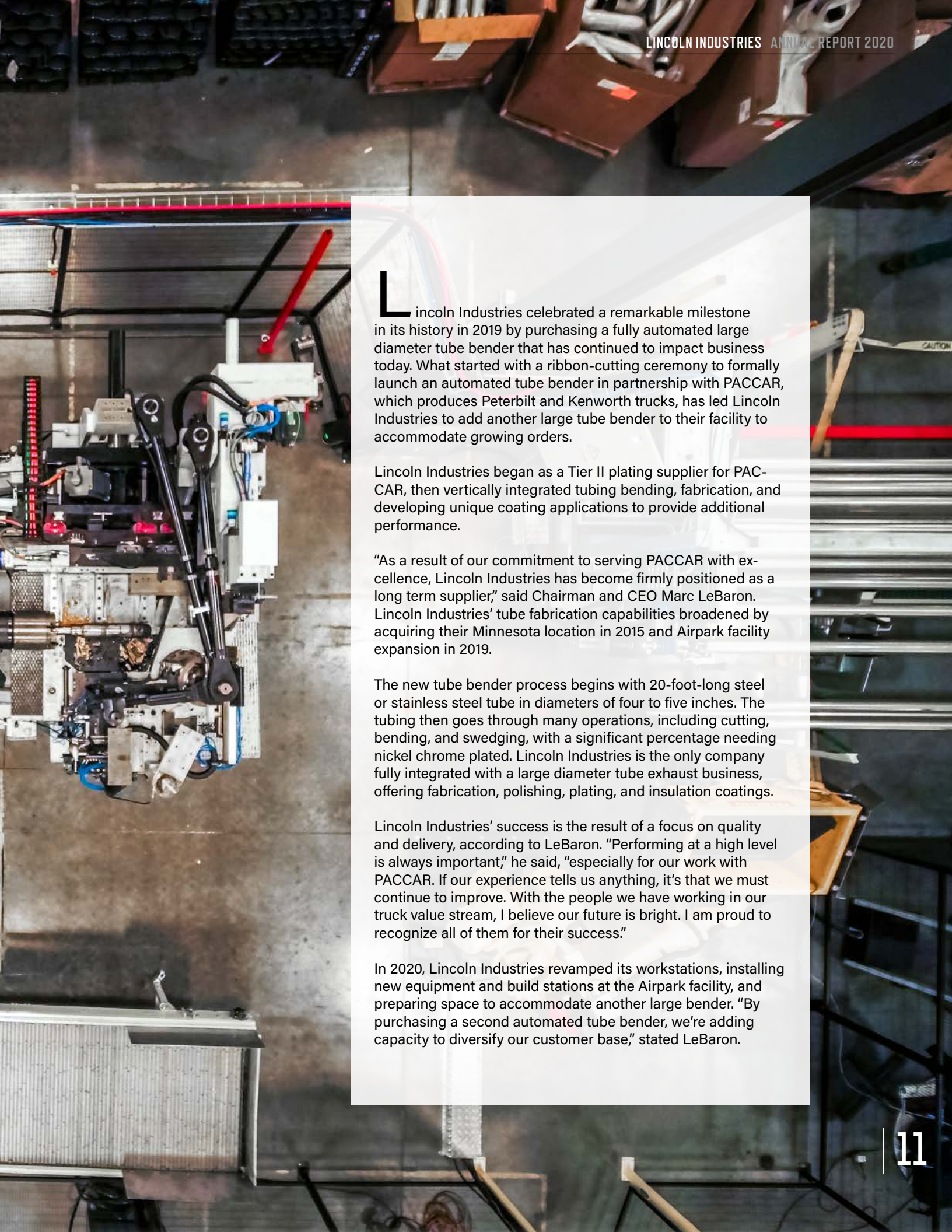
The camera units' fabrication begins with sheet metal bent to the enclosure's shape and assembled at Lincoln Industries. The camera units, mounts, and wall bracketry are manufactured at SourceOne.

The nature of Hudl's business is fast-moving and ever-evolving, which required the team at Lincoln Industries to be extremely responsive and reactive with design changes to improve the project. Because of the close relationships with Hudl's team, communication was always clear, which aided in a successful launch of the Hudl Focus.

Vice President of Business Development Brandon Rigoni says, "This partnership is a special one because we're able to support a local company who is doing amazing things and building a great brand. There are no limits to what Hudl can accomplish as software technology advances, and the company moves into hardware and other areas."

RESULTS OF AN EVOLVING RELATIONSHIP





Lincoln Industries celebrated a remarkable milestone in its history in 2019 by purchasing a fully automated large diameter tube bender that has continued to impact business today. What started with a ribbon-cutting ceremony to formally launch an automated tube bender in partnership with PACCAR, which produces Peterbilt and Kenworth trucks, has led Lincoln Industries to add another large tube bender to their facility to accommodate growing orders.

Lincoln Industries began as a Tier II plating supplier for PACCAR, then vertically integrated tubing bending, fabrication, and developing unique coating applications to provide additional performance.

"As a result of our commitment to serving PACCAR with excellence, Lincoln Industries has become firmly positioned as a long term supplier," said Chairman and CEO Marc LeBaron. Lincoln Industries' tube fabrication capabilities broadened by acquiring their Minnesota location in 2015 and Airpark facility expansion in 2019.

The new tube bender process begins with 20-foot-long steel or stainless steel tube in diameters of four to five inches. The tubing then goes through many operations, including cutting, bending, and swedging, with a significant percentage needing nickel chrome plated. Lincoln Industries is the only company fully integrated with a large diameter tube exhaust business, offering fabrication, polishing, plating, and insulation coatings.

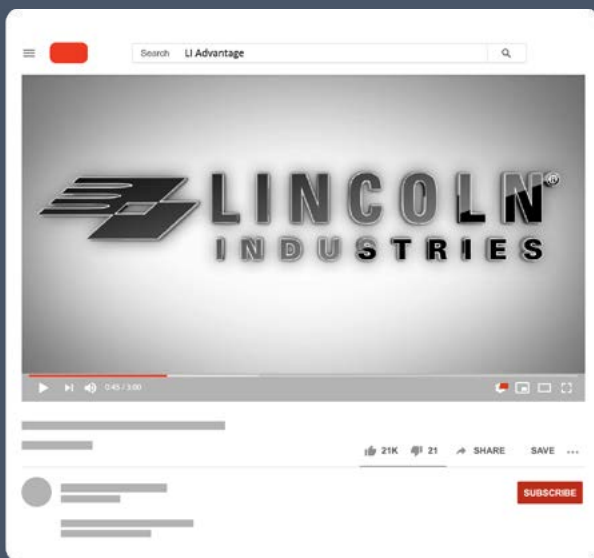
Lincoln Industries' success is the result of a focus on quality and delivery, according to LeBaron. "Performing at a high level is always important," he said, "especially for our work with PACCAR. If our experience tells us anything, it's that we must continue to improve. With the people we have working in our truck value stream, I believe our future is bright. I am proud to recognize all of them for their success."

In 2020, Lincoln Industries revamped its workstations, installing new equipment and build stations at the Airpark facility, and preparing space to accommodate another large bender. "By purchasing a second automated tube bender, we're adding capacity to diversify our customer base," stated LeBaron.

INTRODUCING LI ADVANTAGE

A Monthly Video Series

LI Advantage is a new monthly video series that will highlight the ins and outs of Lincoln Industries. These short videos will capture Lincoln Industries behind the scenes, from technical videos on coatings to business processes and company culture. Be sure to subscribe to LI Advantage on YouTube or our social media pages for updates.



THE FIRST OF ITS KIND



CULTURE SURVEY

Taking an idea, applying creativity with engineering and manufacturing experience, the people at SourceOne have built a reputation for innovative design and machine build excellence.

SourceOne leveraged this expertise with a turn-key robotic assembly cell for Becton-Dickinson (BD), designed and built to package hypodermic needles. The machine build comes nearly 25 years into the relationship between SourceOne and BD. While SourceOne has made multiple machine packers and has worked on several BD designs, this is the first time they've built a full robot application. This robotic cell is the first of its kind and impressively packages 300 pieces per minute.

Three robots by Fanuk pick up 100 needles per minute and load them into nests, those nests are then picked and placed into a vacuum-form packaging machine.

"These robots solve problems for the assembly challenges that BD was facing," says General Manager of SourceOne Eric Slezak. "This machine gives us leads and territory opportunities to

leverage winning more robotic projects in the future."

This robotic cell is the first of its kind and impressively packages 300 pieces per minute.

SourceOne has established a national reputation for successfully building one of a kind machines. "We start with the customer's needs and a blank piece of paper," Slezak says.

This developmental process can prove to be one of the most challenging areas of the project. But with a renowned engineering team, SourceOne leverages its people to develop a machine that fits the customers' requirements. "Our biggest asset is our people at SourceOne. Our success is the result of years of experience addressing unique engineering projects".



ENGAGEMENT
RATE **78**

75 BENCHMARK

- CULTURE SHINES IN MIDST OF A PANDEMIC
- EXCEPTIONAL PARTICIPATION
- EFFECTIVE LEADERSHIP
- STRENGTHS IN QUALITY & ON-TIME DELIVERY
- OPPORTUNITIES IN COMMUNICATION & ROLE DEVELOPMENT

TOTAL WELLBEING | EVOLVE

Lincoln Industries is no stranger to promoting wellness for its people. For over 40 years, Lincoln Industries has invested in its wellness culture. What's made the program successful in integrating wellness into all aspects of the company.

The wellness team has routinely found ways to engage with their people by encouraging participation in challenges and programmings like the Holiday Hustle, Health Screens, and the BRIN Blackout 10k Series. But when Wellness Manager Brandon Noerrlinger began leading the wellness program, he saw the need for a new way of thinking.

"Although our engagement is high, there is always an opportunity for improvement," said Noerrlinger. "A healthy workforce extends beyond our organization. We can be more innovative and do more for our customers because of our commitment to wellness," he stated.

So began Evolve.

"Empower our people with the resources and coaching to become better versions of themselves and own their wellbeing journey."

Lincoln Industries uses data to drive its programs aligned with healthcare trends used as a basis for its platinum wellness structure. Developing custom wellness programs to stay forward-looking and cutting edge is essen-

tial. The compelling results not only create value for the company but, more importantly, for Lincoln Industries' people and their families. "We analyze data from our population to develop programs that have the most impact," says Noerrlinger.

Evolve's mission statement is: "To empower our people with the resources and to coach to become better versions of themselves and own their wellbeing journey." Evolve is symbolized through a wellness wheel comprised of the following domains: body, mind, financial, community, and purpose.

"Lincoln Industries has always done a magnificent job helping our people maintain a healthy body and also recognizes the importance of investing in the whole person," said Noerrlinger. "We're taking benefits that Lincoln Industries has offered for several years and are packaging them differently and encouraging our people to consider all domains in their wellness journeys."

The vision for launching Evolve has taken a different shape. Originally envisioned as an opportunity for personalized training, mentoring, and coaching, Lincoln Industries had to switch gears on the pandemic approach. The initial launching point has now become an email newsletter geared towards specific wellbeing topics of interest to Lincoln Industries' people.

"Evolve is exciting because it started with programs and capabilities we already have, but there isn't a finish line. We are excited to continually innovate and expand on our offerings and the program formats to give our people the tools and resources to be successful in owning their wellbeing," said Noerrlinger.

The model that Lincoln Industries has created addresses its people's total well-being. Given how the world has changed in the last year, Evolve is sure to succeed.

WELLBEING DOMAINS

BODY

Having good health and enough energy
to be the person you want to be

MIND

A positive and resilient
approach to life and
circumstances

PURPOSE

Your personal path to
achieving goals and
lifestyle fulfillment

EVOLVE

COMMUNITY

A sense of belonging and pride in
your local community, LI community
and personal relationships

FINANCIAL

Managing personal economics
to reduce stress, increase
security and thrive in lifestyle

