



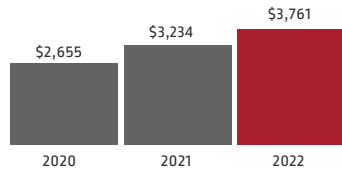
# BUILDING A **BETTER** WORLD

2022 ANNUAL REPORT & 2023 PROXY STATEMENT

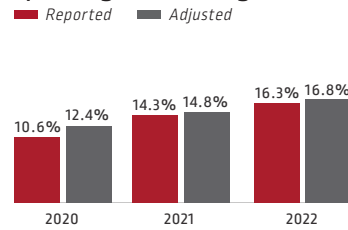
# FINANCIAL HIGHLIGHTS

Years ended December 31  
 (dollars in millions, except per share)

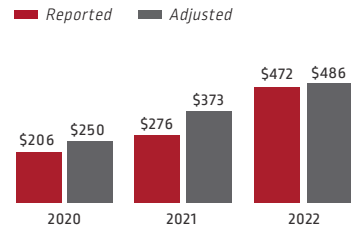
## Net Sales



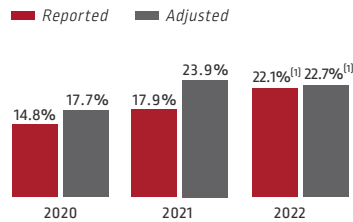
## Operating Income Margin\*



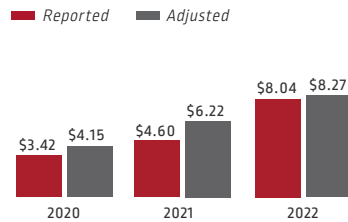
## Net Income\*



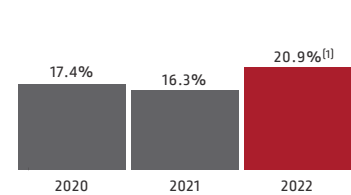
## Return on Invested Capital\*



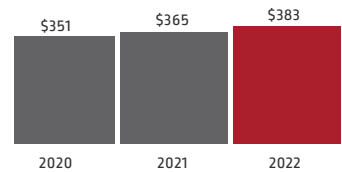
## Earnings Per Common Share\*



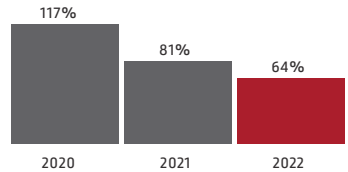
## Average Operating Working Capital Ratio\*



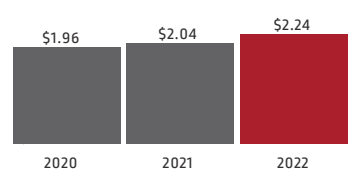
## Cash Flow From Operations



## Cash Conversion Ratio\*



## Annual Cash Dividend Per Common Share



\* Please see Appendix A for definitions and reconciliation of adjusted results to the most comparable reported results.

<sup>(1)</sup> 2022 Reported and Adjusted ROIC excluding the Fori acquisition would have been 27.9% and 28.6%, respectively. The 2022 Average operating working capital ratio excluding Fori would have been 18.6%.

# SUSTAINABILITY HIGHLIGHTS



## Safety

2025 GOAL: 52% REDUCTION

**16% TRCR Reduction**

[2022 vs 2018]



## GHG Emissions

2025 GOAL: 10% REDUCTION

**19% Reduction**

[2022 vs 2018]



## Energy Intensity

2025 GOAL: 16% REDUCTION

**1% Reduction<sup>(2)</sup>**

[2022 vs 2018]



## Recycling

2025 GOAL: 80% RATE

**76% In 2022**



## Landfill Avoidance

2025 GOAL: 97% RATE

**95% In 2022**



## Water Use

2025 GOAL: 14% REDUCTION

**25% Reduction**

[2022 vs 2018]



CEO **ACTION** FOR  
 DIVERSITY & INCLUSION

Please visit:  
<https://sustainability.lincolnelectric.com>  
 for more details

<sup>(2)</sup> 2022 energy intensity performance, a ratio of gigajoules per hours worked, is impacted by fewer working hours due to automation investments and productivity. Absolute energy use declined 5% 2022 vs 2018.

# OPERATING TO A HIGHER STANDARD TO BUILD A BETTER WORLD



**Chris Mapes** Chairman, President & CEO

## DEAR LINCOLN ELECTRIC SHAREHOLDERS,

I am pleased to report another year of record performance across key financial and environmental metrics while successfully advancing results closer to our Higher Standard 2025 Strategy goals.

### 2022 Financial Highlights

- Record Net sales: +16% to \$3.8 billion, led by +20% organic sales
- Record Adjusted operating margin: +200bps to 16.8%
- Record Adjusted earnings per share: +33% to \$8.27
- Strong cash flow generation: +5% to \$383 million
- Top quartile Adjusted ROIC: 22.7%
- Returned \$312 million to shareholders (dividends and share repurchases)

While the year was marked by persistent inflation, challenging operating conditions and greater instability in international markets - we achieved solid growth from our innovative solutions and leading service levels, which returned volumes to

pre-pandemic 2019 levels. We delivered superior profit and return results at those volume levels by effectively mitigating inflation, maintaining an agile operating plan, and achieving greater operational efficiency through our Lincoln Business System (LBS). These achievements reflect the success of our customer-first approach and our disciplined, high-performance team who is aligned around our Higher Standard 2025 Strategy and guided by the Golden Rule.

### Higher Standard 2025 Strategy Progress

We are progressing well against our Higher Standard 2025 Strategy goals at the midpoint of the strategy window. We began the year by increasing our sales and profitability 2025 targets to reflect the higher value our strategic initiatives are generating and made meaningful progress across most metrics in 2022:

Metric	2025 Goal	2020-2022 Performance	2022 Performance
Sales CAGR (Volume, 2% price & acquisitions)	High single digit to low double digit percent	12% CAGR	9% (vs. prior year)
Average Adj. Operating Income Margin	Average 16.0% (+/- 150bps)	Average 14.7%	16.8%
Americas Welding Adj. EBIT margin	17% to 19%	17.0%	19.2%
International Welding Adj. EBIT margin	12% to 14%	9.6%	12.2%
Harris Products Group Adj. EBIT margin	13% to 15%	13.9%	12.1%
Adj. EPS CAGR	High teens to Low 20% CAGR	41% CAGR	33% (vs. prior year)
Average Adjusted ROIC	18% to 20% Average	Average 21.4%	22.7%
Average operating working capital to sales	15.0% in 2025	20.9% in 2022; 18.6% excluding Fori	20.9% in 2022; 18.6% excluding Fori



We are in growth mode entering 2023 with high backlog levels and most of our end markets are driving higher demand levels. We also expect to continue to benefit from long-term secular growth trends that favor Lincoln Electric, including the global labor shortage, the electrification of transportation, renewable energy and infrastructure investments, and reshoring of manufacturing to de-risk supply chains. These growth drivers, combined with our LBS initiatives driving operational excellence, an expanded shared service structure and the digitization of back office functions positions us well and we will continue to challenge ourselves to accelerate performance.

### Advancing Automation Leadership

A key driver of record performance in 2022 was the approximate 30% organic sales growth achieved in our global automation portfolio and the doubling of their adjusted operating income margin through operating leverage and the diligent execution of LBS initiatives.

In addition, we acquired Fori Automation, LLC, our largest acquisition to date, and exited the year with an \$850 million automation portfolio sales run rate, which positions us to exceed our 2025 goal of achieving \$1 billion in automation sales. Fori extends our presence into full line build capabilities, automated industrial material handling (AGVs), and expands our automation presence internationally. Customers can now access the most extensive automation portfolio and engineering expertise in the industry and we are able to support their needs at any level of adoption, from cobots to lights out automation across four continents.

### Growth Momentum with Proprietary Solutions for Electrification, Renewables and Infrastructure

The rapid expansion of renewable energy and the electrification of transportation and supporting infrastructure has challenged customers with finding the right technologies and application expertise to support their aggressive growth plans. In 2022, our proprietary solutions supporting efficient wind tower fabrication, EV battery tray welding and automated structural steel fabrication gained greater market traction given their outperformance versus competitive offerings and have positioned Lincoln as the partner of choice in these growing areas. These solutions, along with our strong 57% vitality index

in equipment, reinforce Lincoln Electric as the innovative leader in helping customers achieve their operational and sustainability goals.

### Expanding Our Growth Vectors

This year, we continued to invest in our large-scale wire metal 3D printing platform and now operate the world's largest platform of its kind, further advantaged by our vertical integration of wire feedstock manufacturing and the machining of finished parts. We are currently working with energy, industrial, defense and aerospace customers to rapidly print large-scale metal parts, molds and prototypes to accelerate project timelines and help customers overcome elongated supply chains. We expect this state-of-the-art technology to mature through our strategy window.

We also announced our new DC fast charge EV charger initiative to supply level-3 EV chargers for public, fleet and heavy industry use. While this initiative is not tied to the 'arc', it leverages our existing power electronics, engineering and manufacturing competencies to produce a rugged, reliable and domestically produced level-3 charger, which has been challenging to source. We are targeting the production and shipment of our scalable 150kW charger in late 2023 and are actively engaged with prospective customers and partners.

### Thank you

Looking ahead to 2023, we remain focused on serving our customers, executing on our Higher Standard 2025 Strategy initiatives and driving growth. By living our values and leading by the Golden Rule we expect to continue to generate superior value for all of our stakeholders. On behalf of the entire organization and our Board of Directors, thank you for your support and helping us achieve our purpose to Build a Better World.

**Chris Mapes**

Chairman, President and Chief Executive Officer



# 2023 PROXY STATEMENT







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# ANNUAL MEETING OF SHAREHOLDERS

ITEMS TO BE VOTED ON	RECOMMENDATION	
<b>PROPOSAL 1</b> To elect ten Director Nominees named in this Proxy Statement to hold office until the 2024 Annual Meeting or until their successors are duly elected and qualified	 FOR all Director nominees	PAGE 22
<b>PROPOSAL 2</b> To ratify the appointment of Ernst & Young LLP as Lincoln Electric's independent registered public accounting firm for the year ending December 31, 2023	 FOR this proposal	PAGE 89
<b>PROPOSAL 3</b> To approve, on an advisory basis, the compensation of our named executive officers (NEOs)	 FOR this proposal	PAGE 91
<b>PROPOSAL 4</b> To recommend, on an advisory basis, the frequency for future advisory votes to approve the compensation of our NEOs	 For EVERY YEAR	PAGE 94
<b>PROPOSAL 5</b> To approve Lincoln Electric's 2023 Equity and Incentive Compensation Plan	 FOR this proposal	PAGE 95
<b>PROPOSAL 6</b> To approve Lincoln Electric's 2023 Stock Plan for Non-Employee Directors	 FOR this proposal	PAGE 105

By Order of the Board of Directors,



**Christopher L. Mapes**  
Chairman, President and  
Chief Executive Officer



**Jennifer I. Ansberry**  
Executive Vice President,  
General Counsel and Secretary

WE WILL BEGIN MAILING THIS PROXY STATEMENT ON OR ABOUT MARCH 17, 2023.

*Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on April 19, 2023:*

*This Proxy Statement and the related form of proxy, along with our 2022 Annual Report on Form 10-K, are available free of charge at [www.lincolnelectric.com/proxymaterials](http://www.lincolnelectric.com/proxymaterials).*

**DATE & TIME**

WEDNESDAY, APRIL 19, 2023  
11:00 AM ET

**PLACE**

Online at  
[www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023)

**ACCESS**

Online at  
[www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023).  
You must have your 16-digit control number which is printed on your proxy card.

**PARTICIPATION**

Submit pre-meeting questions online by visiting [www.proxyvote.com](http://www.proxyvote.com) before Friday, April 14, 2023 at 5:00 pm ET.

**RECORD DATE**

Shareholders of record on the close of business on February 28, 2023 are entitled to vote at the 2023 Annual Meeting.

## HOW TO CAST YOUR VOTE

Your vote is important! Please vote your shares promptly in one of the following ways:



**BY INTERNET USING YOUR COMPUTER**

Visit [www.proxyvote.com](http://www.proxyvote.com) until April 18, 2023



**BY PHONE**

Call 1-800-690-6903 by April 18, 2023



**BY INTERNET USING YOUR TABLET OR SMARTPHONE**

Scan this QR code to vote with your mobile device by April 18, 2023



**BY MAIL**

Sign, date and return your proxy card or voting instruction form, which must be received by April 18, 2023



**DURING MEETING**

Vote online on April 19, 2023 during the Annual Meeting at:

[www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023)

# BUSINESS OVERVIEW

## OUR PURPOSE:

OPERATING BY A HIGHER STANDARD TO BUILD A BETTER WORLD

Lincoln Electric is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxyfuel cutting equipment, and has a leading global position in brazing and soldering alloys.

We are recognized as The Welding Experts® for our leading materials science, software development, automation engineering, and application expertise, which advance customers' fabrication capabilities to help them build a better world. We leverage these strengths, our global presence and a broad distribution network to serve an array of customers across various end markets including: general metal fabrication, energy, structural steel construction and infrastructure (commercial buildings and bridges), heavy industries (agricultural, mining, construction and rail equipment, as well as shipbuilding), and automotive/transportation.

Headquartered in Cleveland, Ohio, U.S.A., we operate 71 manufacturing locations in 20 countries and distribute to over 160 countries. In 2022, we generated a record \$3.8 billion in sales.

## FAST FACTS

FOUNDED  
**1895**

EMPLOYEES  
WORLDWIDE  
**12,000**

LECO  
NASDAQ  
LISTED

COUNTRY  
FOOTPRINT/  
DISTRIBUTION  
**20/160+**

MANUFACTURING  
FACILITIES  
**71**

CORPORATE  
HEADQUARTERS  
CLEVELAND, OH

BROADEST  
SOLUTIONS  
PORTFOLIO  
GLOBALLY

2022 REVENUE  
**\$3.8B**

ARC  
APPLICATION RESOURCE CENTER  
**41**  
WORLD WIDE

NEW PRODUCT  
VITALITY INDEX<sup>(1)</sup>  
**37%**

LARGEST  
COMMERCIAL &  
TECHNICAL TEAM

(1) Vitality index represents the percentage of 2022 sales from new products launched in the last five years. Excludes customized automation sales.

## OUR GLOBAL FOOTPRINT





## OUR GUIDING PRINCIPLE: THE GOLDEN RULE

# TREAT OTHERS AS YOU WOULD LIKE TO BE TREATED

For nearly 130 years, we have achieved success through innovation and business practices that seek to align and generate superior value for all our stakeholders. Our long-term strategic initiatives and investments drive alignment by providing:

- Customers with market-leading solutions that are manufactured responsibly, operate safely and efficiently, and are supported by our superior technical application capabilities;
- Employees with an incentive and results-driven culture where engagement and professional growth and development is a priority;
- Suppliers with a shared commitment to responsible operations that are safe, compliant and efficient;
- Communities with a responsible and engaged partner who is focused on helping neighbors thrive; and
- Shareholders with above-market returns.

## OUR HIGHER STANDARD 2025 STRATEGY



We are executing on our long-term strategy, the “**Higher Standard 2025 Strategy**” (“2025 Strategy”), which focuses on accelerating sales growth, profitability and earnings performance from 2020 to 2025 by putting customers’ needs first, enhancing employee development and engagement, further differentiating ourselves with innovative solutions, and advancing operational excellence. Our 2025 Sustainability strategy is integrated into each of these four key strategic areas of the business, which are highlighted below:



### CUSTOMER FOCUSED:

Enhance our value proposition and the ease of doing business with us by leveraging our CRM system and investments in industry-segment market-facing teams, product portfolios and application resource centers.



### EMPLOYEE DEVELOPMENT:

Improve opportunities for our employees to learn and grow through new development programs, resource groups, engagement initiatives, and enhanced HR systems and tools.



### SOLUTIONS & VALUE:

Develop solutions that improve customers’ ability to make their products better, safer and easier. Key initiatives include accelerating growth in automated solutions and additive services, enhanced software (IoT and AI), and designing greater efficiency and sustainability into new products.



### OPERATIONAL EXCELLENCE:

Improve our quality, costs and processes by maximizing continuous improvement through our Lincoln Business System, further digitization of our operations and processes, and achievement of our sustainability goals.

All of the 2025 Strategy's key financial targets are integrated into the Company's key short-term and long-term compensation metrics and are incorporated into the Chief Executive Officer (CEO) and executive leadership's individual annual compensation goals and further cascaded through the organization.

KEY FINANCIAL METRICS	2025 GOAL (2020 BASELINE)	SHORT-TERM COMPENSATION METRICS	LONG-TERM COMPENSATION METRICS
Sales CAGR (Volume, 2% price & acquisitions)	High single-digit to Low double-digit percent	✓ <sup>1</sup>	
Average Adjusted Operating Income Margin	16% (+/- 150 bps)	✓ <sup>1</sup> (Representative of EBITB)	
Adjusted Earnings per share CAGR	High-teens to Low 20%		✓ <sup>1</sup> (Three-Year Cumulative Growth of Adjusted Net Income for Compensation Purposes)
Average Operating Working Capital Ratio	15% in 2025	✓ <sup>1</sup>	
Average Adjusted Return on Invested Capital	18% to 20% (Top quartile performance vs. proxy peers)		✓ <sup>1</sup>

<sup>(1)</sup> Performance measures used in the design of the executive compensation program are defined in Appendix A

Our 2025 sustainability goals and initiatives are aligned across each peak of our 2025 Higher Standard Strategy and are incorporated in annual individual performance goals. Our sustainability initiatives focus on reducing our operational footprint through reduced emissions, lower energy intensity, greater conservation of natural resources, strong governance, increased diversity, equity and inclusion, enhanced employee development and engagement programming, and maintaining strong community partnerships.

Additionally, we are focused on advancing sustainability in our customers' operations and designing solutions to support decarbonization across the end markets we serve. Our product stewardship initiatives focus on improving the design, manufacture, packaging, and transportation of our products to improve customer safety, increase recyclability, and reduce our products' overall carbon footprint. Our application expertise and proprietary solutions are also at the forefront of supporting the expansion of clean technology by enabling the fabrication of renewable energy infrastructure and power generation, as well as the electrification of the transportation sector.

## 2025 STRATEGY SUSTAINABILITY GOALS

Goals reflect targeted 2025 performance versus our 2018 baseline:



### SAFETY

52% REDUCTION  
[-10% YoY]  
Total Recordable  
Case Rates



### GREENHOUSE GAS (GHG) EMISSIONS

10% REDUCTION  
[-1.5% YoY]



### ENERGY INTENSITY

16% REDUCTION  
[-2.5% YoY]



### RECYCLING & LANDFILL AVOIDANCE

80% RATE  
[All Waste]  
97% RATE  
[Landfill Avoidance]



### WATER USE

14% REDUCTION  
[-2.1% YoY]

# PROXY SUMMARY

This section provides an overview of important items related to this Proxy Statement and the 2023 Annual Meeting. We encourage you to read the entire Proxy Statement for more information before voting.

## 2022 PERFORMANCE HIGHLIGHTS

In 2022, we achieved record sales, adjusted operating income margin and adjusted earnings per share performance, while diligently managing inflationary headwinds and increasingly challenging operating conditions in our international business. By prioritizing employee safety and training, leading with a “customer-first” approach, and maintaining an agile manufacturing and supply chain strategy, we successfully exited 2022 at 2019 volume levels on a consolidated basis yet with significantly higher returns in 2022. This achievement demonstrates the strong execution and value creation of our 2025 Strategy.

We also remained focused on our long-term 2025 Strategy and sustainability targets. We continued to invest in growth and expanded our vitality index of new products, supported product redesigns to accommodate supply chain substitutions, continued to expand automation and our large scale, metal 3D printing solutions, and announced our newest organic growth initiative to manufacture DC fast chargers for electric vehicles in late 2023. In addition, we completed our Company’s largest acquisition, with the addition of Fori Automation, LLC (“Fori”) in December 2022, which extends our welding industry leadership in automation with greater capabilities and engineering expertise, and broader international footprint. With Fori, our automation portfolio was at an \$850 million revenue run rate at year-end, and we believe we are well-positioned for continued growth and the ability to exceed our 2025 \$1 billion automation revenue target.

Record profitability and earnings in 2022 reflect diligent cost management and greater operating leverage from our Lincoln Business System, with most notable improvements in our automation portfolio. We also benefited from efficiencies gained from our shared service center structure and initiatives that are increasing the digitization and automation of back office activities. These achievements, along with enhanced employee training and development programming and continued progress across many of our sustainability metrics, generated strong cash generation, adjusted returns on investment capital and superior shareholder returns in 2022.

## 2022 FINANCIAL HIGHLIGHTS

End markets remained resilient in 2022, led by strength in Americas Welding and in our automation portfolio. Sales increased approximately 16% to a record \$3.8 billion, primarily due to 20% organic sales growth and an approximate 2% contribution from acquisitions. We achieved strong operating income performance with a 200 basis point increase in our operating income margin to a record 16.3% versus the prior year. Higher operating leverage from 5% volume growth, effective cost management and benefits of our Lincoln Business System initiatives generated our record results. Adjusted operating income margin also improved 200 basis points to a record 16.8%. Cash flows from operations increased approximately 5% versus the prior year despite maintaining higher inventory levels to service customers’ needs.

NET SALES			OPERATING INCOME MARGIN		DILUTED EPS	
Reported	Organic Sales		Reported	Adjusted	Reported	Adjusted
<b>\$3.8B</b> <i>(Record)</i>	<b>+16%</b> vs. 2021	<b>+20%</b> vs. 2021	<b>16.3%</b> +200 bps vs. 2021 <i>(Record)</i>	<b>16.8%</b> +200 bps vs. 2021 <i>(Record)</i>	<b>\$8.04</b> +75% vs. 2021 <i>(Record)</i>	<b>\$8.27</b> +33% vs. 2021 <i>(Record)</i>
CASH FLOW FROM OPERATIONS		AVERAGE OPERATING WORKING CAPITAL TO NET SALES RATIO <sup>1</sup>			RETURN ON INVESTED CAPITAL <sup>2</sup>	
<b>\$383M</b> +5% vs. 2021		<b>20.9%</b>			Reported	Adjusted
<b>27<sup>th</sup></b> CONSECUTIVE DIVIDEND INCREASE		<b>14.3%</b>		NEW PRODUCT VITALITY INDEX		<b>37%</b>

<sup>1</sup> Average operating working capital excluding Fori would have been 18.6% as a percent of Net sales.

<sup>2</sup> Return on invested capital and Adjusted return on invested capital excluding Fori would have been 27.9% and 28.6%, respectively.

See Appendix A for definitions and/or reconciliation of these metrics to results reported in accordance with GAAP. Performance measures used in the design of the executive compensation program are presented within the Compensation Discussion and Analysis section.

Our 2022 performance advances our progress towards our 2025 Strategy financial targets, with several metrics pacing at or above their 2025 target:

KEY FINANCIAL METRICS	2025 GOAL (vs. 2020 BASELINE)	2020 TO 2022 PROGRESS
Sales CAGR (Volume, 2% price & acquisitions)	High single-digit to Low double-digit percent	12%
Average Adjusted Operating Income Margin	16% (+/- 150 bps)	14.7%
Adjusted Earnings per share CAGR	High-teens to Low 20%	41%
Average Operating Working Capital Ratio	15% in 2025	20.9% at 12/31/2022 <sup>1</sup>
Average Adjusted Return on Invested Capital	18% to 20% (Top quartile performance vs. proxy peers)	21.4% <sup>1</sup>

<sup>(1)</sup> The Average Operating Working Capital Ratio and the Average Adjusted ROIC performance were impacted by the inclusion of Fori on the balance sheet at December 31, 2022 without commensurate sales. Excluding Fori, the 2022 Average Operating Working Ratio would have been 18.6% and the 2020 to 2022 average Adjusted ROIC would have been 23.4%

### 2022 SHAREHOLDER RETURNS

We continued to generate solid cash flows and pursued a balanced capital allocation strategy with strong shareholder returns in 2022 despite the challenging operating conditions. In 2022, we returned \$312 million to shareholders through our dividend program and share repurchases. In addition, the Board approved the Company's 27th consecutive dividend increase, raising the dividend rate by 14.3%. These returns were complemented by a record \$508 million in growth investments from internal capital expenditures and acquisitions.



In 2022, Lincoln Electric was one of two machinery firms recognized by Investor's Business Daily® as a "Top 100 Best ESG Company." The ranking recognizes companies with leading environmental, social and governance ratings, as well as stock performance.



## 2022 SAFETY AND ENVIRONMENTAL HIGHLIGHTS

Safety, operational excellence and sustainability are a priority at Lincoln Electric and we strive to improve our performance annually to achieve our 2025 goals across these key safety and environmental metrics: our total recordable case rate safety metric, carbon emissions, energy intensity, recycling, and water use. Our performance to goal demonstrates continued structural improvements achieved in the business through our 2025 Strategy and our commitment to best-in-class performance.

	2025 GOAL [vs. 2018 BASELINE]	2022 PERFORMANCE [vs. 2018 BASELINE]
Safety (TRCR)	52% Reduction	16% Reduction
Greenhouse Gas Emissions (Absolute)	10% Reduction	19% Reduction
Energy Intensity (Gigajoules used/Hours worked)	16% Reduction	1% Reduction <sup>1</sup>
Recycling (All Waste)	80% Rate	+250 bps to 76% Rate
Water Use (Absolute)	14% Reduction	25% Reduction

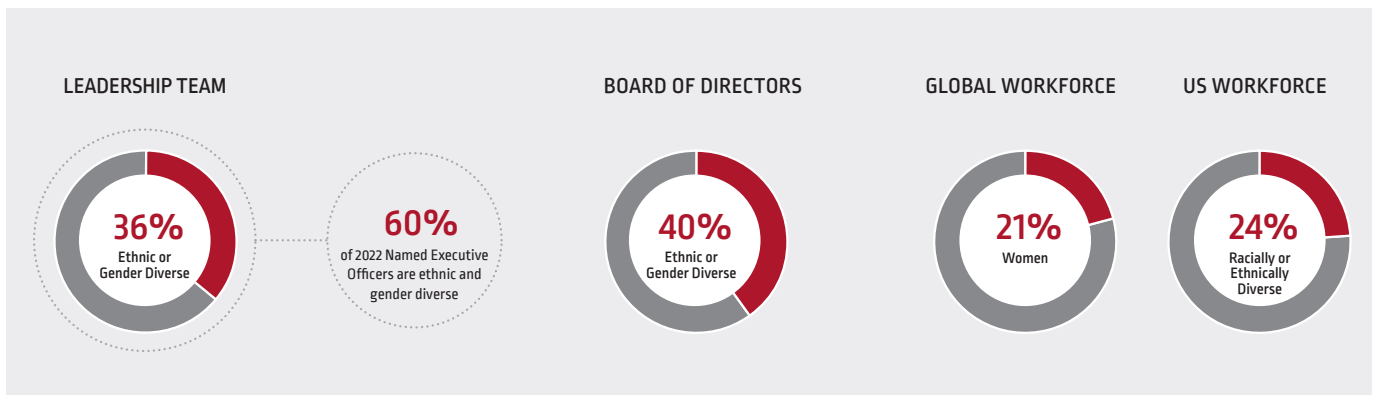
<sup>(1)</sup> Our 2022 energy intensity performance is impacted by lower labor hours reflecting productivity improvements and automation investments. Absolute energy use declined 5% in 2022 vs. 2018 baseline.

## 2022 GLOBAL WORKFORCE AND DIVERSITY AND INCLUSION PROGRAMS

In executing our 2025 Strategy, we continue to focus on the importance of employee development, engagement and building a culture to develop and foster the vast talents of our employees. Our CEO and Chief Human Resources Officer lead our diversity and inclusion (D&I) initiatives, and report on the Company’s D&I programs, talent attraction and retention, and succession planning to the Board twice annually and our Compensation and Executive Development Committee is briefed at every committee meeting on D&I matters throughout the year. Our D&I programs focus on:

- Internal D&I education and training programs
- Employee development programs to cultivate, grow and promote talent from within
- Intentional recruiting efforts to increase our diverse talent pool
- Support expansion of activities within employee resource groups, including Diversity Councils
- Maintain Advisory Boards where department representatives meet regularly with management to raise key topics
- Partnering with diverse customers, suppliers and community organizations

## DIVERSITY HIGHLIGHTS



In 2022, we expanded initiatives to further build, acquire and foster increased diversity, engagement and connectedness among our global organization. Highlights include:

- We developed a cadence to regularly “listen” to various global employee populations to include pulse surveys, small group listening sessions, and local town hall meetings. These actions guide both short term actions and longer term planning opportunities for our global leaders.
- Across the globe we built localized action plans in response to feedback from our 2021 global employee discovery survey. Teams gathered to review their survey results, identified areas of focus and documented and executed changes in response. Employees were empowered and managers were held accountable to not only build their action plans, but also periodically demonstrate progress and success.
- Our new “Work Appropriately” program was launched in 2022. Many office-based roles are included which allows for hybrid work while continuing to meet objectives and successfully service customers. In addition, a new work category of “permanently remote” allows many employees to build a successful career and help our business grow outside our physical offices. Whether hybrid, office or work-from-home, this format has provided an inclusive opportunity to help employees balance location preferences with professional success. We continue to assess the use of this program across our network of global office locations.

## EMPLOYEE DEVELOPMENT & TRAINING

One of the four peaks of our 2025 Strategy is focused directly on our employees’ engagement and professional development because a highly-engaged workforce drives innovation, productivity and improved bottom-line results. One key area of engagement is our investment in training and development to ensure a strong succession pipeline and ample development opportunities to advance skills, knowledge and expertise to prepare our employees for future career opportunities.

In addition to formal leadership, management and professional development programs, in 2022 we launched a bold initiative to repay up to \$125,000 towards each of our U.S. employees’ student loan debt obligations. This program has been enthusiastically welcomed by both our existing talent and at recruiting events on university campuses across the country.

We also continue to provide tuition reimbursement for external accredited programs, mentoring, self-guided online courses, instructor-led programs, and special project and rotational assignments that can lead to extensive global exposure and talent development.

2022 also marked the introduction of *TalentLaunch* – a global development program for early career employees. Over 250 employees began a 2-year learning journey structured around our core competencies, including living by the Golden Rule. Employees also work together in cohorts to expand their global network and build teamwork.

In addition to our career development programs, our annual talent and succession planning process reviews 100% of our global professional staff. This ensures all high potential employees have an active individual development plan to guide their career aspirations. This process also helps to ensure we have an appropriate talent pipeline for critical roles in general management, engineering and operations. These talent reviews include our CEO and all segment and functional leaders who use this process to identify and support high potential and diverse talent in succession planning for the next generation of Lincoln Electric’s leaders.

## COMMUNITY ENGAGEMENT

In 2022, we maintained our employee assistance program, supported our internal employee resource group initiatives and community engagement through our Lincoln Electric Foundation grants, our U.S. employee matching program for donations and volunteerism, in-kind gifts, sponsorship of key events, and the hosting of community and academic events at our facilities. In 2022, we were pleased to host the WorldSkills® International Competition – Special Edition for welding and construction metal work at our Cleveland, Ohio headquarter campus. This event welcomed over 135 international competitors, experts and delegates from over 30 countries who represented premiere talent in metal fabrication and thought leaders discussing the future of workforce development. In addition, we maintained our community educational/career programming among secondary and high school students to address the skills gap in industry and expand awareness of attractive career pathways in manufacturing. This programming, along with our continued support of regional youth programs, welding competitions and serving as the global welding sponsor of WorldSkills® are foundational to our efforts to promote the trades and the science of welding.



## CORPORATE GOVERNANCE HIGHLIGHTS

Lincoln Electric has a solid track record of integrity and corporate governance practices that promote thoughtful management by its officers and Board of Directors, facilitating profitable growth while strategically balancing risk to maximize shareholder value. The tables below summarize select Board and governance information, and highlight certain information about the 10 Director Nominees that shareholders are being asked to elect at the 2023 Annual Meeting.

### BOARD COMPOSITION AND PRACTICES

Size of Board	10
Number of independent Directors	9
Average age of Directors Nominees	61
Ethnically diverse Director Nominees	2
Percentage of Female Director Nominees	30%
Board meetings held in 2022	6
New Directors in the last 5 years	3
Average tenure (years) of Director Nominees	10
Annual election of Directors	✓
Majority voting policy for Directors	✓
Lead Independent Director	✓

Number of fully independent Board committees	4
Independent Directors meet without management	✓
Director attendance at Board and committee meetings	>75%
Mandatory retirement age (75)	✓
Stock ownership guidelines for Directors	✓
Annual Board and committee self-assessments	✓
Code of Conduct for Directors, officers & employees	✓
No overboarded Directors (per ISS or Glass Lewis)	✓
Succession planning and implementation process	✓
Strategy, ESG and risk management oversight	✓
Corporate culture, D&I oversight	✓

### SHAREHOLDER PROTECTIONS

One share, One vote standard	✓
Dual-class common stock or Poison pill	✗
Cumulative voting	✗
Vote standard for Code of Regulations amendment	67%
Shareholder right to call a special meeting	✓**
Annual election of Directors	✓
Majority voting policy for Directors	✓
Lead Independent Director	✓
Executive sessions without management present	✓

\*\* Special meetings can be called by shareholders holding at least 25% of the voting power

### COMPENSATION PRACTICES

Pay for Performance	✓
Annual Say-on-Pay Advisory Vote	✓
Compensation aligned with strategic goals and individual performance	✓
Incentive plans do not encourage excessive risk taking	✓
No excessive perquisites	✓
Robust stock ownership guidelines for NEOs	✓
Clawback policy	✓
Double-trigger change-in-control policy	✓
Anti-hedging/pledging policy	✓
CEO Pay Ratio	164:1

### ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICIES AND ENVIRONMENTAL GOALS

Board oversight of ESG	✓
Compensation and Executive Development Committee oversight of human capital policies and practices, including corporate culture, and D&I	✓
Audit Committee oversight of environmental, health & safety matters	✓
Audit Committee oversight of information security and cybersecurity matters	✓
ESG performance incorporated into CEO's annual performance goals and compensation metrics (and other executives)	✓
Global Code of Conduct	✓
Human Rights Policy	✓
No-Harassment Policy	✓
Anti-Corruption Policy	✓
Supplier and Channel Partner Codes of Conduct	✓
Environmental, Health, Safety & Quality Policy	✓
Environment management system	✓
Long-term safety and environmental goals	✓
Aligned with select UN Sustainable Development Goals (SDGs)	✓
Sustainability Accounting Standards Board (SASB) Index	✓
Sustainability Report	✓

## DIRECTOR NOMINEES AND BOARD SUMMARY

### PROPOSAL 1

Election of 10 Directors to serve until 2024 Annual Meeting or until their successors are duly elected and qualified



The Board recommends a vote **FOR** all Director Nominees.

Our Nominating and Corporate Governance Committee and our Board of Directors have determined that each of the Director Nominees possesses the right skills, qualifications and experience to effectively oversee Lincoln Electric's long-term business strategy.



See "Proposal 1 – Election of Directors" beginning on page 22 of this Proxy Statement.

You are being asked to vote on the election of ten Director Nominees. Selected biographical information of each Director Nominee, as well as committee membership and committee chair information is listed below. Additional information can be found in the Director biographies under Proposal 1.

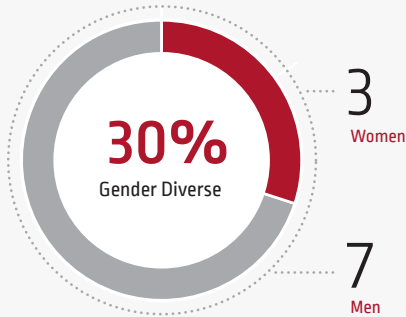
### DIRECTOR NOMINEES

Name	Age	Director Since	Independent	Audit	Compensation & Executive Development	Nominating & Corporate Governance	Finance	Other Public Company Boards
<b>Brian D. Chambers</b> Chair, President and CEO, Owens Corning	56	2022	✓	●			●	1
<b>Curtis E. Espeland</b> <b>(Lead Independent Director)</b> Retired Executive Vice President and CFO, Eastman Chemical Company	58	2012	✓	●			●	1
<b>Patrick P. Goris</b> Senior Vice President and CFO, Carrier Global Corporation	51	2018	✓	◆		●		—
<b>Michael F. Hilton</b> Retired President and CEO, Nordson Corporation	68	2015	✓		◆	●		2
<b>Kathryn Jo Lincoln</b> Chair and CIO, Lincoln Institute of Land Policy	68	1995	✓		●	●		—
<b>Christopher L. Mapes (Chairman)</b> President and CEO, Lincoln Electric Holdings, Inc.	61	2010						1
<b>Phillip J. Mason</b> Retired President, EMEA Sector of Ecolab, Inc.	72	2013	✓		●		◆	—
<b>Ben P. Patel</b> Former Senior Vice President and Chief Technology Officer, Cooper Tire & Rubber Company	55	2018	✓	●		●	●	—
<b>Hellene S. Runtagh</b> Retired President and CEO, Berwind Group	74	2001	✓		●	◆		—
<b>Kellye L. Walker</b> Executive Vice President and Chief Legal Counsel, Eastman Chemical Company	56	2020	✓		●	●		—

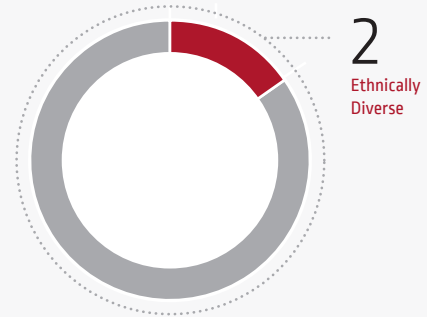
◆ Chair      ● Member

COMPOSITION OF DIRECTOR NOMINEES

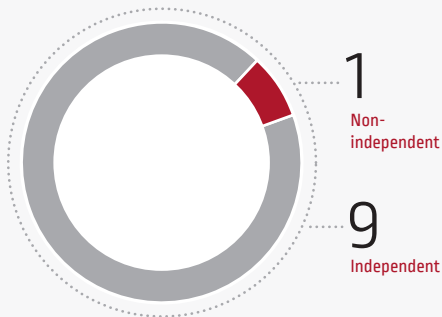
Gender Diversity



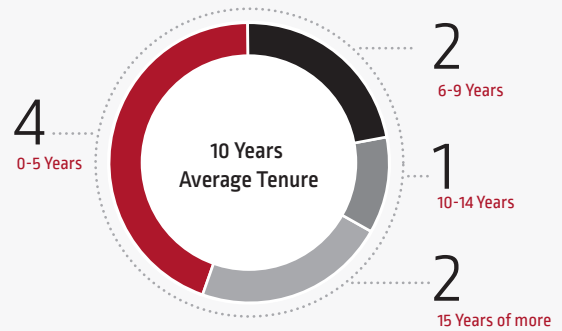
Ethnic Diversity



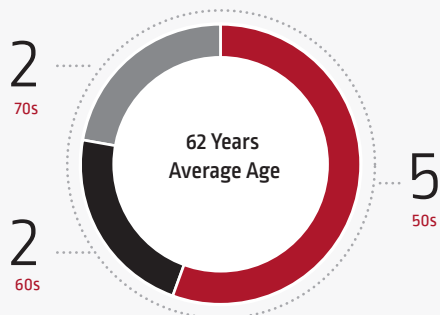
Independence



Tenure of Independent Director Nominees



Age of Independent Director Nominees



## RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM SUMMARY

<b>PROPOSAL 2</b>		The Board recommends a vote <b>FOR</b> this proposal. Our Board of Directors recommends that shareholders vote “FOR” the ratification of the appointment of Ernst & Young LLP as Lincoln Electric’s independent registered public accounting firm for the year ending December 31, 2023.
Ratification of independent registered public accounting firm		See “Proposal 2—Ratification of Independent Registered Public Accounting Firm” beginning on page 89 of this Proxy Statement.

## EXECUTIVE COMPENSATION PROGRAM HIGHLIGHTS

<b>PROPOSAL 3</b>		The Board recommends a vote <b>FOR</b> this proposal. Our Board of Directors recommends that shareholders vote “FOR” the approval, on an advisory basis, of the compensation of our NEOs.
Approval, on an advisory basis, of NEO compensation		See “Proposal 3—Approval, on an advisory basis, of NEO compensation beginning on page 91 of this Proxy Statement and “Compensation Discussion and Analysis” beginning on page 43 of this Proxy Statement.

We have a long history of driving an incentive management culture, emphasizing **pay for performance** to align compensation with the achievement of enterprise, segment and individual goals.

We believe our compensation program and practices provide an appropriate **balance** between profitability, cash flow and returns, on the one hand, and suitable levels of risk-taking, on the other. This balance, in turn, aligns compensation strategies with shareholder interests, as reflected by the consistently high level of shareholders voting for the compensation of our NEOs.

### 2022 NAMED EXECUTIVE OFFICERS

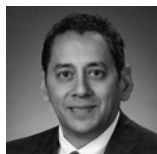
The Compensation Discussion and Analysis (CD&A) provides information regarding our executive compensation program for the following NEOs in 2022:



**Christopher L. Mapes**  
Chairman, President and Chief Executive Officer



**Steven B. Hedlund**  
Executive Vice President, Chief Operating Officer



**Gabriel Bruno**  
Executive Vice President, Chief Financial Officer and Treasurer



**Jennifer I. Ansberry**  
Executive Vice President, General Counsel and Secretary



**Michele R. Kuhrt**  
Executive Vice President, Chief Human Resources Officer

### ACTIONS TO FURTHER ALIGN EXECUTIVE COMPENSATION WITH SHAREHOLDER INTERESTS

The Compensation and Executive Development Committee of the Board reviews the framework of our executive compensation program and seeks to align executive pay with our pay for performance philosophy. Each year, our Compensation and Executive Development Committee monitors our executive compensation program and how it relates to our corporate performance and shareholder interests. The historically high approval of our “say-on-pay” proposals on the compensation of our NEOs, including at the 2022 Annual Meeting, demonstrate the alignment of our executive compensation program with corporate performance and shareholder interests.

In 2022, our Compensation and Executive Development Committee reviewed the overall design of our executive compensation program, and held the program consistent with policies developed in prior years. In support of the company's short and long-term strategy, the Compensation and Executive Development Committee modified the Company's short-term incentive plan design for 2022. Changes approved by the Committee included a revision to the formula used for calculating each executive's bonus that places a focus on first achieving financial performance, then considers the impact of individual performance. Further, the Compensation and Executive Development Committee approved adding a revenue metric to the Financial Metrics used in the bonus calculation

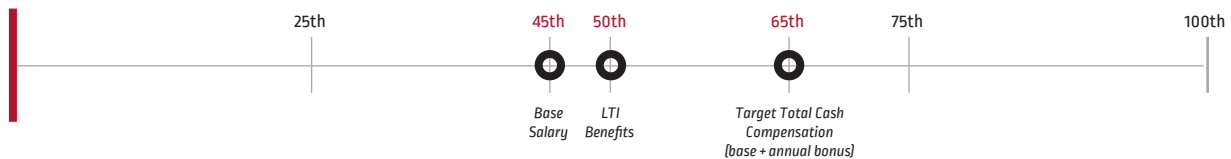
**2022 EXECUTIVE COMPENSATION PRACTICES**

What We Do	What We Don't Do
We have long-term compensation programs focused on profitability, net income growth, ROIC and total shareholder returns ✓	We do not allow hedging or pledging of our shares ✗
We use targeted performance metrics to align pay with performance ✓	We do not reprice stock options and do not issue discounted stock options without shareholder approval ✗
We maintain stock ownership guidelines (5x base salary for CEO; 3x base salary for other NEOs) ✓	We do not provide excessive perquisites ✗
We have shareholder-approved incentive plans ✓	We do not have multi-year guarantees for compensation increases ✗
We have a broad clawback policy ✓	
We have a double-trigger change in control policy ✓	

**COMPENSATION FRAMEWORK & PHILOSOPHY**

Our compensation program is designed to attract and retain exceptional employees. We also maintain a strong pay for performance culture. As indicated below, we design our compensation system to reflect current best practices, including setting base pay below the competitive market for each position, targeting incentive-based cash compensation above the competitive market and promoting quality corporate governance in compensation decisions. We believe these practices result in sustained, long-term shareholder value and reflect our philosophy that the pay for our best performers should align with the results of our long-term goals.

**Percentile Rank**



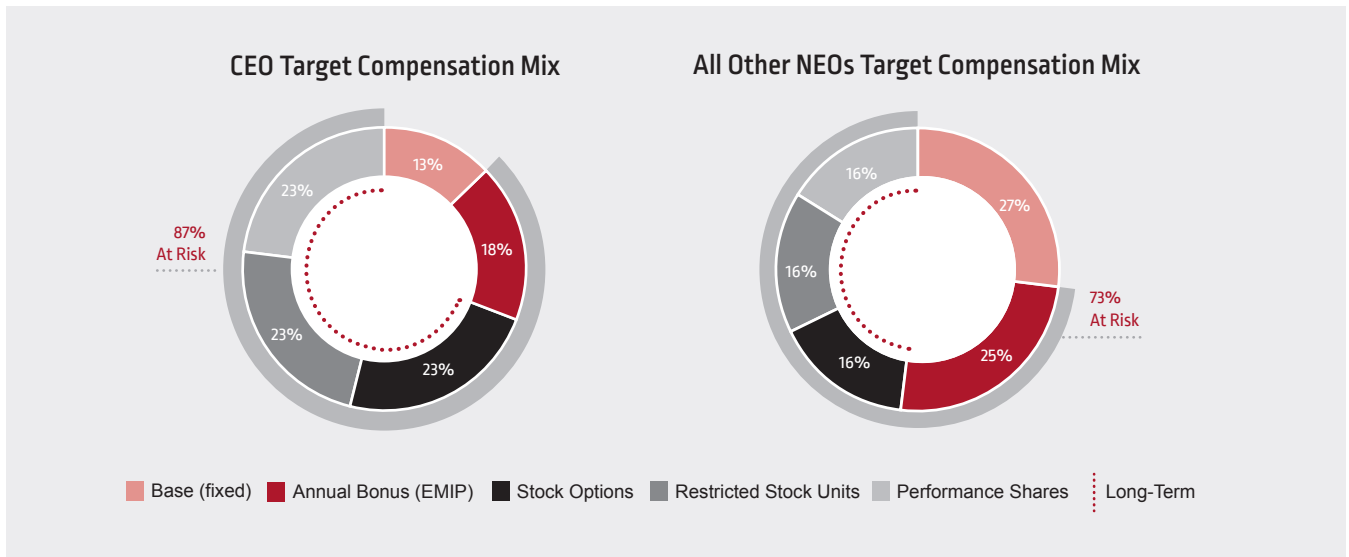
Our executive compensation program consists of three primary elements of total direct compensation: base salary (fixed), short-term incentive compensation (at-risk) in the form of an annual bonus (EMIP), and long-term incentive compensation (at-risk) in the form of stock options, restricted stock units (RSUs) and performance shares.

- **Base salary:** only component of total direct compensation that is fixed
- **Short-term incentive compensation:** based on annual consolidated and, if applicable, segment performance, and individual performance
- **Long-term incentive compensation:** based on our financial performance over a three-year cycle

Short-term incentive compensation and long-term incentive compensation is variable, or “at risk,” and is a significant percentage of total compensation.

**AVERAGE MIX OF KEY COMPENSATION COMPONENTS AND KEY COMPENSATION METRICS**

The following charts present the mix of 2022 target direct compensation for our Chief Executive Officer (CEO) and all of our other NEOs, as established in the beginning of 2022. As shown below, 87% of our CEO's compensation value and, on average, 73% of all of our other NEOs' compensation value was "at risk," with the actual amounts realized based on annual and long-term performance as well as our stock price.



We use the following key performance measures in our short-term and long-term compensation programs.

Key Performance Metrics Tied to Executive Compensation		
Metric	Short-Term Compensation (Annual Bonus)	Long-Term Incentive Compensation Program (3-yr Performance Cycle)
Adjusted Revenue <sup>1</sup>	✓	
EBITB <sup>1,2</sup> [Adjusted earnings before interest, taxes and bonus]	✓	
Average Operating Working Capital to Sales <sup>1</sup> ratio	✓	
Individual performance [includes ESG-related metrics] <sup>3</sup>	✓	
Adjusted Net Income <sup>1</sup> growth		✓
Return on Invested Capital (ROIC) <sup>1</sup>		✓

- (1) Both consolidated and segment financial performance measures are used in the design of the executive compensation program and are defined in Appendix A. Adjusted Revenue for Compensation Purposes, EBITB, Average Operating Working Capital to Sales for Compensation Purposes, Adjusted Net Income for Compensation Purposes, and Return on Investment Capital for Compensation Purposes have discrete definitions relative to our executive compensation program.
- (2) EBITB is an internal measure that tracks our adjusted operating income.
- (3) Individual performance goals are set annually and a significant portion of our executive officers' individual performance goals are tied to one or more aspect of our 2025 Strategy including human capital and other ESG related matters.



## SAY-ON-FREQUENCY

### PROPOSAL 4

To recommend, on an advisory basis, the frequency for future advisory votes to approve the compensation of our NEOs



The Board recommends a vote for **EVERY YEAR**.

Our Board recommends that shareholders vote for “EVERY YEAR” for the frequency on future advisory votes to approve the compensation of our NEOs.



See “Proposal 4—To recommend, on an advisory basis, the frequency for future advisory votes to approve the compensation of our NEOs” beginning on page 94 of this Proxy Statement.

## LINCOLN ELECTRIC'S 2023 EQUITY AND INCENTIVE COMPENSATION PLAN

### PROPOSAL 5

To approve Lincoln Electric's 2023 Equity and Incentive Compensation Plan



The Board recommends a vote **FOR** this proposal.

Our Board recommends that shareholders vote “FOR” the approval of Lincoln Electric's 2023 Equity and Incentive Compensation Plan.



See “Proposal 5—To approve Lincoln Electric's 2023 Equity and Incentive Compensation Plan” beginning on page 95 of this Proxy Statement.

## LINCOLN ELECTRIC'S 2023 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

### PROPOSAL 6

To approve Lincoln Electric's 2023 Stock Plan for Non-Employee Directors



The Board recommends a vote **FOR** this proposal.

Our Board recommends that shareholders vote “FOR” the approval of Lincoln Electric's 2023 Stock Plan for Non-Employee Directors.



See “Proposal 6—To approve Lincoln Electric's 2023 Stock Plan for Non-Executive Directors” beginning on page 105 of this Proxy Statement.



LINCOLN ELECTRIC HOLDINGS, INC.

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**Cautionary Note on Forward-Looking Statements:** This Proxy Statement contains forward-looking statements, including statements regarding Lincoln Electric's strategy and current expectations as well as sustainability and other ESG-related strategies, commitments, targets and goals, within the meaning of applicable federal securities laws and regulations. These statements reflect management's current expectations and involve a number of risks and uncertainties. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "guidance," "goal," "target" or words of similar meaning. Actual results (including the Company's performance with respect to any sustainability or other ESG-related targets and goals) may differ materially from such statements due to a variety of factors that could adversely affect the Company's operating results and ability to achieve its targets and goals. The factors include, but are not limited to: general economic, financial and market conditions; the effectiveness of operating initiatives; completion of planned divestitures; interest rates; disruptions, uncertainty or volatility in the credit markets that may limit our access to capital; currency exchange rates and devaluations; adverse outcome of pending or potential litigation; actual costs of the Company's rationalization plans; possible acquisitions, including the Company's ability to successfully integrate acquisitions; market risks and price fluctuations related to the purchase of commodities and energy; global regulatory complexity; the effects of changes in tax law; tariff rates in the countries where the Company conducts business; the Company's ability to achieve its sustainability and other ESG-related targets and goals for a variety of reasons, including, among others, (i) technical and operating factors, (ii) assumptions not being realized, (iii) the outcome of current and future scientific research efforts and technological developments, and (iv) evolving sustainability strategies and best practices, and the possible effects of events beyond our control, such as the impact of the Russia-Ukraine conflict, political unrest, acts of terror, natural disasters and pandemics, including the coronavirus disease ("COVID-19") pandemic, on the Company or its customers, suppliers and the economy in general. For additional discussion, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022. These forward-looking statements speak only as of the date on which such statements were made, and we undertake no obligation to update these statements except as required by federal securities law. Forward-looking and other statements in this Proxy Statement regarding our sustainability and other ESG-related strategies, commitments, targets and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the Securities and Exchange Commission (SEC).

# PROPOSAL 1— ELECTION OF DIRECTORS

## DIRECTOR NOMINEES

Brian D. Chambers

Curtis E. Espeland

Patrick P. Goris

Michael F. Hilton

Kathryn Jo Lincoln

Christopher L. Mapes

Phillip J. Mason

Ben P. Patel

Hellene S. Runtagh

Kellye L. Walker

Our shareholders are being asked to elect ten Directors to serve until the 2024 Annual Meeting or until their successors are duly elected and qualified. All of the Director Nominees have been previously elected by our shareholders. Each of the Director Nominees has agreed to stand for re-election. The biographies of our Director Nominees can be found in this section.

If any Director Nominee is unable to stand for election, the Board may provide for a lesser number of nominees or designate a substitute. In the latter event, shares represented by proxies solicited by the Directors may be voted for the substitute. We have no reason to believe that any of the nominees will be unable to stand for election.

## HOW WE SELECT DIRECTOR NOMINEES

In evaluating Director candidates, including persons nominated by shareholders, the Nominating and Corporate Governance Committee expects that any candidate must have these minimum qualifications:

- Demonstrates character, integrity and judgment
- High-level managerial experience or experience dealing with complex business matters
- Ability to work effectively with others
- Sufficient time to devote to the affairs of Lincoln Electric
- Specialized experience and background that will add to the depth and breadth of the Board
- Independence as defined by the Nasdaq listing standards (for non-employee Directors)
- Financial literacy

We are also committed to having Director candidates that can provide perspective on the industry challenges that we face and our long-term commitment to a pay for performance culture. The Nominating and Corporate Governance Committee's process for identifying and evaluating nominees for Director includes annually discussing prospective Director specifications, which serve as the baseline to evaluate candidates. When recruiting new Director candidates, we may involve a recognized search firm, and the CEO and/or a member of the Nominating and Corporate Governance Committee (usually, the Chair) will contact the prospective director to gauge his or her interest and availability. The candidate will then meet with several members of the Board, including our Lead Independent Director. At the same time, references for the prospect will be contacted. A background check is generally completed before a final recommendation is made to the Board to elect a candidate to the Board.

During 2022, the Nominating and Corporate Governance Committee retained the search firm of Heidrick & Struggles to help identify director prospects, perform candidate outreach, assist in reference and background checks and provide other related services. The Board targeted diverse candidates with an eye toward gender diverse candidates who are active senior executives of public companies with experience in managing global businesses.

Shareholders may nominate one or more persons for election as Director of Lincoln Electric. The process for doing so is set forth in the FAQs section of this Proxy Statement. Director candidates recommended by our shareholders will be considered by the Nominating and Corporate Governance Committee in accordance with the criteria outlined above. For this year, the window for such nominations closed on January 21, 2023.

**DIRECTOR NOMINEES' SKILLS, EXPERIENCE AND BACKGROUND**

Throughout 2022, the Nominating and Corporate Governance Committee reviewed the skills, qualifications and experience of each Director Nominee to ensure that each can effectively oversee our long-term business strategy. As shown below, our Director Nominees have a mix of skills and experience that we believe are relevant to the Company's long-term strategy and success.

SKILLS, EXPERIENCE AND BACKGROUND											
Senior Leadership Management											100%
Manufacturing Expertise											90%
Other Public Company Board Service											60%
Financial Acumen & Expertise											100%
International Operations Excellence											90%
M&A Experience											100%
Innovation Experience											50%
Sales/Marketing Experience											70%
Information Technology/ Information Security Experience											80%

**BOARD DIVERSITY**

The Nominating and Corporate Governance Committee believes that having a diverse Board enhances overall corporate governance. The Nominating and Corporate Governance Committee considers diversity to include differences in race, gender, national origin, as well as professional background and capabilities, knowledge of specific industries, and geographic experience. To complement Board diversity, the Nominating and Corporate Governance Committee instructs any search firm engaged for each director candidate search to include individuals that represent diverse characteristics, whether by race, gender or other diverse qualities.

**NASDAQ BOARD DIVERSITY MATRIX**

In accordance with Nasdaq's Board Diversity Rules, the following Board Diversity Matrix highlights the composition of our Board members as of February 15, 2023, which is based on voluntary self-identification. Each of the categories listed in the table has the meaning provided in Nasdaq Rule 5605(f).

**BOARD DIVERSITY MATRIX (AS OF FEBRUARY 15, 2023)\***

Total Number of Directors					10
	Female	Male	Non-Binary	Did Not Disclose Gender	
<b>Part I: Gender Identity</b>					
Directors	3	7	0	0	
<b>Part II: Demographic Background</b>					
African American or Black	1	0	0	0	
Alaskan Native or Native American	0	0	0	0	
Asian	0	1	0	0	
Hispanic or Latinx	0	0	0	0	
Native Hawaiian or Pacific Islander	0	0	0	0	
White	2	6	0	0	
Two or More Races or Ethnicities	0	0	0	0	
LGBTQ+			0		
Did Not Disclose Demographic Background			0		

\*Includes information disclosed by all Director Nominees

**MAJORITY VOTING POLICY**

The Director Nominees receiving the greatest number of votes will be elected (plurality standard). However, our majority voting policy states that any Director who fails to receive a majority of the votes cast in an uncontested director election in his/her favor is required to submit his/her resignation to the Board. The Nominating and Corporate Governance Committee would then consider each resignation and determine whether to accept or reject it, with full Board approval of such decision. Abstentions and broker non-votes will have no effect on the election of a Director and are not counted under our majority voting policy. Holders of common stock do not have cumulative voting rights with respect to the election of a Director.

**ANNUAL MEETING ATTENDANCE; NO SPECIAL ARRANGEMENTS**

Directors are expected to attend each annual meeting. The Director Nominees plan to attend this year's virtual Annual Meeting. All of our Director Nominees attended our 2022 Annual Meeting.

None of the Director Nominees has any special arrangement or understanding with any other person pursuant to which the Director Nominee was or is to be selected as a Director or Director Nominee. There are no family relationships, as defined by SEC rules, among any of our Directors or executive officers. SEC rules define the term "family relationship" to mean any relationship by blood, marriage or adoption, not more remote than first cousin.

**YOUR BOARD RECOMMENDS A VOTE FOR EACH DIRECTOR NOMINEE**



# DIRECTOR NOMINEES

## BRIAN D. CHAMBERS

Director since 2022

**COMMITTEES:**  
Audit  
Finance

AGE: 56

**OTHER PUBLIC COMPANY  
DIRECTORSHIPS:**  
Owens Corning [NYSE: OC]  
since 2019



## CURTIS E. ESPELAND

Director since 2012

Lead Independent  
Director since 2018

**COMMITTEES:**  
Audit  
Finance

AGE: 58

**OTHER PUBLIC COMPANY  
DIRECTORSHIPS:**  
Huntsman Corporation  
[NYSE: HUN] since 2022



### Experience

Mr. Chambers has served as the Chair, President and Chief Executive Officer of Owens Corning, a global building and construction materials company, since 2020, and as President and Chief Executive Officer since 2019. During his over nineteen-year tenure with Owens Corning, Mr. Chambers has served in various leadership positions including Chief Operating Officer from 2018 to 2019, and President of the Roofing Division from 2014 to 2018. Mr. Chambers has also held several commercial and operational roles at Saint-Gobain, Honeywell and BOC Gases.

### Reasons for Nomination

- Executive leadership experience as CEO and Chair of a global publicly-traded company engaged in manufacturing operations.
- Strong leadership skills, business strategy development, international business and operations experience with a multi-national company.
- The Board has determined that Mr. Chambers' extensive accounting and financial experience qualifies him as an "audit committee financial expert."
- Valuable knowledge of key governance matters, including sustainability matters, gained through executive leadership of various publicly-traded companies and as a director of Owens Corning.

### Experience

Mr. Espeland is the former Executive Vice President and Chief Financial Officer of Eastman Chemical Company, an advanced materials and specialty additives manufacturer, a position he held from 2014 until his retirement in 2020. Mr. Espeland joined Eastman Chemical Company in 1996 and, during his tenure, he also served as Vice President, Finance and Chief Accounting Officer from 2005 to 2008, and Senior Vice President and Chief Financial Officer from 2008 to 2014.

### Reasons for Nomination

- Extensive experience in corporate finance and accounting, having served in various finance and accounting roles, and ultimately as the Chief Financial Officer, at a large publicly-traded company.
- Significant experience in the areas of strategy, mergers and acquisitions, taxation and enterprise risk management.
- International auditing experience having served as an independent auditor at Arthur Andersen LLP, working in both the United States and abroad (Europe and Australia).
- The Board has determined that Mr. Espeland's extensive accounting and financial experience qualifies him as an "audit committee financial expert."
- Valuable insight into advancing the business priorities of Lincoln Electric's international operations gained from his international business experience.
- Valuable knowledge of key governance matters gained through his various directorships, including as a director of Lincoln Electric.

**PATRICK P. GORIS**

Director since 2018

**COMMITTEES:**  
 Audit (Chair)  
 Nominating and Corporate  
 Governance

**AGE:** 51

**OTHER PUBLIC COMPANY  
 DIRECTORSHIPS:**  
 None



**MICHAEL F. HILTON**

Director since 2015

**COMMITTEES:**  
 Compensation and Executive  
 Development (Chair)  
 Nominating and Corporate  
 Governance

**AGE:** 68

**OTHER PUBLIC COMPANY  
 DIRECTORSHIPS:**  
 Ryder Systems, Inc. (NYSE: R)  
 since 2012  
 Regal Rexnord Corporation  
 (NYSE: RBC) since 2019  
 Nordson Corporation  
 (NASDAQ: NDSN) through 2019



**Experience**

Mr. Goris has served as the Senior Vice President and Chief Financial Officer of Carrier Global Corporation, a leading global provider of healthy, safe and sustainable building and cold chain solutions, since November 2020. Prior to joining Carrier, he served as Senior Vice President and Chief Financial Officer of Rockwell Automation, a global industrial automation and information solutions provider, from February 2017 to November 2020.

**Reasons for Nomination**

- Relevant global financial expertise from serving in various finance roles, and ultimately as the Chief Financial Officer, of publicly-traded, multinational organizations.
- Extensive experience in accounting, financial planning and analysis, investor relations and mergers and acquisitions.
- Experience with a global industrial automation and information solutions company provides Mr. Goris with broad exposure to digital operations and "smart" manufacturing solutions using data and analytics, which enhances operational intelligence, productivity and risk management in manufacturing processes. These are key initiatives for our business and our customers' businesses.
- The Board has determined that Mr. Goris' extensive accounting and financial experience qualifies him as an "audit committee financial expert."
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric.

**Experience**

Mr. Hilton is the former President and Chief Executive Officer of Nordson Corporation, a company that engineers, manufactures and markets differentiated products and systems used for precision dispensing of adhesives, coatings, sealants, biomaterials, polymers, plastics and other materials, fluid management, test inspection, UV curing and plasma surface treatment, a position he held from 2010 until his retirement in 2019. During his tenure at Nordson Corporation, Mr. Hilton also served as a director. Prior to joining Nordson, Mr. Hilton was Senior Vice President and General Manager for Air Products and Chemicals, Inc., a global company that provides a unique portfolio of atmospheric gases, process and specialty gases, performance materials, and equipment and services, with specific responsibility for leading its \$2 billion global Electronics and Performance Materials segment.

**Reasons for Nomination**

- With over 30 years of global manufacturing experience, Mr. Hilton brings to the Board an intimate understanding of management leadership.
- Extensive experience with strategy development and day-to-day operations of a multi-national company, including product line management, new product technology, talent development, manufacturing, distribution and other sales channels, business processes, international operations and global markets expertise.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and several other publicly-traded companies.

**KATHRYN JO LINCOLN**

Director since 1995

**COMMITTEES:**

Compensation and Executive Development  
Nominating and Corporate Governance

**AGE:** 68

**OTHER PUBLIC COMPANY**

**DIRECTORSHIPS:**  
None



**CHRISTOPHER L. MAPES**

Director since 2010

Chairman since 2013

**COMMITTEES:**

None

**AGE:** 61

**OTHER PUBLIC COMPANY**

**DIRECTORSHIPS:**  
The Timken Company (NYSE: TKR) since 2014



**Experience**

Ms. Lincoln has served as the Board Chair and Chief Investment Officer of the Lincoln Institute of Land Policy, an independent, global foundation focused on addressing significant policy issues through innovation land use and taxation methods, since 1996. As Chief Investment Officer, Ms. Lincoln manages and directs all aspects of the Institute's endowment, including strategic asset allocation and policy development, which have contributed to its current \$800 million asset base. In her role as Chair, she plays a crucial role in the strategic direction and planning of the Institute, with ongoing involvement in the development of education programs, demonstration projects and impact measurement. Ms. Lincoln is a member of the board of directors of HonorHealth Network, and Claremont Lincoln University, and formerly served as a director of Johnson Bank Arizona, N.A. She is also the Co-Chair of the International Center for Land Policy Studies and Training in Taiwan and was appointed as a director for The Hope Effect, a non-profit entity.

**Reasons for Nomination**

- Extensive leadership experience, addressing strategic planning, asset allocation matters and corporate governance.
- As a Lincoln family member and long-standing director of Lincoln Electric, Ms. Lincoln has a keen sense of knowledge about Lincoln Electric, its culture and the founding principles.
- Broad experience and commitment to board and corporate governance excellence, named as a Board Leadership Fellow of the National Association of Corporate Directors. Named by WomenInc. as one of 2019's most influential corporate directors.
- Valuable knowledge of key governance matters gained through her various directorships, including as a director of Lincoln Electric.

**Experience**

Mr. Mapes is the Chairman, President and Chief Executive Officer of Lincoln Electric. Mr. Mapes has served as President and Chief Executive Officer since December 2012. In December 2013, Mr. Mapes was appointed as Chairman of the Board in addition to his other responsibilities. From September 2011 to December 2012, Mr. Mapes served as the Chief Operating Officer of Lincoln Electric. From 2004 to August 2011, Mr. Mapes served as an Executive Vice President of A.O. Smith Corporation, a global manufacturer with a water heating and water treatment technologies business, which has residential, commercial, industrial and consumer applications, and the President of its former Electrical Products unit. Mr. Mapes started his career with General Motors and has held roles in industrial manufacturing for over 35 years. In addition, Mr. Mapes has served as a director of The Timken Company since 2014.

**Reasons for Nomination**

- Extensive leadership experience in large, global publicly-traded companies engaged in manufacturing operations.
- Keen understanding of the manufacturing industry and challenges organizations face growing globally.
- In addition to business management experience, Mr. Mapes has an MBA and a law degree.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and The Timken Company.

**PHILLIP J. MASON**

Director since 2013

**COMMITTEES:**  
 Compensation and Executive  
 Development  
 Finance (Chair)

AGE: 72

**OTHER PUBLIC COMPANY**

**DIRECTORSHIPS:**  
 GCP Applied  
 Technologies  
 [NYSE: GCP] through  
 2020



**BEN P. PATEL**

Director since 2018

**COMMITTEES:**  
 Audit  
 Finance  
 Nominating and  
 Corporate Governance

AGE: 55

**OTHER PUBLIC COMPANY**

**DIRECTORSHIPS:**  
 None



**Experience**

Mr. Mason is the former President of the Europe, Middle East & Africa Sector (EMEA Sector) of Ecolab, Inc., a leading provider of food safety, public health and infection prevention products and services, a position he held from 2010 until his retirement in 2012. Prior to leading Ecolab's EMEA Sector, Mr. Mason had responsibility for Ecolab's Asia Pacific and Latin America businesses as President of Ecolab's International Sector from 2005 to 2010 and as Senior Vice President, Strategic Planning in 2004. In addition, Mr. Mason has public company board experience, previously serving as a director of GCP Applied Technologies from 2016 to May 2020.

**Reasons for Nomination**

- Executive leadership experience in an international business unit for a U.S. publicly-traded company, providing Mr. Mason extensive international business expertise, business-to-business and industrial sector experience.
- Extensive international business experience, starting, developing and growing businesses abroad, in both mature and emerging markets, having established businesses in China, South Korea, Southeast Asia, Brazil, India, Russia, Africa and the Middle East.
- Strong finance and strategic planning proficiency, including merger and acquisition experience, along with significant experience working with and advising boards on diverse issues confronting companies with international operations.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and GCP Applied Technologies.

**Experience**

Mr. Patel served as Senior Vice President, Chief Technology Officer of Cooper Tire & Rubber Company, a global manufacturer of specialized passenger car, light truck, medium truck, motorcycle and racing tires from November 2019 until July 2021. He previously served as Senior Vice President and Chief Technology Officer of Tenneco, Inc., a manufacturer of automotive emission control and ride control products and systems. During his 8-year tenure at Tenneco, beginning in 2011, he held roles leading regional advanced technology development and establishing a global research and development organization. Prior to joining Tenneco, Mr. Patel held numerous positions with increasing responsibility, including senior scientist, at the General Electric Company during his thirteen-year tenure with the organization.

**Reasons for Nomination**

- Over 20 years of experience serving with publicly-traded, global products and technology companies.
- Broad expertise in material science, automation and "smart" systems, as well as extensive research and development experience.
- Mr. Patel has been a leader in global innovation and research initiatives, which lends tremendous support to our focus on being an innovation leader in our industry and our advanced manufacturing growth strategy, which helps customers identify value and efficiencies in their welding and cutting operations.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric.

**HELLENE S. RUNTAGH**

Director since 2001

**COMMITTEES:**

Compensation and Executive Development  
Nominating and Corporate Governance (Chair)

AGE: 74

**OTHER PUBLIC COMPANY**

**DIRECTORSHIPS:**  
None



**KELLYE L. WALKER**

Director since 2020

**COMMITTEES:**

Compensation and Executive Development  
Nominating and Corporate Governance

AGE: 56

**OTHER PUBLIC COMPANY**

**DIRECTORSHIPS:**  
None



**Experience**

Ms. Runtagh is the former President and Chief Executive Officer of the Berwind Group, a diversified pharmaceutical services, industrial manufacturing and real estate company, a position she held in 2001. From 1997 through 2001, Ms. Runtagh was Executive Vice President of Universal Studios, a media and entertainment company. Prior to joining Universal Studios, Ms. Runtagh spent 27 years at General Electric Company, a diversified industrial company, in a variety of leadership positions. In addition, Ms. Runtagh has extensive board experience, previously serving as a director of Harman International Industries from 2008 to 2017, NeuStar, Inc. from 2006 to 2017, and several other publicly-traded companies.

**Reasons for Nomination**

- Over 30 years of experience in management positions with technology focused global companies, with responsibilities in management ranging from marketing and sales to finance, as well as engineering and manufacturing.
- Diverse management experience, including growing businesses while maintaining high corporate governance standards.
- Extensive experience as a director of publicly-traded companies.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and several other publicly-traded companies.

**Experience**

Ms. Walker has served as the Executive Vice President and Chief Legal Officer of Eastman Chemical Company, an advanced materials and specialty additives manufacturer, since April 2020. In this role, Ms. Walker has overall leadership and responsibility for Eastman's legal organization. She also served as Executive Vice President and Chief Legal Officer of Huntington Ingalls Industries, Inc., America's largest military shipbuilder, from 2015 to 2020. Prior to joining Huntington Ingalls Industries, Inc., Ms. Walker served as Senior Vice President, General Counsel and Secretary at American Water Works Company, Inc. Ms. Walker is a member of the board of directors of T. Rowe Price Funds, a position she has held since October 2021.

**Reasons for Nomination**

- Seasoned senior executive with over 25 years of experience with publicly-traded companies, helping to increase organizational value through forward thinking, strategic discipline and a focus on continuous improvement.
- Extensive experience in corporate governance, compliance and litigation management, government affairs, strategy development, product stewardship and regulatory affairs, global business conduct and global health, safety, environment and security.
- Long-standing general counsel of publicly-traded companies and has also served as Chief Administrative Officer, leading human resources, information technologies, government affairs and corporate communications functions.
- Extensive leadership across various industries including global public companies, government organizations and utility companies that will lend value to advance our 2025 Strategy.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric.

# CORPORATE GOVERNANCE

## GOVERNANCE FRAMEWORK

We are committed to effective corporate governance and high ethical standards. We adhere to our ethical commitments in every aspect of our business, including our commitments to each other, in the marketplace and in the global, governmental and political arenas. These commitments are spelled out in our Code of Conduct, which applies to all of our employees (including our CEO and our other NEOs) and Directors.

We encourage you to visit our website at [www.lincolnelectric.com](http://www.lincolnelectric.com), where you can find detailed information about our corporate governance programs/policies including:

- Code of Conduct
- Governance Guidelines
- Charters for our Board Committees
- Director Independence Standards

## CORPORATE GOVERNANCE HIGHLIGHTS

### BOARD OF DIRECTORS

- Our Board held six meetings in 2022
- During 2022, each of our Directors attended at least 75% of the total full Board meetings and meetings of committees on which he or she served during the time he or she served as a Director
- Size of Board: 10 in 2022
- Plurality vote with director resignation policy for failures to receive a majority vote in uncontested director elections
- Lead Independent Director
- All Directors are expected to attend the Annual Meeting

### BOARD COMPOSITION

- Number of independent Directors: 9 in 2022
- Diverse Board including a complementary mix of backgrounds, experiences and expertise, as well as balanced mix of ages, tenure of service and gender
- Several current and former CEOs
- Global experience
- Audit Committee has multiple financial experts

### BOARD PROCESSES

- Independent Directors meet without management present, with Lead Independent Director presiding over such meetings
- Annual Board and Committee self-evaluations
- Board orientation program
- Governance Guidelines approved by Board

- Board has an active role in risk oversight
- Full Board review of succession planning annually
- Full Board oversight of ESG

### BOARD ALIGNMENT WITH SHAREHOLDERS

- Annual equity grants align interests of Directors and officers with shareholders
- Annual advisory approval of named executive officer compensation
- No poison pill
- Stock ownership guidelines for Directors and officers

### COMPENSATION

- No employment agreements
- Executive compensation is tied to performance: 87% of CEO target pay and 73% of all of our other NEO target pay is performance-based (at risk)
- Anti-hedging and anti-pledging policies for Directors and officers
- Recoupment/clawback policy

### INTEGRITY AND COMPLIANCE

- Code of Conduct for employees, officers and Directors
- Environmental, health and safety guidelines and goals, including long-term sustainability goals
- Annual compliance training relative to ethical behavior
- Enterprise risk management program with Board oversight



## SHAREHOLDER ENGAGEMENT

We are committed to engaging in constructive conversations with shareholders and nurturing long-term relationships with the investment community. We maintain an active shareholder engagement program where executives and management from various departments meet with shareholders regularly to discuss a variety of topics including business performance, strategic initiatives, corporate governance practices, corporate sustainability initiatives, executive compensation, and other matters of shareholder interest. The Board values an active investor relations program as it believes that shareholder input strengthens its role as an informed and engaged fiduciary.

Our shareholder engagement program includes participation at investor conferences, holding meetings and tours at Lincoln Electric, visiting investors at their offices, hosting tradeshow tours, being accessible to shareholder inquiries throughout the year and communicating with transparency. In 2022, we maintained active engagement with the investment community with calls/video conferencing, a virtual annual shareholder meeting, virtual and in-person investor conferences and non-deal roadshows. In addition, we invited institutional investors representing approximately 55 percent of our outstanding shares to discuss ESG matters with us as part of our annual ESG non-deal roadshow. These discussions provide good insights on our ESG practices and policies. We received positive feedback on our ESG disclosures, enhanced ESG governance framework, the alignment of our ESG strategy with our Higher Standard 2025 Strategy, corporate governance practices, executive compensation, our environmental, health and safety practices, and our investor relations program.

## OUR BOARD OF DIRECTORS

Our Board oversees management of the long-term interest of Lincoln Electric and our stakeholders. The Board's major responsibilities include:

- Overseeing the conduct of our business
- Reviewing and approving key financial objectives, strategic and operating plans and other significant actions
- Evaluating CEO and senior management performance and determining executive compensation
- Planning for CEO succession and monitoring management's succession planning for other key executives
- Establishing an appropriate governance structure, including appropriate Board composition and succession planning
- Overseeing enterprise risk management and cybersecurity
- Overseeing the ethics and compliance program
- Overseeing ESG and D&I matters

## DIRECTOR INDEPENDENCE

Each of our non-employee Directors meets the independence standards set forth in the Nasdaq listing standards, which are reflected in our Director Independence Standards. Additionally, Stephen G. Hanks, G. Russell Lincoln and William E. MacDonald, III, all of whom served on our Board in 2022, met the independence standards set forth in the Nasdaq listing standards. To be considered independent, the Nominating and Corporate Governance Committee must affirmatively determine that the Director has no material relationship with Lincoln Electric. In addition to outlining the independence standards set forth in the Nasdaq listing standards, the Director Independence Standards outline specific relationships that are deemed to be categorically immaterial for purposes of director independence. The Director Independence Standards are available on our website at [www.lincolnelectric.com](http://www.lincolnelectric.com).

During 2022, the independent Directors met in regularly scheduled Executive Sessions in conjunction with each of the regular Board meetings. The Lead Independent Director presided over these sessions.

## BOARD LEADERSHIP STRUCTURE

- **Chairman of the Board: Christopher L. Mapes**
- **Lead Independent Director: Curtis E. Espeland**
- **All four Board committees are composed of independent Directors**
- **Independent Directors met in Executive Session at each of the regular 2022 Board meetings**

The Board evaluates the leadership structure to determine what is optimal for our Company. As a part of our current structure, Mr. Mapes, our President and CEO, serves as Chairman of the Board, in addition to his other responsibilities. Our Board believes having one individual serve as Chairman and CEO is beneficial to us because the dual role enhances Mr. Mapes' ability to provide direction and insight on strategic initiatives impacting us and our shareholders. The Board also believes the dual role is consistent with good corporate governance practices because it is complemented by a Lead Independent Director. As Chairman, Mr. Mapes is responsible for planning, formulating and coordinating the development and execution of our corporate strategy, policies, goals and objectives. In his role as Chairman, Mr. Mapes has the following duties, responsibilities and expectations:

- reports directly to our Board, who reviews and approves his annual performance objectives;
- works closely with our management to develop our strategic plan;
- works with our management on transactional matters by networking with strategic relationships;
- promotes and monitors the Board's fulfillment of its oversight and governance responsibilities;

- encourages the Board to set and implement our goals and strategies;
- establishes procedures to govern our Board's work;
- oversees the execution of the financial and other decisions of our Board;

**LEAD INDEPENDENT DIRECTOR**

To complement our Chairman of the Board, the Board has a strong Lead Independent Director, which we believe appropriately addresses the need for independent leadership and an organizational structure for our independent Directors. Our Lead Independent Director focuses on overseeing the Board's processes and prioritizing the right areas of focus. Our Lead Independent Director is appointed each year by the independent Directors and serves as a liaison between the Chairman of the Board and the independent Directors.

In addition to the duties of all Directors, the Lead Independent Director has the following duties, responsibilities, and expectations:

- Collaborates with the Chairman, the Secretary and senior management on the format and adequacy of the information that Directors receive and on the effectiveness of the Board meeting process.
- Acts independently of the Chairman to review and approve Board meeting agendas and schedules.
- Acts as a sounding board to the Chairman on key aspects of the business, and assists in promoting sound corporate governance practices.
- Calls meetings of the independent Directors as he sees fit, presiding over such meetings.

The Board will continue to monitor the Board leadership structure, considering what trends in the marketplace and viewpoints in the corporate governance community and, most importantly, what the Board believes is in the best interests of our Company and its shareholders.

- makes available to all members of our Board opportunities to acquire sufficient knowledge and understanding of our business to enable them to make informed judgments;
- presides over meetings of our shareholders; and
- sets the agenda and presides over Board meetings.



Mr. Curtis Espeland currently serves as our Lead Independent Director, a position he has held since 2018. Mr. Espeland was elected to our Board in February 2012. During his tenure on our Board, he has developed strong working relationships with his fellow

Directors, and assisted with the onboarding of our four most recently elected Directors.

- Coordinates, sets agendas and presides over executive sessions of the independent Directors.
- Actively participates in the CEO evaluation process and in interviewing candidates for the Board.
- Actively participates in the Board and committee evaluation process.
- Speaks on behalf of Lincoln Electric, as the Board determines necessary.



**OUR BOARD COMMITTEES**

We have separately designated standing Audit, Compensation and Executive Development, and Nominating and Corporate Governance Committees established in accordance with applicable provisions of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC and Nasdaq rules. The Board also has designated a standing Finance Committee.

Each Committee has a charter, which details all of the Committee's roles and responsibilities. The following summaries set forth the principal responsibilities of each of our Committees, as well as other information regarding their makeup and operations. A copy of each Committee's charter may be found on our website at [www.lincolnelectric.com](http://www.lincolnelectric.com).

**Audit Committee**

**Chair:**  
*Patrick P. Goris*

**Members:**  
*Brian D. Chambers\**  
*Curtis E. Espeland*  
*Ben P. Patel*

Meetings held in 2022: 6

**Key Responsibilities**

- Independent auditor engagement
- Reviews financial statements and disclosures, interim financial reports and earnings press releases
- Reviews significant litigation and legal matters
- Reviews enterprise risk management policies and process
- Oversees ethics and compliance programs and risk assessment and mitigation processes for environmental, health and safety matters
- Reviews effectiveness of information technology security environment and oversees risk assessment and mitigation process for cybersecurity
- Reviews and evaluates the scope and performance of the internal audit function
- Reviews internal control over financial reporting

Each member of our Audit Committee meets the independence standards set forth in the Nasdaq listing standards and have likewise been determined by the Board to have the financial competency required by the Nasdaq listing standards. In addition, because of the professional training and past employment experience of Messrs. Chambers, Espeland and Goris, the Board has determined that they are financially sophisticated Audit Committee members under the Nasdaq listing standards and qualify as "audit committee financial experts" in accordance with SEC rules. Shareholders should understand that the designation of Messrs. Chambers, Espeland and Goris as "audit committee financial experts" is a disclosure requirement and that it does not impose upon them any duties, obligations or liabilities that are greater than those generally imposed on them as members of the Audit Committee and the Board.

*\*Appointed February 16, 2022*

**Compensation and Executive Development Committee**

**Chair:**  
*Michael F. Hilton*

**Members:**  
*Kathryn Jo Lincoln*  
*Phillip J. Mason*  
*Hellene S. Runtagh*  
*Kellye L. Walker*

Meetings held in 2022: 6

**Key Responsibilities**

- Reviews and recommends to the Board total compensation of our CEO, and reviews and establishes total compensation of our other executive officers
- Evaluates performance (along with full Board) of our CEO and other executive officers
- Monitors development, selection process and succession planning of key management
- Reviews and recommends to the Board, in conjunction with the Nominating and Corporate Governance Committee, the appointment and removal of elected officers
- Oversees executive compensation policies, practices and programs, as further described in the CD&A
- Reviews and recommends to the Board new or amended executive compensation plans with our executive officers
- Oversees the implementation and effectiveness of the Company's human capital policies and practices, including D&I programming
- Reviews initiatives and strategies related to employee recruitment, promotion, retention and attrition, employee engagement and diversity, equity and inclusion matters

Each member of our Compensation and Executive Development Committee meets the independence standards set forth in the Nasdaq listing standards and each is deemed to be a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act. The Compensation and Executive Development Committee may, in its discretion, delegate specific duties, responsibilities and authority to a subcommittee, one or more Committee members or one or more executive officers, to the extent permitted by applicable law and stock exchange rules and regulations.

## Nominating and Corporate Governance Committee

**Chair:**

*Hellene S. Runtagh*

**Members:**

*Patrick P. Goris  
Michael F. Hilton  
Kathryn Jo Lincoln  
Ben P. Patel  
Kellye L. Walker*

Meetings held in 2022: 5

### Key Responsibilities

- Reviews our corporate governance framework including external developments related to corporate governance matters
- Reviews and recommends guidelines with respect to size, composition and practices of the Board, identifies Board candidates and recommends Director nominees
- Reviews shareholder proposals and related shareholder engagement activities
- Reviews non-employee Director compensation program in light of best practices and makes recommendations to the Board
- Reviews and determines Director independence
- Oversees the self-evaluation process of the Board and its Committees
- Oversees the overall corporate governance of the Company, including compliance with stock exchange listing rules and other applicable legal or regulatory requirements and practices pertaining to corporate governance

Each member of our Nominating and Corporate Governance Committee meets the independence standards set forth in the Nasdaq listing standards.

## Finance Committee

**Chair:**

*Phillip J. Mason*

**Members:**

*Brian D. Chambers\*  
Curtis E. Espeland  
Ben P. Patel*

Meetings held in 2022: 5

### Key Responsibilities

- Reviews financial performance, including comparing financial performance to budgets and goals
- Reviews capital allocation, dividend and share repurchasing strategies
- Reviews operating budgets
- Reviews capital expenditures
- Reviews M&A activity and integration performance
- Oversees strategic planning and financial policy matters

Each member of our Finance Committee meets the independence standards set forth in the Nasdaq listing standards. All of our Directors typically attend the Finance Committee meetings, a practice that has been in place for the past several years.

*\*Appointed February 16, 2022*

## ANNUAL BOARD AND COMMITTEE EVALUATION PROCESS

The Board recognizes that a robust and constructive performance evaluation process is an essential component of Board effectiveness. Our Governance Guidelines require annual evaluation of the performance of the Board. The Nominating and Corporate Governance Committee oversees the annual evaluation process. As part of this process, each Board member completes an evaluation relative to Committee and Board matters. A summary of the results of this process is presented to the Nominating and Corporate Governance Committee. The results are then reported to the full Board by the Lead Director, which considers the results and ways in which Board processes and effectiveness may be enhanced.

## OVERSIGHT OF OUR COMPANY

### BOARD OVERSIGHT OF STRATEGY

One of the Board's key responsibilities is overseeing the Company's strategic planning process, including reviewing the steps taken to develop strategic plans and approving the final plans. In 2022, this included receiving periodic updates regarding the Company's execution and performance as we continue to implement our 2025 Strategy. Our Board regularly discusses the key priorities of our Company, taking into consideration global economic, consumer and other significant trends. The Company's long-term strategic plan is reviewed regularly with the Board, along with its annual operating plan, capital structure and sustainability performance.

### BOARD OVERSIGHT OF ENTERPRISE RISK MANAGEMENT

In the ordinary course of business, we face various strategic, operating and compliance risks. Our enterprise risk management process seeks to identify and address material risks to the organization, and the Board provides oversight as to how management is addressing these risks. The Company maintains a risk management review process where risk is assessed throughout our entire organization, and is reported to our internal corporate risk committee, comprised of members of our business units and various functional leaders (e.g., IT, Finance, Legal), led by our Vice President of Enterprise Risk Management. High-priority risks facing the organization are identified each year and are assigned to either the full Board or various Board Committees for further review, analysis and development of appropriate plans for management and mitigation.

Our Board oversees the management of these risks on an enterprise-wide basis, and the Lead Independent Director promotes our Board's engagement in this process. A fundamental part of the process is to understand the Company's risks, and to provide oversight as to how management is addressing these risks. The Board, or Board designated committee, reviews with management its process for enterprise risk management and actively engages with management to understand and oversee our most significant risks. The Audit Committee oversees the Company's risk assessment and management process each year, including ensuring that management has instituted processes to identify critical risks and has developed plans to manage such risks.

### BOARD OVERSIGHT OF INFORMATION SECURITY AND CYBERSECURITY

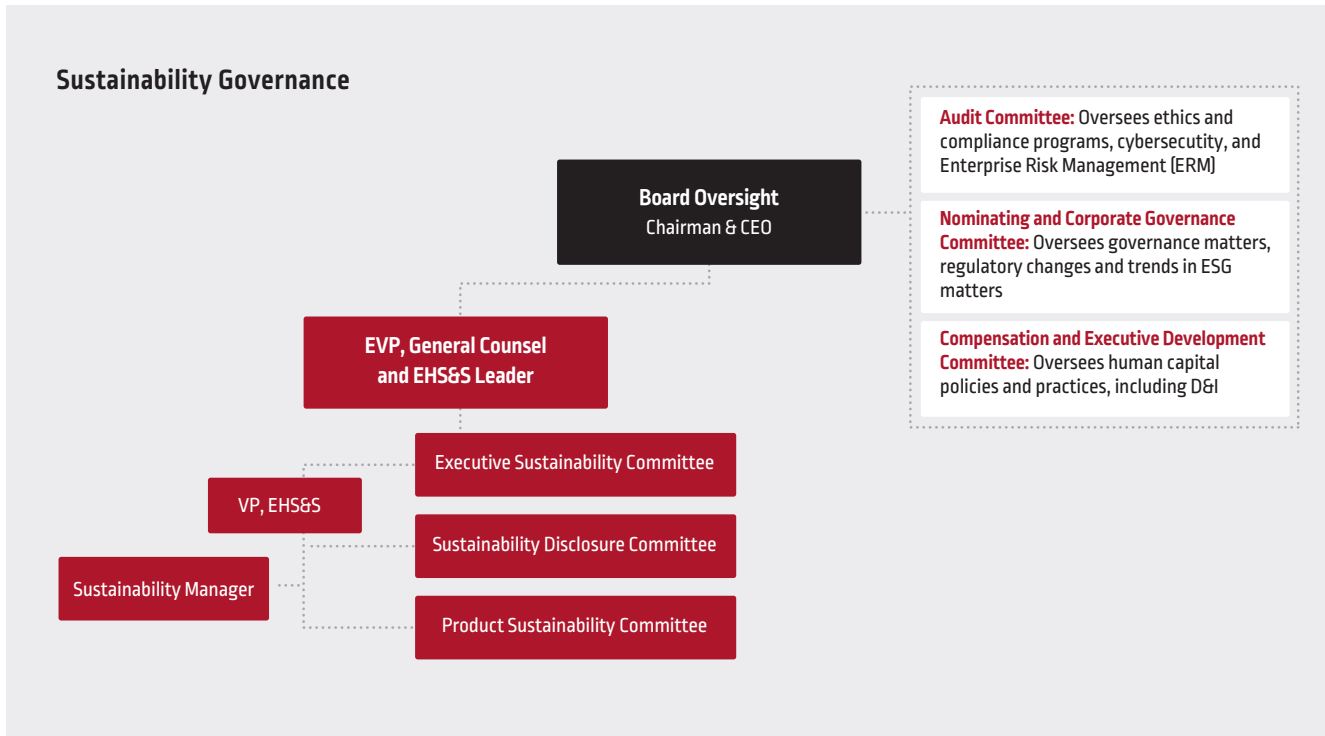
Information security and cybersecurity have been identified as high-priority risks and the Audit Committee receives updates at each meeting on these matters. The Company maintains an insurance policy with respect to information security and has undergone several simulation, preparedness and response exercises. The Company has not experienced a reportable information security breach within the last three years and is tested externally on its information security environment annually. In addition, the Company has an information security training program, training all computer-based employees two times per year, through various employee training modules relative to information security matters, and simulates phishing events with employees to raise cybersecurity awareness on a monthly basis.

### BOARD OVERSIGHT OF ESG AND SUSTAINABILITY MATTERS

**Our approach to ESG and sustainability began with our founders who established the Company under the guiding principle of The Golden Rule: Treating others how you would like to be treated. Our culture, values and our commitment to D&I reflect The Golden Rule and our Purpose of Operating by a Higher Standard to Build a Better World.**

The Board recognizes the importance of achieving our goals responsibly, and aligning with our key stakeholders to drive long-term value creation. The Board has broad oversight responsibility for ESG and sustainability matters and reviews sustainability initiatives and progress made towards our long-term safety and sustainability metrics. In addition, the Board receives a formal annual update on corporate governance matters, including ESG developments and pending considerations. The Nominating and Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities related to corporate governance matters, monitoring new issues, regulatory changes and trends in corporate governance, environmental and social responsibility matters. Our Audit Committee oversees our ethics and compliance programs and cybersecurity, and reviews our Enterprise Risk Management policies and processes. Our Compensation and Executive Development Committee oversees the implementation and effectiveness of the Company's human capital policies and practices, and reviews initiatives and strategies related to employee recruitment, promotion, retention and attrition, employee engagement and diversity, equity and inclusion.

Our Company has clear responsibilities and a robust governance structure related to ESG and sustainability matters. The Board's oversight responsibility for ESG matters is reflected in our Governance Guidelines. Additionally, sustainability metrics are incorporated into the annual individual goals of our CEO and other executives. Our Executive Vice President, General Counsel (GC), oversees corporate environmental, health, safety & sustainability (EHS&S) initiatives and global reporting, as well as an Executive Sustainability Committee. The GC also works closely with our Vice President of EHS&S, business unit leadership and local facilities to implement, monitor and measure our EHS&S results. EHS&S also oversees an internal Product Sustainability Committee that was established in 2020 with a primary focus on enhancing product stewardship with sustainable solutions and now oversees a multi-disciplinary Sustainability Disclosure Committee, which was established in 2022.



The following policies and business practices exemplify our commitment to ESG matters:

- Our guiding principle is The Golden Rule;
- Our Code of Conduct;
- Our Human Rights Policy;
- Our Supplier Code of Conduct;
- Our Channel Partner Code of Conduct;
- Health, safety and wellness initiatives for our employees, customers and communities;
- Equal employment opportunities, along with our pledge to treat employees fairly, with dignity, and without discrimination in any form;
- Focus on improving safety and environmental performance, including long-term ESG goals and performance reporting, and incorporating product stewardship and innovations to advance clean tech at Lincoln Electric and in the industries we serve;
- Training and development programs to attract and retain high performing employees to help them reach their full potential;
- Community engagement through employee-led fundraisers, grants provided by The Lincoln Electric Foundation, scholarships, in-kind gifts, and an employee matching and “Dollars for Doers” program to support volunteerism;
- Positively impacting manufacturing and industry by promoting the art and science of welding among students and young professionals through our business initiatives, partnerships with schools and associations, and programming at the J.F. Lincoln Foundation; and
- Enhancing D&I through employee resource groups including our Diversity Councils, Veterans, Women in Lincoln Leadership, and our Young Professionals organizations.

## COMPENSATION-RELATED RISK

We regularly assess risks related to our compensation and benefit programs, including our executive compensation program, and our Compensation and Executive Development Committee is actively involved in those assessments. In addition, WTW, a compensation consultant engaged by management, has provided a risk assessment of our executive compensation program in the past. Although we have a long history of pay for performance and incentive-based compensation, we believe our compensation programs contain many mitigating factors to ensure that our employees are not encouraged to take unnecessary risks.

As a result of all these efforts, we do not believe the risks arising from our executive compensation policies and practices are reasonably likely to have a material adverse effect on Lincoln Electric.

## RELATED-PARTY TRANSACTIONS

The Board has adopted a policy regarding the review and approval of transactions between the Company and its subsidiaries and certain related parties that are required to be disclosed in proxy statements, which are referred to as “related-party transactions.” Related parties include our Directors, Director Nominees, executive officers, persons controlling 5% or more of our common shares, and the immediate family members of these individuals. Pursuant to the policy, the Audit Committee is responsible for reviewing and approving related-party transactions and will consider information it deems appropriate, including, but not limited to, whether the terms of the transaction are no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, the approximate dollar value of the transaction, and the nature and extent of the related party’s interest in the transaction. No Director will participate in any discussion or approval of a related-party transaction for which he or she is a related party, other than to provide material information concerning the transaction.

We define “related-party transactions” generally as transactions collectively over \$120,000 in any calendar year, in which any related party had, has or will have a direct or indirect material interest. We have a monitoring and reporting program, which includes requirements to report all actual or potential related-party transactions during the year and information regarding all relationships with entities involving a related party.

The Company did not have any related-party transactions that required Audit Committee approval in 2022.

# DIRECTOR COMPENSATION

## OUR BOARD COMPENSATION PROGRAM

Based upon the recommendations of the Nominating and Corporate Governance Committee, the Board determines our non-employee Director compensation. The Nominating and Corporate Governance Committee periodically reviews all elements of Board compensation in relation to our proxy peer group (as identified in the CD&A), trends in Board compensation and other factors it deems appropriate. In consultation with Korn Ferry as an independent advisor, the Nominating and Corporate Governance Committee did not recommend any adjustments to Board compensation with respect to 2022.

The objectives of our non-employee Director compensation program are to attract highly qualified and diverse individuals to serve on our Board and to align their interests with those of our shareholders. An employee of Lincoln Electric who also serves as a Director does not receive any additional compensation for serving as a Director.

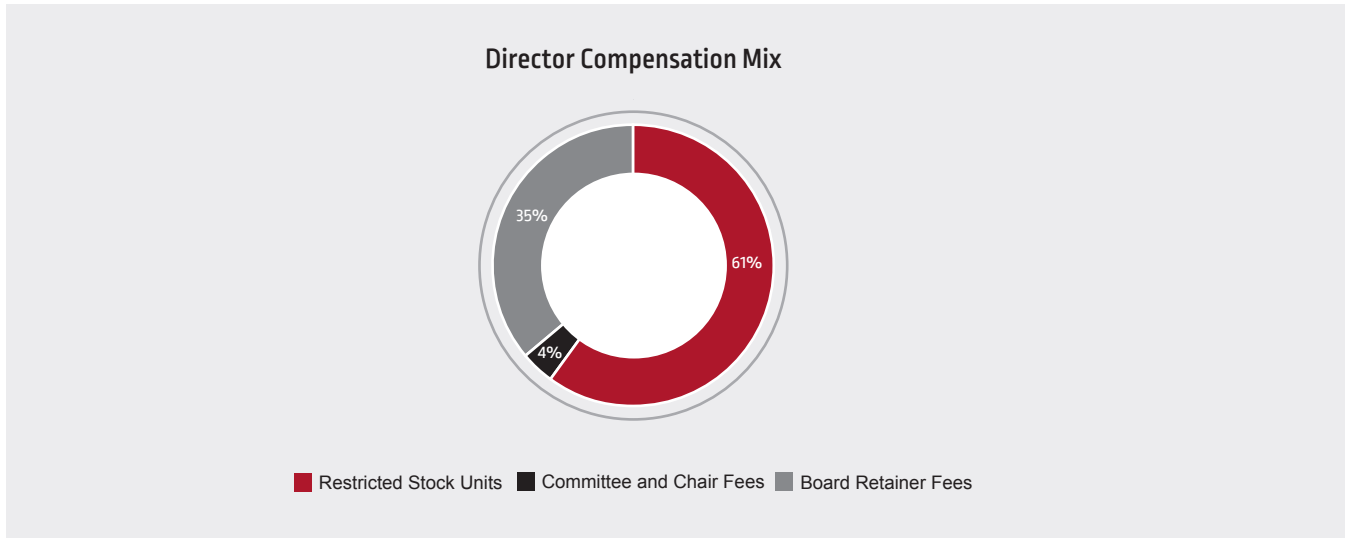
All non-employee Directors receive cash retainers and an annual stock-based award for serving on our Board. Stock-based compensation is provided under our 2015 Stock Plan for Non-Employee Directors.

## GOOD GOVERNANCE PRACTICES

Lincoln Electric seeks to attract and retain highly qualified individuals to serve on the Board. To that end, Lincoln Electric maintains the philosophy of paying non-employee Directors fairly and reasonably, considering external market factors, consistent with good governance practices. With respect to our non-employee Director compensation program, our governance practices include:

What We Do		What We Don't Do	
Reasonable limits on non-employee Directors' annual equity awards included in 2015 Stock Plan for Non-Employee Directors (and proposed 2023 Stock Plan for Non-Employee Directors)	✓	No Hedging or Pledging of Lincoln Electric Common Shares	✗
Total compensation is positioned at the peer median	✓	No Excessive Perquisites	✗
Non-employee Director compensation approved by full Board	✓	No Excise Tax Gross-Ups or Tax Reimbursements	✗
Full-value equity award granted at a fixed-value	✓		
Double Trigger Provisions for Change in Control	✓		
Stock Ownership Guidelines	✓		
Independent Advisor	✓		

The following is a summary of our current Director compensation program:



		Board Level	Lead Independent Director	Committee Chairs
Cash	Retainer <sup>1</sup>	\$85,000	Additional \$28,000	Additional \$20,000 for Audit, and \$15,000 for Compensation and Executive Development, Finance and Nominating and Corporate Governance
	Meeting Fees <sup>2</sup>	—	—	—
Equity	Annual Restricted Stock Unit (RSU) Award <sup>3</sup>	Approx. \$145,000	—	—
	Initial RSU Award <sup>3,4</sup>	Approx. \$145,000	—	—

- (1) Directors have the ability to defer annual cash compensation under the Non-Employee Directors' Deferred Compensation Plan.
- (2) We do not have separate meeting fees, except if there are more than eight full Board or Committee meetings in any given year, Directors will receive \$1,500 for each full Board meeting in excess of eight meetings and Committee members will receive \$1,000 for each Committee meeting in excess of eight meetings in total.
- (3) Directors have the ability to defer RSUs under the Non-Employee Directors' Deferred Compensation Plan.
- (4) The initial award will be pro-rated based on the Director's length of service during the twelve-month period preceding the next regularly scheduled annual equity grant, which normally occurs in the fourth quarter of each year.

**2022 DIRECTOR COMPENSATION TABLE**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>1</sup> (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	Total (\$)
Brian D. Chambers <sup>2</sup>	74,139 <sup>3</sup>	263,548	0	337,687
Curtis E. Espeland	113,000	144,864	0	257,864
Patrick P. Goris	95,000 <sup>3</sup>	144,864	3,340 <sup>5</sup>	243,204
Stephen G. Hanks <sup>2</sup>	36,154	52,066 <sup>4</sup>	108 <sup>5</sup>	88,328
Michael F. Hilton	100,000	144,864	112 <sup>5</sup>	244,976
G. Russell Lincoln <sup>2</sup>	26,154	0	0	26,154
Kathryn Jo Lincoln	85,000 <sup>3</sup>	144,864	112 <sup>5</sup>	229,976
William E. MacDonald, III <sup>2</sup>	26,154	0	0	26,154
Phillip J. Mason	100,000	144,864	0	244,864
Ben P. Patel	85,000 <sup>3</sup>	144,864	112 <sup>5</sup>	229,976
Hellene S. Runtagh	100,000	144,864	0	244,864
Kellye L. Walker	85,000	144,864	0	229,864

(1) On December 12, 2022, 981 RSUs were granted to each then-serving non-employee Director under our 2015 Stock Plan for Non-Employee Directors. For Mr. Chambers, 927 RSUs were also granted to him in February 2022 upon his initial election to the Board.

The Stock Awards column represents the grant date fair value under Accounting Standards Codification (ASC) Topic No. 718 based on a closing price of \$147.67 per share on December 12, 2022, and, with respect to the award granted to Mr. Chambers, a closing price of \$128.03 per share on February 16, 2022. Assumptions used in the calculation of these amounts are included in footnote 10 to our audited financial statements for the fiscal year ended December 31, 2022 included in our Annual Report on Form 10-K filed with the SEC on February 21, 2023.

As of December 31, 2022, the number of RSUs held by each non-employee Director was 981, except for Mr. Chambers, who held 1,908 RSUs. Each of Messrs. Chambers, Goris, and Patel and Meses. Lincoln and Walker elected to defer receipt of the RSUs that were granted in 2022 under our Non-Employee Directors' Deferred Compensation Plan.

(2) Mr. Chambers was elected to the Board on February 16, 2022. Messrs. Hanks, Lincoln and MacDonald retired from the Board on April 21, 2022, the date of our 2022 Annual Meeting.

(3) All of Messrs. Chambers', Goris' and Patel's and Ms. Lincoln's Board fees were deferred under our Non-Employee Directors' Deferred Compensation Plan.

(4) Due to Mr. Hanks' significant tenure with and contributions to the Company, although he did not technically qualify for retirement treatment under his 2021 RSU award (as was the case for Messrs. Lincoln and MacDonald), in connection with his retirement, the Board determined to provide Mr. Hanks with the same pro-rated vested treatment that Messrs. Lincoln and MacDonald experienced with their RSU awards. This amount represents the incremental fair value, calculated in accordance with SEC disclosure rules, related to the Board's modification of Mr. Hanks' RSU award, in connection with his retirement. The modification value does not represent or reflect additional awards granted to Mr. Hanks.

(5) The amount shown for 2022 represents above-market non-qualified deferred compensation earnings calculated as the difference in earnings under the Moody's Corporate Bond Index fund in our Non-Employee Directors' Deferred Compensation Plan and a hypothetical rate.

**OTHER ARRANGEMENTS**

We reimburse Directors for reasonable out-of-pocket expenses incurred in connection with attendance at Board meetings, or when traveling in connection with the performance of their services for Lincoln Electric.

**CONTINUING EDUCATION**

Directors are generally reimbursed up to \$5,000 for continuing education expenses (inclusive of travel expenses) for programs each Director may elect to attend. We also incorporate continuing education topics for Directors into our Board meetings from time to time.

**STOCK OWNERSHIP GUIDELINES**

In keeping with the philosophy that Directors' interests should be aligned with the shareholders' interest and as part of the Board's continued focus on corporate governance, all of our non-employee Directors must adhere to our stock ownership guidelines. RSUs, including any RSUs that have been deferred under the Non-Employee Directors' Deferred Compensation Plan, count toward the stock ownership amount; shares held in another person's name (including a relative) do not.



The stock ownership guidelines can be met by satisfying one of the two thresholds noted in the chart below. Directors have five years from the date of election to the Board to satisfy the stock ownership guidelines. As of December 31, 2022, all of our non-employee Directors had satisfied the stock ownership guidelines, except for Mr. Chambers who was elected to the Board in 2022.

Retainer Multiple		Number of Shares
Shares valued at 5x annual Board retainer [\$425,000]	OR	3,048*

\* Represents shares equal to \$425,000 based on the closing price of Lincoln Electric stock as of December 31, 2021 (the last trading day of that calendar year) of \$139.47.

The Nominating and Corporate Governance Committee reviews the guidelines at least every two-and-a-half years to ensure that the components and values are appropriate. A review was conducted during 2021, with the assistance of Korn Ferry as an independent advisor, and it was determined that no changes to the guidelines were necessary, other than the share floor amount being reset as of December 31, 2021 and reflecting the modified Board retainer of \$85,000, as the five times annual retainer guideline is consistent with the peer group median. The revised stock ownership guidelines became effective in 2022. The next review is anticipated to occur in 2023.

#### EQUITY AWARDS

The non-employee Directors' RSUs awards are granted under the 2015 Stock Plan for Non-Employee Directors. Under the terms of the awards, RSUs vest in full one year after the date of grant. In addition, the awards vest in full in the event of a change in control of Lincoln Electric if the Director's service is terminated or if the award is not assumed upon the change in control. The awards also vest in full upon the death or disability of the Director, or vest pro rata, based on length of service, upon the retirement of the Director. During the period in which RSUs remain unvested, dividend equivalents pay out in cash when dividends are generally paid to shareholders.

#### DEFERRED COMPENSATION PLAN

The Non-Employee Directors' Deferred Compensation Plan allows the non-employee Directors to defer payment of all or a portion of their annual cash compensation and RSUs granted to them. This plan allows each participating non-employee Director to elect to begin payment of the deferred amounts as of the earlier of termination of services as a Director, death or a date not less than one full calendar year after the year the fees are initially deferred.

The investment elections available under the plan for cash compensation deferred are the same as those available to executives under our Top Hat Plan, which is discussed in the narrative under 2022 Deferred Compensation Benefits. RSU deferrals are deemed invested solely in a Lincoln Electric Stock fund, and no other plan deferrals are eligible for investment into that fund.


# EXECUTIVE COMPENSATION

Our long-term strategy is focused on key actions and initiatives that generate long-term profitable growth within our targeted markets through value-added solutions and operational excellence. We believe this approach engages our business team in creating a long-term value proposition for shareholders that generates above-market returns through an economic cycle while maintaining a short-term focus on improving profitability and driving operating excellence. More information on our business and strategy can be found in the “Business Overview” section at the beginning of this Proxy Statement.


The Compensation Discussion and Analysis (CD&A) describes our executive compensation programs and how they apply to our NEOs. The CD&A contains statements regarding future performance targets and goals. These targets and goals are disclosed in the context of our compensation programs and should not be understood to be statements of management’s expectations or estimates of results or other guidance. We caution investors not to apply these statements in other contexts.

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For 2022, our NEOs were:




**CHRISTOPHER L. MAPES**  
Chairman, President and Chief Executive Officer




**GABRIEL BRUNO**  
Executive Vice President, Chief Financial Officer and Treasurer



**STEVEN B. HEDLUND**  
Executive Vice President, Chief Operating Officer



**JENNIFER I. ANSBERRY**  
Executive Vice President, General Counsel and Secretary



**MICHELE R. KUHRT**  
Executive Vice President, Chief Human Resources Officer

# COMPENSATION DISCUSSION AND ANALYSIS

## EXECUTIVE SUMMARY

Our approach to executive compensation is generally the same as our approach to employee-wide compensation, with a strong belief in pay for performance and a long-standing commitment to incentive-based compensation.

While maintaining our performance-driven culture, our executive compensation program is designed to achieve the following objectives:

### Align Interests

Align the interests of management (and employees) with long-term interests of our shareholders and other stakeholders

### Incentivize Management

Design compensation elements to incentivize management to deliver above-market financial results

### Support Long-Term Strategy

Define performance drivers which support key financial and strategic business objectives

### Good Governance Practices

Help ensure we are following good governance practices in the design and operation of our executive compensation program, including consideration of the risks associated with those practices

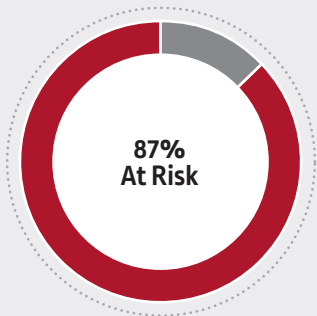
### Retention & Succession Planning

Reinforce executive retention to enable achievement of annual and long-term business goals through a stable management team

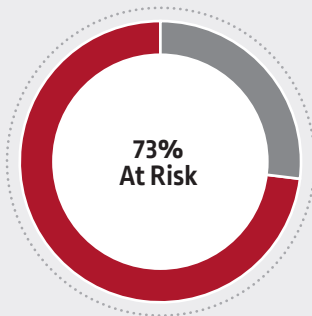
### Pay for Performance

Link incentive-based compensation to the company's short-term and long-term financial and operational performance

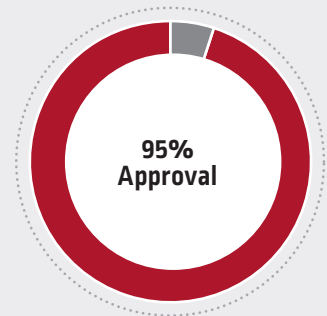
CEO Target Pay "At Risk"



All Other NEOs Target Pay "At Risk"



Say-on-Pay Vote



At our 2022 Annual Meeting, shareholders again showed strong support for our executive compensation program with 95% of the shareholders who voted approving, on an advisory basis, the compensation of our NEOs

## KEY FINANCIAL PERFORMANCE

We have a strong track record of delivering increased value to our shareholders and we have typically delivered above-market performance across various financial metrics over many economic cycles. Our long-term strategy seeks to achieve profitable sales growth both organically and through acquisitions by emphasizing value-added solutions and differentiated technologies. We anticipate this strategy will yield improved profit margins and returns, and will generate best-in-class financial performance measured against our peer group.

In 2022, we achieved record sales, adjusted operating income margin and adjusted earnings per share performance, while diligently managing through inflationary headwinds and increasingly challenging operating conditions in our international business. We also achieved strong ROIC and Adjusted ROIC, increased cash flows from operations and maintained a strong balance sheet profile while investing in growth and returning cash to shareholders. By prioritizing employee safety and training, leading with a “customer-first” approach, maintaining an agile manufacturing and supply chain strategy, and strong financial discipline - we successfully executed above plan. We exited 2022 at 2019 volume levels on a consolidated basis with significantly higher returns, which demonstrates the strong execution and value creation of our 2025 Strategy.

2022 Net sales increased 16% to a record \$3.8 billion. Organic sales increased 20%, led by a 14.5% increase in price and 5% higher volumes. We also benefited approximately 2% from acquisitions (which excludes the Fori acquisition, which closed on December 1, 2022). In 2022, all of our end markets generated double-digit percent organic growth, led by approximately 30% organic sales growth in the automotive/transportation sector. All major geographic regions also achieved organic sales growth, led by the Americas, where strong momentum in customer production activity and capital investments resulted in our highest levels of growth and strong backlogs in equipment and automation systems. Price primarily reflected actions previously taken to mitigate inflation and unfavorable foreign exchange translation and we successfully achieved our targeted neutral price/cost position on a full-year basis.

We also focused on the continued development and commercialization of innovative solutions and reinforced our industry-leading portfolio of automated solutions. In 2022, we expanded our vitality index of new products to 37% of total sales and 57% of equipment sales, while supporting product redesigns to accommodate supply chain substitutions. We also continued to expand our automation capabilities, as well as our leading large-scale, metal 3D printing solution for industrial parts, molds and prototypes, and launched our initiative to manufacture DC fast chargers for electric vehicles in the U.S. market in late 2023. In addition, we completed our Company's largest acquisition, with the addition of Fori in December 2022. Fori extends our welding industry leadership in automation with greater capabilities and engineering expertise, and establishes new Lincoln Electric automation locations in India and South Korea. With Fori, our automation portfolio is at an \$850 million revenue run rate at year-end and we believe we are well-positioned for continued growth and the ability to exceed our 2025 \$1 billion automation revenue target.

We achieved record Operating income margin performance in 2022, which increased 200 basis points to 16.3%. Adjusted operating income margin also improved 200 basis points to a record 16.8%. Diligent cost management and the benefits from continuous improvement initiatives, the maturing of our Lincoln Business System across our automation portfolio, efficiencies gained from our shared service centers, as well as continued progress across many of our sustainability metrics generated higher operating leverage in the business.

Net income increased 71% to \$472.2 million in 2022, and 30% to \$485.7 million on an adjusted basis. Earnings per share increased 75% to a record \$8.04, and 33% to a record \$8.27 on an adjusted basis, which included an unfavorable \$0.24 impact from foreign currency translation.

Cash flows from operations increased approximately 5% versus the prior year to \$383.4 million despite maintaining strategically elevated inventory levels to mitigate supply chain challenges and service customers' needs. Higher inventory levels, combined with the inclusion of Fori on our balance sheet at December 31, 2022 without commensurate sales, unfavorably impacted our Average operating working capital to net sales ratio, which rose to 20.9% at year end. Excluding Fori, the Average operating working capital to net sales ratio would have been 18.6%. Reported and Adjusted ROIC were 22.1% and 22.7%, respectively. Excluding Fori, we would have achieved ROIC and Adjusted ROIC of 27.9% and 28.6%, respectively.

<p><b>NET SALES</b></p> <p><i>Reported</i>      <i>Organic Sales</i></p> <p><b>\$3.8B</b>    <b>+16%</b>    <b>+20%</b></p> <p><i>(Record)</i>    vs. 2021    vs. 2021</p>			<p><b>OPERATING INCOME MARGIN</b></p> <p><i>Reported</i>      <i>Adjusted</i></p> <p><b>16.3%</b>    <b>16.8%</b></p> <p>+200 bps vs. 2021 <i>(Record)</i>    +200 bps vs. 2021 <i>(Record)</i></p>		<p><b>DILUTED EPS</b></p> <p><i>Reported</i>      <i>Adjusted</i></p> <p><b>\$8.04</b>    <b>\$8.27</b></p> <p>+75% vs. 2021 <i>(Record)</i>    +33% vs. 2021 <i>(Record)</i></p>	
<p><b>CASH FLOW FROM OPERATIONS</b></p> <p><b>\$383M</b></p> <p>+5% vs. 2021</p>	<p><b>AVERAGE OPERATING WORKING CAPITAL TO NET SALES RATIO<sup>1</sup></b></p> <p><b>20.9%</b></p>		<p><b>RETURN ON INVESTED CAPITAL<sup>2</sup></b></p> <p><i>Reported</i>      <i>Adjusted</i></p> <p><b>22.1%</b>    <b>22.7%</b></p>			
<p><b>27<sup>th</sup> CONSECUTIVE DIVIDEND INCREASE</b>    <b>14.3%</b></p>		<p><b>NEW PRODUCT VITALITY INDEX</b>    <b>37%</b></p>				
<p><sup>1</sup> Average operating working capital excluding Fori would have been 18.6% as a percent of Net sales.  <sup>2</sup> Return on invested capital and Adjusted return on invested capital excluding Fori would have been 27.9% and 28.6%, respectively.</p>						

See Appendix A for definitions and/or reconciliation of these metrics to results reported in accordance with GAAP. Performance measures used in the design of the executive compensation program are presented within this Compensation Discussion and Analysis section.

We remain focused on generating long-term value for our shareholders through a disciplined and balanced capital allocation strategy. In 2022, we deployed approximately \$72 million towards capital projects focused primarily on growth and operational efficiency, invested \$436 million in two new acquisitions and returned approximately \$312 million of cash to shareholders through our dividend program and share repurchases. In the last five years, we have repurchased an aggregate amount of \$954 million in shares and have increased the dividend rate by 64%, including the 2022 increase in the payout rate by 14.3%, marking 27 years of consecutive dividend increases.

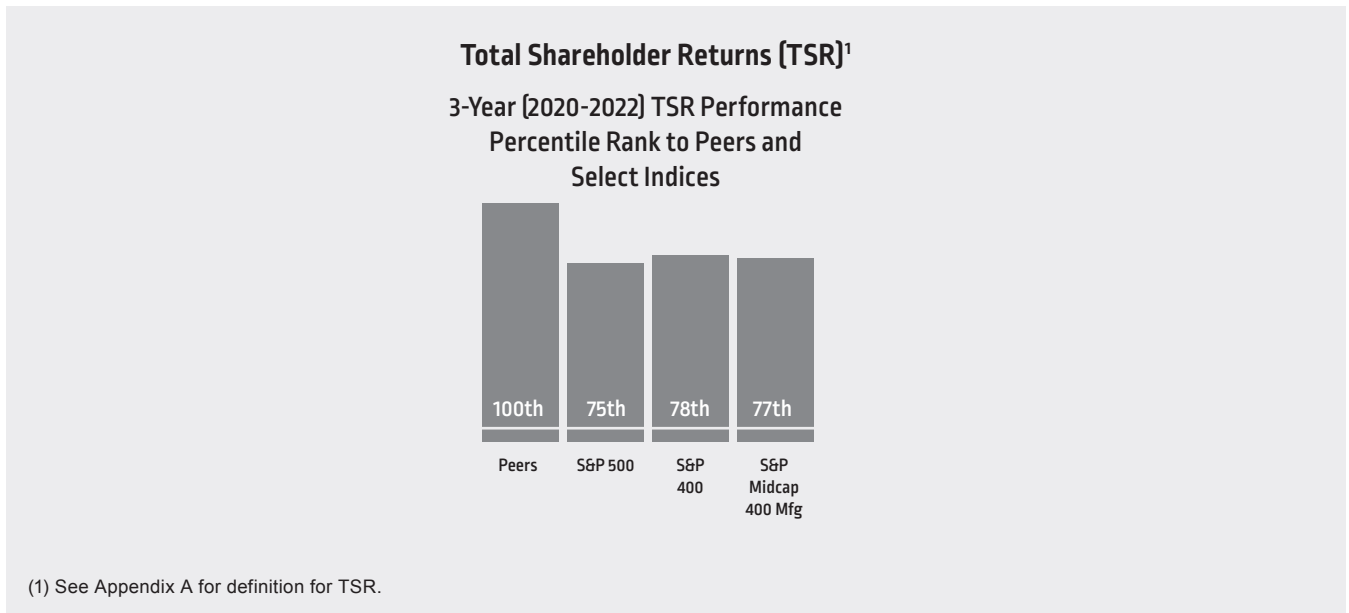
<p><b>\$312M</b></p> <p>RETURNED TO SHAREHOLDERS IN 2022</p>	=	<p><b>\$131M</b></p> <p>IN DIVIDENDS</p>	+	<p><b>\$181M</b></p> <p>IN SHARE REPURCHASES</p>
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**TOTAL SHAREHOLDER RETURN (TSR)**

In 2022, the combined value of our dividend program and the appreciation of our stock price resulted in strong total shareholder return (TSR) performance on a 1, 3 and 5-year basis. We believe that TSR is an important measure to demonstrate the Company's value creation for shareholders and is important to our executives over the long-term. Approximately 69% of our CEO's and 48% of our other NEO's compensation is tied to equity-based compensation, which can be favorably impacted when the TSR increases. In this case, the value of the compensation paid to our NEOs increases in line with the appreciation received by our shareholders.

<p><b>TOTAL SHAREHOLDER RETURN</b></p>	<p><b>+5%</b></p> <p>1-Year</p>	<p><b>+58%</b></p> <p>3-Year</p>	<p><b>+74%</b></p> <p>5-Year</p>
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The following 3-Year (2020–2022) TSR Performance Percentile Rank chart illustrates our TSR performance compared to our peer group, the S&P Composite 500 Stock Index (S&P 500), the S&P 400, and a S&P 400 Midcap Manufacturing Index. The TSR percentile rankings show the position of our TSR performance compared to the particular group, with a 50th percentile ranking indicating median (or market) performance. Percentiles below 50 indicate below-market performance, while percentiles above 50 indicate above-market performance.



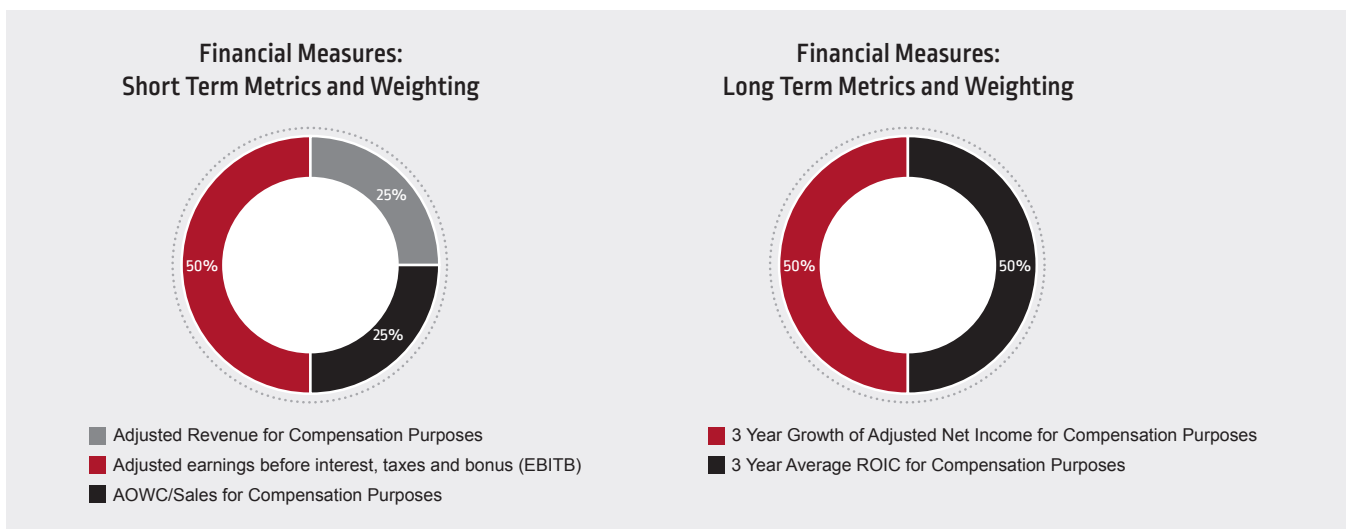
In 2022, Lincoln Electric was one of two machinery firms recognized by Investor’s Business Daily® as a “Top 100 Best ESG Company.” The ranking recognizes companies with leading environmental, social and governance ratings, as well as stock performance.



#### FINANCIAL MEASURES USED FOR COMPENSATION PURPOSES

We consider various types of widely reported financial metrics to apply to our executive compensation program. Some of these financial metrics directly impact our executive compensation program, while in some cases we use the closest approximation to the metrics that we use in our compensation programs. We believe that all of these financial metrics are critical to the short-term and long-term growth and performance of our organization.

Financial metrics used to evaluate operational performance and used in our short term annual bonus (EMIP) and our long-term incentive plan designs are:



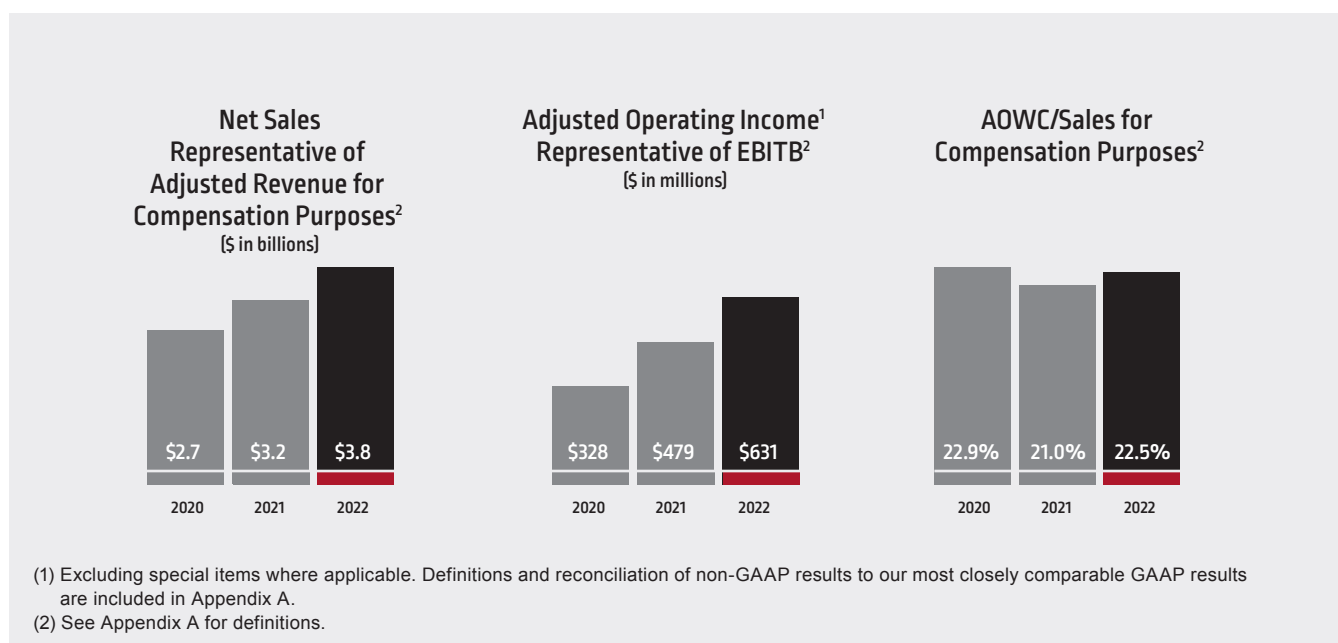
Short term:	Long term:
Adjusted Revenue for Compensation Purposes (Adjusted Revenue <sup>1</sup> ), weighted at 25%	Growth of Adjusted Net Income for Compensation Purposes (over a three-year cycle), weighted at 50%
Adjusted earnings before interest, taxes and bonus (EBITB), weighted at 50%	Three-year Average Return on Invested Capital (ROIC) for Compensation Purposes indexed to peer performance, weighted at 50%
Average operating working capital to net sales ratio (AOWC/Sales) for Compensation Purposes, weighted at 25%	

(1) Adjusted Revenue for compensation purposes focuses on organic sales growth by emphasizing volume growth and placing a collar on price contributions to revenue.

## PERFORMANCE OF FINANCIAL MEASURES USED FOR COMPENSATION PURPOSES

### SHORT-TERM COMPENSATION PROGRAM FINANCIAL METRIC PERFORMANCE

The following charts demonstrate our performance over the last three years in financial metrics incorporated in our short-term compensation program.

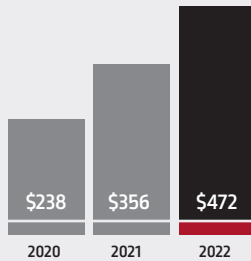


### LONG-TERM COMPENSATION PROGRAM FINANCIAL METRIC PERFORMANCE

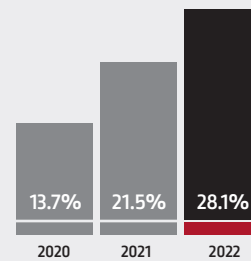
The following charts demonstrate our performance over the last three years relative to the financial metrics incorporated into our long-term compensation program: our Adjusted Net Income for Compensation Purposes and ROIC for Compensation Purposes.

The results for ROIC for Compensation Purposes are compared to our peer group, the S&P 400 Midcap Index (S&P 400), in which we participate, and the S&P 400 Midcap Manufacturing Index. The ROIC for Compensation Purposes percentile rankings show the position of our financial results compared to the particular group, with a 50th percentile ranking indicating median (or market) performance. Percentiles below 50 indicate below-market performance, while percentiles above 50 indicate above-market performance. Information is based on the most recently available public information (as accumulated by an independent third party), as of January 2023 when the analysis was performed. In our long-term incentive plan design, ROIC for Compensation Purposes is a relative measure and payout is determined based on our average performance over 3-years as compared to our peers.

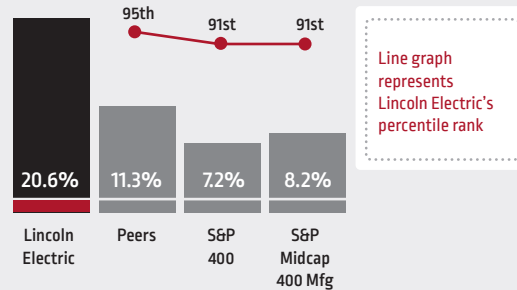
### Adjusted Net Income for Compensation Purposes<sup>1</sup> (\$ in millions)



### Return on Invested Capital for Compensation Purposes<sup>1</sup>



### 3-Year Average ROIC for Compensation Purposes<sup>1,2</sup> Performance and Percentile Rank to Peers and Select Indices



(1) Excluding certain items as approved by the Compensation and Executive Development Committee where applicable. See discussion and definitions on page 59 in the Performance Shares Financial Metrics section and in Appendix A.

(2) As of September 30, 2022

#### PAY FOR PERFORMANCE, OBJECTIVES AND PROCESS

In designing our executive compensation program, a core philosophy is that our executives should be rewarded when they deliver financial results that provide value to our shareholders. Therefore, we have established a program that ties executive compensation to superior financial performance.

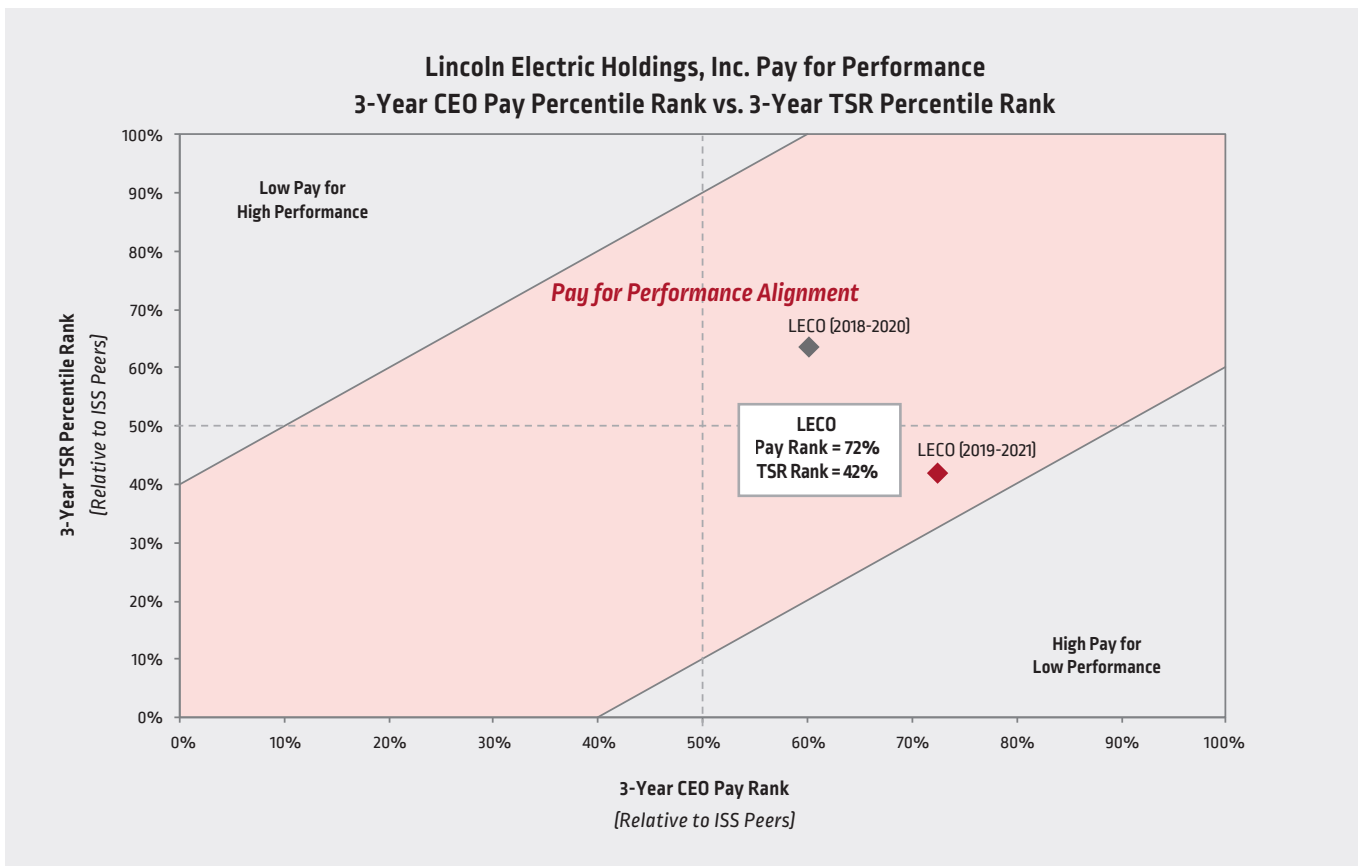
To assess pay for performance, we evaluate the relationship between CEO realizable pay and TSR performance using the ISS methodology. This allows us to understand the relative degree of alignment over a three-year period between the pay opportunity delivered to the CEO and the performance achieved by shareholders relative to our peer group. In conjunction with ISS resources, this analysis is performed by management and reviewed by management's compensation consultant, WTW, the Compensation and Executive Development Committee (the "Committee") and by the Committee's independent consultant, Korn Ferry. This analysis was performed for the 2019 to 2021 period, which is the period for which both compensation and performance data was readily available for our peers.



In evaluating pay and performance alignment, the analysis focuses on CEO pay primarily as reflected in the Summary Compensation Table, with the exception of valuing equity-based awards. All stock-based awards (both time and performance-vesting) are calculated by multiplying the number of underlying shares by the closing stock price on the grant date, and option awards are calculated using the ISS Black-Scholes option pricing model. This means that for us, the CEO is evaluated based on the following compensation elements for the applicable three-year period:

- Base pay;
- Annual bonus (EMIP);
- The value of restricted stock units (“RSUs”) granted (based on the closing price of our common stock as of the grant date);
- The value at target of performance shares granted (based on the closing price of our common stock as of the grant date);
- The value of stock options granted (based on the ISS Black-Scholes pricing model as of the grant date);
- Actual nonqualified deferred compensation earnings; and
- All other compensation for the applicable three-year period.

The shaded area in the chart below highlights the area in which ISS has a low overall concern level. As shown in the chart below, our ranking for TSR performance and our ranking for CEO pay falls within the shaded area and demonstrates an overall alignment. Based on this analysis, the Committee is satisfied with the alignment of our CEO’s pay with the performance of the Company.



While we consider the ISS methodology in assessing pay for performance, we view it as one of the variables for evaluating pay for performance alignment. We have provided the ISS analysis in assessing pay for performance for investors that might be utilizing it in evaluating pay for performance.

**2022 EXECUTIVE COMPENSATION ACTIONS**

During 2022, the Committee reviewed the design of our executive compensation program to help ensure consistency with our pay for performance philosophy. Each year, the Committee monitors our executive compensation program and how it relates to our corporate performance and shareholder interests. At our 2022 Annual Meeting, we received 95% approval, based on the total votes cast, for our annual advisory say-on-pay vote to approve the compensation of our NEOs. The Committee considered this result, in connection with its review of the overall design of our executive compensation program, particularly in light of the 2025 Strategy. The Committee believes the voting results demonstrate significant support for our executive compensation program, and the Committee chose not to make any substantial changes to the existing program previously approved for 2022 specifically in response to the 2022 say-on-pay voting results. The Committee expects, however, to continue to work with its compensation consultant to monitor changes in executive compensation trends to keep our executive compensation program aligned with best practices in our competitive market.

In support of the company’s short and long-term strategy, in 2021, the Committee modified the Company’s short-term incentive plan design for 2022. Changes approved by the Committee included a revision to the formula used for calculating each executive’s annual incentive that places a focus on first achieving financial performance, then considers the impact of individual performance. Further, the Committee approved adding a Revenue metric to the Financial Metrics used in the bonus calculation.

**GOOD GOVERNANCE PRACTICES**

In addition to our emphasis on above-market financial performance and pay for performance, we design our executive compensation program to be current with best practices and good corporate governance. We also consider the risks associated with any particular program, design or compensation decision. We believe these assessments result in sustained, long-term shareholder value. Some of those governance practices are described in the Compensation-Related Risk section in this Proxy Statement.

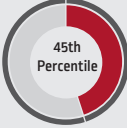
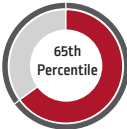
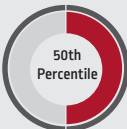
The following table highlights certain of our good governance practices relative to our executive compensation program:

What We Do		What We Don't Do
Pay for Performance Focus (Compensation programs weighted heavily toward variable, “at risk,” compensation; perform annual reviews of market competitiveness and the relationship of compensation to financial performance)	✓	No Guaranteed Pay (No multi-year guarantees for compensation increases, including base pay, and no guaranteed bonuses)
Balanced Compensation (Compensation opportunities linked to both short-term and long-term periods of time, while aligning compensation with several financial performance metrics that are critical to achievement of sustained growth and shareholder value creation)	✓	No Repricing or Replacement of Underwater Stock Options without Prior Shareholder Approval
Double Trigger Provisions for Change in Control	✓	No Payment of Dividends on Unvested Equity
Stock Ownership Guidelines for all Executive Officers	✓	No Excessive Perquisites
Clawback Policy	✓	No Excise Tax Gross-Ups or Tax Reimbursements
Independent Compensation Committee and Consultant	✓	No Hedging or Pledging of Lincoln Electric Stock

OUR COMPENSATION PHILOSOPHY

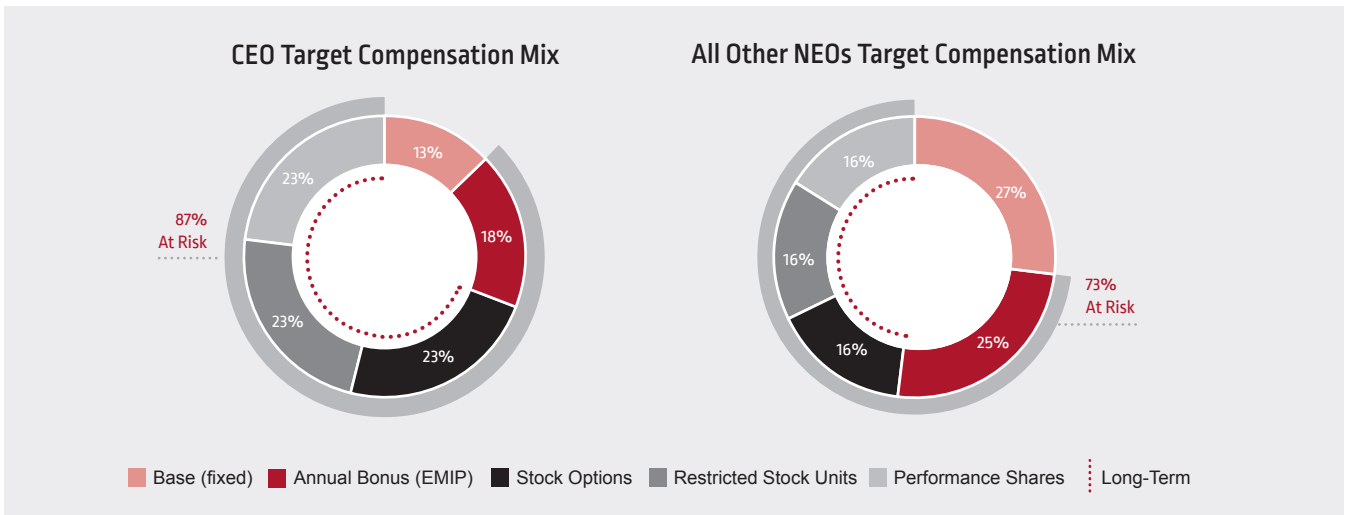
CORE PRINCIPLES

The primary components of our executive compensation program, summarized below, help ensure that we maintain our performance-driven culture:

Type	Component and Competitive Target	Philosophy and Objective
Fixed Compensation	Base Pay 	<ul style="list-style-type: none"> <li>Targeted at the 45th percentile of market (below market) to place stronger emphasis on incentive compensation</li> <li>Provide market-competitive fixed pay reflective of an executive officer's role, responsibilities and individual performance in order to attract and retain top talent</li> </ul>
Incentive-Based Compensation	Target Total Cash Compensation with Annual Bonus (EMIP) 	<ul style="list-style-type: none"> <li>Targeted above the competitive market, so that target total cash compensation (base pay and annual bonus which incorporates financial targets and individual performance goals) is set at 65th percentile of market</li> <li>Drive financial performance, including revenue, adjusted earnings before interest, taxes and bonus (EBITB) and average operating working capital to net sales ratio</li> <li>Deliver individual performance against specific business objectives, including executing on our 2025 Strategy, increasing our customer satisfaction, developing and engaging a diverse and talented workforce, driving sustainable innovation and improving operating efficiencies</li> </ul>
	Long-Term Incentive Compensation 	<ul style="list-style-type: none"> <li>Targeted at the 50th percentile of market (at market)</li> <li>Divided equally among 3 programs: (1) stock options; (2) restricted stock units (RSUs); and (3) Performance Shares</li> <li>Incentivize achievement of long-term value creation through financial performance objectives weighted more heavily toward rewards for share price appreciation and long-term profitability</li> </ul>

In addition to the primary components of our executive compensation program, we provide benefits and perquisites that we believe, taken as a whole, are at the market median.

Individual performance also plays a key role in determining the amount of compensation delivered to an individual in many of our programs, with our philosophy being that the best performers should receive the greatest rewards. The following charts present the mix of 2022 target direct compensation for our CEO and all of our other NEOs, as established in the beginning of 2022. As shown below, 87% of the CEO's compensation mix was "at risk" and 73% of our other NEOs' compensation mix was "at risk," with the actual amounts realized based on annual and long-term performance as well as our stock price.



## THE ROLES OF THE COMMITTEE, EXTERNAL ADVISORS AND MANAGEMENT

The Committee, which consists solely of non-employee Directors, has primary responsibility for reviewing, establishing and monitoring all elements of our executive compensation program. The Committee is advised by its independent executive compensation consultant, Korn Ferry, and independent legal counsel as it deems appropriate. Management provides recommendations and analysis to the Committee, and is supported in those efforts by its own executive compensation consultant, WTW.

### ROLE OF THE COMMITTEE

Compensation-Related Tasks	Organizational Tasks
Reviews, approves and administers all of our executive compensation plans, including our equity plans	Evaluates the performance of the CEO, including consideration of tone and embodiment of core values, with input from all non-employee Directors
Establishes performance objectives under our short-term and long-term incentive compensation programs <sup>1</sup>	Reviews the performance capabilities of the other executive officers, including consideration of tone and embodiment of core values, based on input from the CEO
Determines the attainment of performance objectives and the awards to be made to our executive officers under our short-term and long-term incentive compensation programs <sup>1</sup>	Reviews succession planning for officer positions, including the position of the CEO
Determines the compensation for our executive officers, including salary and short-term and long-term incentive compensation opportunities <sup>1</sup>	Reviews proposed organization or responsibility changes at the officer level
Reviews compensation practices relating to key employees to confirm that these practices remain equitable and competitive	Reviews our practices for the recruitment and development of a diverse talent pool
Reviews employee benefit plans that relate to executive officers and/or key employees	Retains the services of independent legal counsel from time to time to provide input on various matters

(1) The independent members of the Board takes such action with respect to the CEO.

### ROLE OF EXTERNAL ADVISORS

#### Korn Ferry

- Independent executive compensation consultant for the Committee
- Advises on matters including competitive compensation analysis, executive compensation trends and plan design, peer group company configuration, competitive financial performance and financial target setting
- Reviews analysis and data collected by management (particularly the CEO, the CFO and the Chief Human Resources Officer) and WTW
- Reports directly to the Chairperson of the Committee
- Meets with the Committee in executive session without the participation of management
- Discusses the CEO's recommendations with the Committee to help ensure the compensation recommendations are in line with stated compensation philosophies and are reasonable when compared to the competitive market
- The Committee is not bound by Korn Ferry's recommendation
- Considering all relevant factors (as required by compensation consultant independence standards set forth in applicable SEC rules and Nasdaq listing standards), we have assessed Korn Ferry's independence, and are not aware of any conflict of interest that has been raised by the work performed by Korn Ferry

#### WTW

- Provides executive compensation analysis and other services directly to management
- Performs data analysis on competitive compensation, competitive financial performance and financial target setting
- Provides analysis to Korn Ferry in advance to allow Korn Ferry to comment upon the findings and recommendations made by management
- Assists with the design of the 2023 Equity and Incentive Compensation Plan and the 2023 Stock-Plan for Non-Employee Directors
- Assisted with the revised design of the annual bonus program, which was implemented in 2022 for the EMIP team
- Considering all relevant factors (as required by compensation consultant independence standards set forth in applicable SEC rules and Nasdaq listing standards), we have assessed WTW's independence, and are not aware of any conflict of interest that has been raised by the work performed by WTW

**ROLE OF CEO AND MANAGEMENT**

- Provides compensation-related recommendations to the Committee
- The CEO recommends the compensation for other executive management positions and provides the Committee with assessments of their individual performance (both of which are subject to Committee review)
- Performs individual performance assessments based on achievement of various financial and leadership objectives set by the CEO
- Receives suggestions from the Committee for modifications to financial and leadership objectives where warranted

**OUR METHODOLOGIES**

**SELECTION OF COMPENSATION ELEMENTS**

As part of its annual review, the Committee evaluates whether changes in the philosophy or structure are warranted in light of emerging trends, business needs and/or financial performance. The Committee then uses competitive market data, performance assessments, and independent executive compensation consultants and management recommendations to set the pay components along the targets described above (for example, 45th percentile for base pay). Actual pay for executive management will generally fall within a range of these targets (plus or minus 20%). Absent significant increases due to promotion, increases for break-through individual performance or significant changes in the competitive market data, pay increases are generally in line with national trends.

**MARKET COMPARISON DATA**

We collect competitive market compensation data from multiple nationally published surveys and from proxy data for a peer group of companies. Nationally published survey market compensation data is statistically determined (through regression analysis) to approximate our revenue size and aged to approximate more current data. The Company did not select the companies that comprise any of these survey groups. The Company generally blends 50% survey and 50% peer data for benchmarking executive compensation for our NEOs.

**PEER GROUP**

We use a peer group of publicly traded industrial companies that are headquartered in the U.S. that serve a number of different market segments and that have significant foreign operations. These are companies for which Lincoln Electric competes for talent and shareholder investment. In addition, we only select companies with solid historical financial results (removing companies from the peer group when their financial performance has consistently fallen below an acceptable level) and companies with sales that are within 2.5 times that of Lincoln Electric. The Committee conducts an annual review of our peer group, with the assistance of Korn Ferry as an independent advisor. In July 2021, the Committee modified its peer group to be used for 2022 compensation matters, by eliminating Illinois Tool Works Inc., due to its large revenue size and market capitalization, Roper Technologies, Inc., due to its large market capitalization, and SPX Corporation, due to its small international exposure and size. The Committee then added Woodward Inc. and Xylem Corporation, which are ISS peers, and Terex Corporation, which provides segment exposure in Automation.

For 2022, our peer group consisted of the following 18 publicly traded industrial corporations:

<b>Ametek Inc.</b>	<b>Flowserve Corporation</b>	<b>Nordson Corporation</b>	<b>The Toro Company</b>
<b>Carlisle Companies Incorporated</b>	<b>Graco Inc.</b>	<b>Regal Rexnord Corporation</b>	<b>Woodward Inc.</b>
<b>Colfax Corporation (now Enovis Corporation)</b>	<b>IDEX Corporation</b>	<b>Snap-On, Incorporated</b>	<b>Xylem Corporation</b>
<b>Crane Co.</b>	<b>ITT Inc.</b>	<b>Terex Corporation</b>	
<b>Donaldson Company, Inc.</b>	<b>Kennametal Inc</b>	<b>The Timken Company</b>	

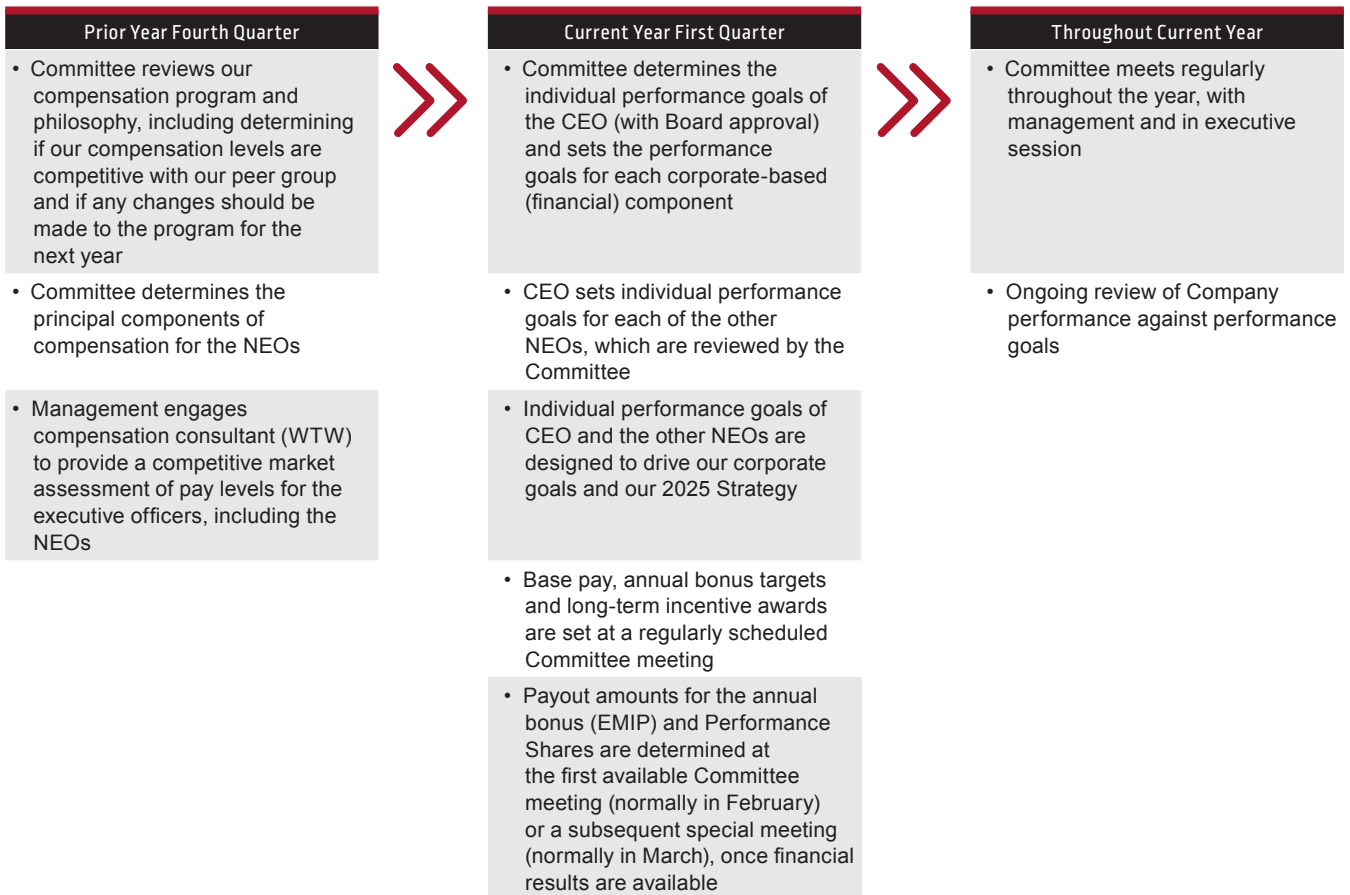
In April 2022, Colfax Corporation (now Enovis Corporation) announced the completion of the spinoff of its fabrication technology business into an independently publicly-traded company, ESAB Corporation. In July 2022, the Committee modified its peer group to be used for 2023 compensation matters, by including ESAB Corporation, in lieu of Colfax Corporation (now Enovis Corporation).

**EXECUTIVE COMPENSATION STRUCTURE**

In evaluating our executive compensation structure, the Committee considers three primary elements: (1) business needs, (2) individual performance and (3) pay for performance review.

Business Needs	Individual Performance	Pay for Performance Review
<ul style="list-style-type: none"> <li>Independent compensation consultant (Korn Ferry) provides information about emerging trends in executive compensation, along with Committee members' own reading and study</li> </ul>	<ul style="list-style-type: none"> <li>Individual performance is a significant factor in determining annual changes (up or down) to pay components</li> </ul>	<ul style="list-style-type: none"> <li>The Committee conducts an annual assessment of our financial performance and pay for performance, in determining whether changes will be made to the existing philosophy or structure and before setting compensation levels for the upcoming year</li> </ul>
<ul style="list-style-type: none"> <li>Trends considered in light of our compensation philosophies and various business needs</li> </ul>	<ul style="list-style-type: none"> <li>Annual bonus (EMIP) includes an individual performance component in determining the percentage of target bonus to be paid (described below)</li> </ul>	<ul style="list-style-type: none"> <li>The annual assessments are used to evaluate whether executive compensation is properly aligned with our financial performance</li> </ul>
<ul style="list-style-type: none"> <li>Business needs that are evaluated can include: talent attraction or retention strategies, growth expectations, strategic programs, cost-containment initiatives, management development needs and our company culture</li> </ul>	<ul style="list-style-type: none"> <li>Individual performance is measured against how well an executive demonstrates proficiency in key leadership competencies, as well as the executive's achievement against objectives established for him or her at the beginning of the year</li> </ul>	
<ul style="list-style-type: none"> <li>No single factor guides whether changes will be made, as the Committee uses a holistic approach, considering a variety of factors</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviews the overall performance of each NEO during the year and assigns Individual Performance Factors</li> </ul>	

The following chart highlights the process and timing of compensation determinations and payouts:



## ELEMENTS OF EXECUTIVE COMPENSATION

Each compensation component for our NEOs is described below, with specific actions that were taken during 2022 noted. For 2022 compensation amounts, please refer to the Summary Compensation Table and other accompanying tables.

### BASE PAY

Base salary is provided to our executives to compensate them for their time and proficiency in their positions, as well as the value of their job relative to other positions at Lincoln Electric. Base salaries are set based on a subjective evaluation of the executive's experience, expertise, level of responsibility, leadership qualities, individual accomplishments and other factors. That being said, we aim to set base salaries at approximately the 45th percentile of the market (slightly below market) in keeping with our philosophy that greater emphasis should be placed on variable compensation.

### 2022 AND 2023 BASE PAY

Ahead of 2022, the Committee reviewed officer pay, including all NEOs, as compared to the market. The Committee approved certain increases in NEO base salaries as detailed below, bringing the base pay within the competitive benchmark, while the base pay of the NEOs remains, on average, slightly below the 45th percentile.

NEO	Increase %	2022 Base Salary
Christopher L. Mapes	3.4%	\$1,065,000
Gabriel Bruno	12.4%	\$ 500,000
Steven B. Hedlund	13.6%	\$ 500,000
Jennifer I. Ansberry	2.0%	\$ 432,500
Michele R. Kuhrt	6.1%	\$ 438,000

The 2022 base salary increases for Mr. Bruno and Mr. Hedlund were to bring their base pay within the competitive benchmark following Mr. Bruno's recent promotion to Executive Vice President, Chief Financial Officer and Treasurer in April 2020 and Mr. Hedlund's recent promotion to Executive Vice President, President, Americas and International Welding in November 2020. In addition, the Committee recognized that Ms. Kuhrt had continuing responsibilities as the acting Chief Information Officer, in addition to her duties as the Chief Human Resources Officer. In light of such additional duties, the Committee approved the continuation of a temporary supplemental base salary in an amount equal to \$63,000. For 2022, excluding Ms. Kuhrt's supplemental base salary, her increase was 4.7%. For 2022, excluding salary increases for promotions and assigned temporary duties, the average base salary increase for the NEOs was 3.4%.

In May 2022, the Committee approved a further 20% base pay increase for Mr. Hedlund in connection with his appointment to Executive Vice President, Chief Operating Officer, establishing his new base salary at \$600,000, to bring his base pay within the competitive framework.

For 2023, Mr. Mapes base compensation increased 4.0%. Mr. Hedlund received 8.0% base pay increase, which was to continue to progress compensation within the competitive benchmark for his recently promoted role in 2022. Mr. Bruno and Ms. Ansberry received an 8.0% and 8.2% base pay increase, respectively, which was to progress compensation and remain competitive within the benchmarks for their roles. Ms. Kuhrt's base compensation increased 3.0% from her 2022 compensation. The base pay for the NEOs falls within the competitive benchmark and the NEOs remain, on average, slightly below the 45th percentile for base compensation.

### ANNUAL BONUS (EMIP) AND TOTAL CASH COMPENSATION

The Executive Management Incentive Plan (EMIP) provides executive officers, including the NEOs, with an opportunity to receive an annual cash bonus. We believe that, given base pay is below market, annual cash bonus opportunities should be above average to balance some of the risk associated with greater variable compensation. However, we also believe that above-market pay should only be available for superior financial and individual performance. Therefore, we target total cash compensation (base pay and target annual bonus) at the 65th percentile of the market, but use a structure that provides payments of above-average bonuses only where the performance of the consolidated company and the performance of his or her particular segment or business unit, warrant it. We also consider the impact of an officers individual performance during the year.

In 2021, the Committee approved certain changes to the Annual Bonus. The Committee changed the Annual Bonus (EMIP) formula, and also added a new financial metric under the Company's existing Management Incentive Plan. Changes included a revision to the formula that places a focus on achieving financial performance, then considers the impact of individual performance. Further, the Committee approved adding a revenue metric to the financial metrics used in the bonus calculation, which we believe is a critical metric to the short-term and long-term growth and performance of our organization.



### ANNUAL BONUS (EMIP) FORMULA

With respect to 2022, the formula to determine each NEOs annual bonus (EMIP Bonus Payout) multiplies an individual's Target Bonus Amount by the Financial Performance Factor and the Individual Performance Factor. The Financial Performance Factor takes into account the financial performance of specific financial metrics of the consolidated Company and for operations roles, the segment or business units they support. If the financial performance target is not met on any specific financial metric, the EMIP Bonus Payout will be reduced, with the potential that no bonus will be paid if performance across all metrics is below threshold. If financial performance exceeds expectations on any of the specific financial metrics, the percentage of annual bonus paid can be above the Target Bonus Amount. Once financial performance is calculated, an Individual Performance Factor is considered to determine the final EMIP Bonus Payout. The maximum EMIP Bonus Payout, considering financial and individual performance, will not exceed 200% of an individual's annual Target Bonus Amount.

### 2022 EMIP BONUS CALCULATION



The Committee has discretion to approve EMIP payments outside of the strict application of this calculation, although no discretion was used for calculation of the 2022 annual bonus. EMIP payout determinations for the 2022 performance period were made in the first quarter of 2023.

### ANNUAL BONUS (EMIP) FINANCIAL METRICS

A portion of the EMIP Financial Performance Factor is based upon achievement of company consolidated financial performance against budget and another portion may be attributable to segment financial performance against budget, depending upon the individual's span of responsibility. By varying the financial metrics used based upon areas of responsibility, it is possible that certain participants will receive a higher percentage of target bonus while others will receive a lower percentage of target where the segment performance for one participant is better than the segment performance for the other. This is a key component of our pay for performance and incentive-based philosophies.

The following is a summary of the Consolidated and Segment financial performance factors used for 2022 for the NEOs:

2022 Annual Bonus (EMIP)—Financial Metrics Used		
NEOs	Consolidated Results	Segment Results
<b>Christopher L. Mapes—Chairman, President &amp; CEO</b>	100%	—
<b>Gabriel Bruno—EVP, CFO &amp; Treasurer</b>	100%	—
<b>Steven B. Hedlund—EVP, Chief Operating Officer (effective May 9, 2022)</b>	50% [thru May 8, 2022] 100% [beginning May 9, 2022]	50% Americas & International Welding [thru May 8, 2022]
<b>Jennifer I. Ansberry—EVP, General Counsel &amp; Secretary</b>	100%	—
<b>Michele R. Kuhrt—EVP, Chief Human Resources Officer</b>	100%	—

The Financial Performance factor calculation utilizes the achievement results of three metrics weighted as follows:

- 25% Adjusted Revenue for Compensation Purposes (Adjusted Revenue);
- 50% Adjusted earnings before interest, taxes and bonus (EBITB); and
- 25% Average operating working capital to net sales (AOWC/Sales) for Compensation Purposes.

Actual results are measured against budget at budgeted exchange rates and adjusted for the results of businesses acquired during the year. Budgets are set aggressively (based on the local and global economic climate), at the beginning of the year, are reviewed by the Finance Committee and are approved by the full Board. For 2022 a price collar was embedded in the budgeted goals that restricts the impact of pricing on Adjusted Revenue results. For 2022, Management was responsible for +/-2% on pricing that impacted actual revenue results as compared to pricing in the budget. Each financial metric is calculated and interpolated on a financial payout curve to determine the Financial Performance Factor. The financial payout curves, considering threshold and maximum opportunities, are set at the beginning of the year and are approved by the Committee.



The following table illustrates the opportunity for achievement of the Financial Performance Factor based on actual performance against target across each financial metric and the 2022 target amounts set during the budget process.

Financial Metric	Weightings	Achievement of Actual Results vs. Budget			2022 Target (Budget)	
		Threshold	Target (Budget)	Maximum	Lincoln Electric Holdings	Americas & Int'l Welding
Adjusted Revenue	25%	90%	100%	105%	\$3.5 billion	\$2.5 billion
EBITB	50%	70%	100%	120%	\$671 million	\$628 million
AOWC to Sales	25%	80%	100%	120%	20.5%	20.2%
Financial Payout Curves		<b>50%</b>	<b>100%</b>	<b>200%</b>		

### ANNUAL BONUS (EMIP) INDIVIDUAL PERFORMANCE GOALS

Individual performance goals are set annually. A significant portion of our executive officers' individual performance goals is tied to one or more aspects of our 2025 Strategy.

The following table highlights certain of the 2022 individual performance goals for our CEO. The Committee chair, supported by the Lead Independent Director, leads the review and evaluation process to establish the CEO's performance goals for each year, which were approved by the Board at the beginning of 2022. These 2022 performance goals were cascaded throughout the organization and many are also in the individual performance goals for our other NEOs.

Individual Performance Goals	CEO
Execution of the Higher Standard 2025 Strategy	✓
Human capital management, including D&I, employee engagement and development initiatives	✓
Cybersecurity and enterprise risk management	✓
Sustainability, including environmental, health and safety metrics	✓
Financial and operating targets	✓
Operational optimization	✓
Product development and new market growth	✓

In defining the individual performance goals, the Committee considered the goals to be strategically important to the Company and its 2025 Strategy. The goals for 2022 were particularly aimed at employee engagement, D&I, cybersecurity and achieving our EHS and Sustainability metrics. The CEO's individual performance rating is determined based on an evaluation of performance against the underlying goals with the final rating being approved by the independent Directors of the Board. In assessing the individual performance of our NEOs, the Committee reviews the performance rating recommended by the CEO with respect to each of the other NEOs and recommends revisions, as needed, prior to the Committee approval of such rating.

### 2022 ANNUAL BONUS (EMIP) AND TOTAL CASH COMPENSATION

The 2022 EMIP annual bonus targets for the NEOs were established and approved by the Committee in February 2022 according to the principles discussed above. For 2022, Mr. Bruno received a 17.5% target bonus increase and Mr. Hedlund received a 24.4% target bonus increase, which were to continue to progress target compensation within the competitive benchmark for their recently promoted roles. The Committee recognized that Ms. Kuhrt has ongoing responsibilities as the acting Chief Information Officer, in addition to her duties as the Chief Human Resources Officer. In light of such additional duties, the Committee approved continuing a temporary supplemental target bonus amount of \$60,000 for 2022. Excluding the temporary supplemental target bonus, Ms. Kuhrt target bonus increased 22% to continue to progress target compensation within the competitive framework for her role. Mr. Mapes' and Ms. Ansberry's 2022 target bonus increased 3.4% and 3.6%, respectively. The bonus targets fall within the competitive benchmark and the NEOs remain, on average, at the 65th percentile on targeted total cash compensation. In May of 2022, Mr. Hedlund was promoted to EVP, Chief Operating Officer. Upon his promotion to the new role, his target bonus increased to \$760,000, or 56.7%, to ensure his bonus was in the competitive framework for his new role.

In approving the 2022 EMIP payouts, the Committee assessed our Adjusted Revenue for Compensation Purposes performance, EBITB performance and AOWC/Sales for Compensation Purposes performance against budget for consolidated and segments, as applicable. On average, 2022 EMIP payments for the NEOs were 100% above their 2022 target amounts, driven primarily by strong Adjusted Revenue and EBITB performance and achievement of individual objectives.

The following table illustrates actual results versus budget and the interpolated Financial Performance Factor for each financial metric to arrive at the Weighted Financial Payout Factor that drives actual bonus payouts.

Lincoln Electric Holdings				Weighted Financial Payout factor
Actual vs. Budget	Interpolated Financial Performance Factor	Weighting		
Adjusted Revenue	103.5%	170.0%	25%	161.6%
EBITB	120.7%	200.0%	50%	
AOWC to Sales	90.5%	76.3%	25%	

Americas & International Welding				Weighted Financial Payout factor
Actual vs. Budget	Interpolated Financial Performance Factor	Weighting		
Adjusted Revenue	100.2%	104.0%	25%	140.1%
EBITB	118.0%	190.0%	50%	
AOWC to Sales	90.5%	76.3%	25%	

Note: The Adjusted Revenue results reflect the consideration of a +2% price collar that was approved by the Committee when budgets were set. As a result, the Actual results include only 2% of the benefit of pricing that impacted revenue during the year. The EBITB performance results were adjusted for the same types of special items that impact Adjusted Operating Income and Adjusted Net Income as disclosed in Appendix A.

The actual bonus payout to the NEO's considers the impact of individual performance. The Committee assessed the performance of each NEO against their Individual Performance Goals and assigned a rating that impacts the annual bonus calculation as illustrated above. For the current year, individual performance ratings for the annual bonus for officers ranged from 112 to 129.

The following chart illustrates the actual calculated bonus considering both the Financial and Individual performance. On average, 2022 EMIP payments for the NEOs were 48% higher than the 2021 EMIP payments, driven by record financial performance.

NEO	Target Award Opportunity	Target Award Opportunity as a % of 2022 Base Salary	Maximum Award Opportunity Based on Matrix	Actual Award	Actual Award as a % of Target
Christopher L. Mapes	\$1,544,250	145%	\$3,088,500	\$3,088,500	200%
Gabriel Bruno	\$ 487,500	98%	\$ 975,000	\$ 975,000	200%
Steven B. Hedlund	\$ 663,562	118%	\$ 1,327,124	\$ 1,317,851	199%
Jennifer I. Ansberry	\$ 342,000	79%	\$ 684,000	\$ 684,000	200%
Michele R. Kuhrt	\$ 415,000	95%	\$ 830,000	\$ 830,000	200%

## 2023 ANNUAL BONUS (EMIP) AND TOTAL CASH COMPENSATION



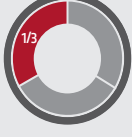
The 2023 EMIP target awards for the NEOs, approved in the first quarter of 2023, were established by the Committee in consultation with WTW, based on our compensation philosophies as well as competitive market data as discussed above. For 2023, Mr. Mapes received a 4.0% target bonus increase. Mr. Hedlund received a 8.6% target bonus increase to continue to progress target compensation within the competitive benchmark for his recently promoted roles. Mr. Bruno and Ms. Ansberry received a 16.1% and 28.7% increase, respectively, which was to progress compensation and remain competitive within the benchmarks for their roles. Ms. Kuhrt's target bonus remained flat to 2022. The bonus targets still fall within the competitive benchmark and the NEOs are on average, slightly above the 65th percentile on targeted total cash compensation.

## LONG-TERM INCENTIVE COMPENSATION

We believe that long-term incentive compensation should be provided to focus rewards on factors that deliver long-term sustainability and should be established at the median (or 50th percentile) of the market. We have targeted the median of the market, in keeping with our pay for performance philosophy, because we believe that superior long-term financial growth itself should be the main driver of above-market long-term incentive compensation.

For 2022, our long-term incentive compensation program consist of three components: (1) stock options, (2) RSUs and (3) Performance Shares (LTIP). The value of each is weighted equally. This provides an even balance with respect to the different attributes and timing associated with each type of award. Annual awards of all three components are made to EMIP participants, including the NEOs.

The following is a summary of the three components of our long-term incentive compensation program as in effect for 2022:

	Standard Vesting Provision	Accelerated Vesting Provisions	Total Employees Receiving Grant in 2022
<b>Stock Options</b> 	<ul style="list-style-type: none"> <li>Vest ratably over 3 years</li> </ul>	<ul style="list-style-type: none"> <li>Full vesting upon death or disability.</li> <li>Full vesting upon retirement for awards granted since 2021. Pro-rata vesting upon retirement, for awards granted prior to 2021.</li> <li>Full vesting in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination.</li> </ul>	20 employees, including NEOs, all EMIP participants and other senior leaders
<b>Restricted Stock Units (RSUs)</b> 	<ul style="list-style-type: none"> <li>Vest in full after 3 years</li> </ul>	<ul style="list-style-type: none"> <li>Full vesting upon death or disability.</li> <li>Full vesting upon retirement for awards granted since 2021. Pro-rata vesting upon retirement, for awards granted prior to 2021.</li> <li>Full vesting in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination.</li> </ul>	709 employees, including NEOs, all EMIP participants, other senior leaders, managers and significant contributors, regardless of their position within Lincoln Electric
<b>Performance Shares</b> 	<ul style="list-style-type: none"> <li>Vest based on performance during the applicable 3-year performance period</li> </ul>	<ul style="list-style-type: none"> <li>Vest at target upon death or disability.</li> <li>Full vesting upon retirement, based on actual performance for the applicable 3-year performance period, for awards granted since 2021. Pro-rata vesting upon retirement, based on actual performance for the applicable 3-year performance period, for awards granted prior to 2021.</li> <li>Vest at target in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination for awards granted since 2020.</li> </ul>	13 employees, including NEOs and all EMIP participants

Following a review of market data, including our peer group, the Committee approved certain changes to the terms of our Performance Shares. Commencing with grants made in February 2020, in the event of a change in control, the Performance Shares will vest at target if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination. This change was made to align with our peers and to streamline the administration of such awards in the event of a change in control.

During 2020, the Committee reviewed our retirement vesting provisions under our equity awards generally, and following a review of market data, including our peer group, the Committee approved certain changes to the retirement vesting provisions. Commencing with grants made in February 2021, the definition of retirement under our equity awards is defined to include retirement at or after the age of 60 and 5 years of service, or at or after the age of 55 and 15 years of service. In addition, upon retirement, stock options and RSUs will vest in full, and Performance Shares will vest in full, based on actual performance for the applicable 3-year performance period. These changes were made to align with our peers and to streamline the administration of such awards upon retirement.

**LONG-TERM INCENTIVE PLAN (LTIP) - PERFORMANCE SHARES**

Our long-term incentive compensation program includes a long-term incentive plan (LTIP), in the form of grants of Performance Shares, which is designed to offer award opportunities aligned with the long-term performance of Lincoln Electric. Target share amounts for the plan are set each year at the beginning of a three-year performance cycle based on a 7-day historical average of the stock price, up to and including the grant date. Because awards are made each year and because each award relates to a three-year performance cycle, three different cycles will be running at any point in time. The percentage of the target shares actually paid at the end of the applicable three-year cycle will be based upon achievement of three-year company performance as interpolated against pre-established performance thresholds. Each plan has performance thresholds with percentage payouts attributable to those thresholds ranging from 0% to 200% of target. The Committee retains discretion to modify payments to any participant, to modify targets and/or to modify the performance thresholds (up or down).

### PERFORMANCE SHARES FINANCIAL METRICS

Since its inception, the LTIP has used a performance measure of growth in Adjusted Net Income for Compensation Purposes over the three-year cycle. Beginning in 2009, the Committee added a second metric of ROIC for Compensation Purposes and gave these two financial metrics a 50/50 weighting. The awards granted for the 2022 to 2024 performance cycle utilize these same metrics and same weighting, including as described below, just with different goals for the new three-year period.

The Adjusted Net Income for Compensation Purposes metric is an absolute metric. For the 2020 to 2022 performance cycle, the growth in Adjusted Net Income for Compensation Purposes over the three-year cycle is based on growth above \$286,285,000 (which was the Adjusted Net Income for Compensation Purposes for 2019 when the 2020 to 2022 performance cycle was set). As the 2020 to 2022 Performance Share LTIP table demonstrates, to pay 100% of target, Adjusted Net Income for Compensation Purposes over the three-year cycle must be at or above 140% of \$286,285,000 (or \$400,799,000).

From time to time, the Committee has considered and approved certain limited adjustments to reported net income (both positive and negative) in determining achievement of performance against the thresholds. Each adjustment is reviewed in detail before it is made. The types of adjustments the Committee has considered include: rationalization charges, certain asset impairment charges, the gains and losses on certain transactions including the disposal of certain assets and other special items, which generally align with the special items disclosed in the Adjusted Net Income table in Appendix A. To the extent an adjustment relates to restructuring or rationalization charges that are intended to improve organizational efficiency, a corresponding charge (equal to the adjustment) is amortized against future years' adjusted net income until that adjustment is fully offset against the intended savings (generally this amortization occurs over a three-year period).

The ROIC for Compensation Purposes metric for the 2020 to 2022 performance cycle is a relative value that is derived based on our performance as compared to our proxy peer group (as opposed to an absolute value). In 2022, the Committee approved excluding the impact of the acquisition of Fori, which was acquired December 1, 2022, from the ROIC calculations and related comparisons to our proxy peer group. The acquisition of Fori included the closure of a \$400 million senior secured term loan to assist in funding the acquisition.

Both the Adjusted Net Income for Compensation Purposes metric and the ROIC for Compensation Purposes metric were set in 2020, prior to the onset of the COVID-19 pandemic. The ability to achieve these goals was impacted by the challenges associated with the COVID-19 pandemic. Notwithstanding the challenging environment, these goals were not modified in response to the COVID-19 pandemic.

### PERFORMANCE THRESHOLDS

In setting the performance thresholds for a new three-year period (including the 2022 to 2024 performance cycle), the Committee considers various factors, including historical performance against established thresholds, to try to achieve a 50% probability of the target thresholds for any cycle. For the 2020 to 2022 Plan, the Committee did not make any modifications to the three-year adjusted net income growth performance thresholds or the three-year average ROIC relative to peer thresholds.

### TIMING FOR SETTING PERFORMANCE METRIC GOALS

Performance targets are set at the beginning of the first fiscal year in the cycle. This timing allows the Committee to see our final financial results for the prior year and allows for more current macro-economic projections to be used.

*Historical LTIPs.* The following is a summary of the historical combined LTIP results for the last five completed LTIP cycles, including the most recently completed cycle (2020 to 2022):

Historical LTIP to Budget (Results for the last five completed LTIP cycles)

	Results
Average	127.5%
Highest Level	181.2%
Lowest Level	94.1%

2020 to 2022 Performance Share LTIP. For the 2020 to 2022 LTIP cycle, the Adjusted Net Income for Compensation Purposes performance target and the ROIC for Compensation Purposes performance maximum were exceeded, resulting in payouts being made at 181.2% of target. The following is a summary of the performance metric goals and results for the most recently completed LTIP cycle (2020 to 2022):

2020 to 2022 Performance Share LTIP						
	Payout Amount	3-Year Growth in Adjusted Net Income for Compensation Purposes		3-Year Average ROIC for Compensation Purposes Relative to LECO Peer Group		
	% of Target	3-Year Cumulative Growth Rate	Absolute LECO Net Income ('000s)	%ile Rank in Peer Group	ROIC result	
Threshold	25%	10%	\$314,914	40th %ile	10.8%	
	50%	25%	\$357,856	50th %ile	11.2%	
<b>Target</b>	<b>100%</b>	<b>40%</b>	<b>\$400,799</b>	<b>65th %ile</b>	<b>13.8%</b>	
	150%	60%	\$458,056	70th %ile	14.4%	
<i>2022 Actual</i>	<i>162.4%</i>	<i>65.0%</i>	<i>\$472,239</i>			
Maximum	200%	80%	\$515,313	80th %ile	17.0%	
<i>2022 Actual</i>	<i>200%</i>			<i>89th %ile</i>	<i>21.1%</i>	

Actual Payout	181.2%	162.4%	@ 50% Weighting	81.2%	200%	@ 50% Weighting	100%
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As shown above, the current plan cycle contains two metrics, each with a 50% weighting. Lincoln Electric's Adjusted Net Income for Compensation Purposes over the three-year period increased 65% to \$472 million, which generated an 81.2% of target payout for this metric after accounting for the weighting of the financial metric. Lincoln Electric's three-year average ROIC for Compensation Purposes, as compared to its peer group, was at the 89th percentile, which generated a 100% of target payout for this metric after accounting for the weighting of the financial metric. The following chart shows the target and maximum number of shares of common stock that may be issued for the 2020 to 2022 Performance Share LTIP based on actual performance. Combining the payouts for both metrics, the resulting final payout for the 2020 to 2022 Performance Share LTIP was 181.2% of the target award opportunity. As previously noted, neither of these metrics were modified specifically in response to the COVID-19 pandemic.

NEO	Target Award Opportunity (# of shares)	Maximum Award Opportunity Based on Thresholds (# of shares)	Actual Performance Payout %	Actual Award (# of shares)
Christopher L. Mapes	14,411	28,822	181.2%	26,112
Gabriel Bruno	1,261	2,522	181.2%	2,284
Steven B. Hedlund	2,216	4,432	181.2%	4,015
Jennifer I. Ansberry	1,920	3,840	181.2%	3,479
Michele R. Kuhrt	1,229	2,458	181.2%	2,226

### 2022 LONG-TERM INCENTIVE ARRANGEMENTS

In evaluating 2022 long-term incentive compensation (at the beginning of 2022), the Committee reviewed 2020 and 2021 compensation versus the competitive benchmarks. The Committee concluded that overall the long-term incentive compensation program for the NEOs remained on average above the 50th percentile target but still within the competitive framework. Mr. Hedlund received a 2022 long-term incentive compensation increase of 12.6%, which progressed his long-term incentive compensation opportunities, however maintained his overall target direct compensation within the competitive framework. Excluding Mr. Hedlund, the Committee adjusted 2022 long-term incentive compensation opportunities for the NEOs on average 2%, placing their LTI targets above the 50th percentile however still within the competitive framework. All of these awards are subject to our Recovery of Funds Policy, which is discussed below. In addition, in May 2022, in connection with Mr. Hedlund's appointment as EVP, Chief Operating Officer, the Committee approved an award of \$280,000 in restricted stock units that in general will vest in full after three years. The grant was designed to compensate Mr. Hedlund for his

assumption of additional duties in his new position. For more information about the quantities of the 2022 stock option, RSU and Performance Share awards actually granted to the NEOs, see the 2022 Grants of Plan-Based Awards table and the Outstanding Equity Awards at 2022 Fiscal Year-End table (and their related narrative disclosure) below.

### 2023 LONG-TERM INCENTIVE ARRANGEMENTS

In evaluating 2023 long-term incentive compensation (at the beginning of 2023), the Committee reviewed 2022 compensation versus the competitive benchmarks. The Committee concluded that overall the long-term incentive compensation program for the NEOs remained on average above the 50th percentile target but still within the competitive framework. Mr. Hedlund received a 2023 long-term incentive compensation increase of 41.2%, which was to align his long-term incentive compensation opportunities with the role he was promoted into in 2022, however maintained his overall target direct compensation within the competitive framework. Excluding Mr. Hedlund, the Committee adjusted 2023 long-term incentive compensation opportunities for the NEOs on average 11.9%, placing their LTI targets above the 50th percentile however still within the competitive framework.

*Valuation of Equity Awards.* We use standard valuation methods to convert long-term incentive compensation values to shares upon the grant date. These methods consider a 7-day historical average of our stock price, up to and including the grant date, for RSUs and Performance Shares and the grant date Black-Scholes valuation for stock options.

*Normal Cycle and Out-of-Cycle Equity Awards.* The Committee has discretion in awarding grants to EMIP participants and does not delegate its authority to management, nor does management select or influence the award dates. Occasionally, the Committee may approve limited, out-of-cycle special awards for specific business purposes or in connection with executive promotions or the hiring of new executive employees. However, the date used for awards to all EMIP participants, including the continuing NEOs, is the date of a regularly scheduled Committee meeting, which is fixed well in advance and generally occurs at the same time each year.

The Committee has approved delegated authority to the CEO to designate awards through 2023 to certain employees under our equity plan, subject to specific limits established. The CEO can only grant RSU awards and cannot grant awards to any executive officers, Section 16 officers or greater-than-10% beneficial owners of the Company, and such awards must be granted per the agreements and vesting terms already approved by the Committee.

### OTHER ARRANGEMENTS, POLICIES AND PRACTICES

#### OVERVIEW OF BENEFITS

We intend to provide a competitive group of benefits for all of our employees targeted at the 50th percentile of the market. Some aspects of our benefit programs are considered non-traditional due to their relationship with our pay for performance and incentive-based philosophies. For example, the premiums for Lincoln Electric-provided medical coverage are primarily paid by employees, including the NEOs, on a pre-tax basis. Premiums for dental coverage, which is a voluntary benefit, are 100% paid by employees. Life insurance coverage paid fully by Lincoln Electric is set at \$50,000 per employee, including the NEOs, although employees may purchase additional insurance at their own cost. The NEOs participate in this same cost-sharing approach. We attempt to balance our various non-traditional programs (such as those with a significant portion of the cost borne by the employee) with more traditional programs.

We also provide accidental death and dismemberment benefits to officers, due to the significant amount of travel required in their jobs. Under this program, the premiums of which are paid by the Company, a participant's beneficiary would receive a payment of five times annual total cash compensation up to a maximum of \$3,000,000 for executive officers and \$2,000,000 for other officers upon an officer's accidental death. The policy also provides dismemberment benefits of up to 100% of the death benefit in the event an officer is permanently and totally disabled as a result of an accident, and it provides for medical evacuation coverage in the event of an accident.

#### PERQUISITES

Consistent with our pay for performance philosophy, we offer limited perquisites. We pay for an annual physical for officers and other senior management to preserve our investment in them by encouraging them to maintain healthy lifestyles and be proactive in preventative care. We also make available financial planning services to certain officers, enabling them to concentrate on business matters rather than on personal financial planning. However, the cost of these financial planning services is included in the income of the participants. We also pay the cost of certain club dues for some officers to encourage social interaction with peers from other companies, local leadership in the community and to provide the ability to hold business meetings at a convenient offsite location. All personal expenses are borne entirely by the executive and the club dues are included in the income of the participants. Initiation fees for club memberships are paid by the executive. Different perquisites are provided from time to time to non-U.S. based executives; however, they are customary and reasonable in nature and amount relative to local market practices (for example, a car lease). Company-paid travel expenses are primarily for business purposes, but occasionally spouses or other guests may accompany our executive officers on business trips. The aggregate incremental cost of such personal travel is attributed to the applicable NEO.



## RETIREMENT PROGRAMS

Retirement benefits are provided to our NEOs through the following programs:

### The Lincoln Electric Company Employee Savings Plan (401(k) Plan)

- Each eligible employee of The Lincoln Electric Company and certain affiliate companies is eligible to receive up to 6% of annual compensation in Company contributions through:
  - matching employer contributions equal to 100% of before-tax contributions made to the 401(k) Plan, but not in excess of 3% of annual compensation; and
  - automatic employer contributions equal to 3% of annual compensation
- Matching and automatic contributions are 100% vested when made
- Certain employees affected by the cessation of accruals under the defined benefit pension plan that we previously maintained are also eligible to receive employer contributions equal to 6% of annual compensation for a minimum period of five years, up to the end of the year in which they complete 30 years of service
- All of the NEOs deferred amounts under the 401(k) Plan in 2022

### Restoration Plan

- Created effective January 1, 2017, this unfunded plan is maintained primarily for the purpose of providing deferred compensation for eligible employees whose annual compensation is expected to be in excess of the Internal Revenue Code limit on compensation (Code Limit) applicable to the 401(k) Plan
- Each participant's account is credited each year with deferred amounts generally as follows:
  - matching employer contributions equal to 3% of annual compensation in excess of the Code Limit; and
  - non-elective employer contributions equal to 3% of annual compensation in excess of the Code Limit
- All amounts deferred are fully vested at all times
- Certain employees affected by the cessation of accruals under the defined benefit pension plan that we previously maintained are also eligible to receive employer contributions equal to 6% of annual compensation in excess of the Code Limit for a minimum period of five years, up to the end of the year in which they complete 30 years of service
- Upon a separation from service prior to age 55, distribution of the account will be made in a single lump sum on the first business day of the seventh month immediately following the separation from service
- Upon a separation from service on or after age 55, distribution of the account will be made or commence on the first business day of the seventh month immediately following the separation from service in the form of (1) a single lump sum payment; or (2) substantially equal annual installments over a period of at least two but not more than 15 years, as elected
- All NEOs participated in the Restoration Plan in 2022

### Amended and Restated 2005 Deferred Compensation Plan for Executives (Top Hat Plan)

- Participants can defer current income on a pre-tax basis, receiving tax-deferred returns on those deferrals
  - Up to 80% of base salary and/or annual bonus can be deferred; and
  - Up to 100% of RSUs or Performance Shares can be deferred
- For cash deferrals, 27 total investment options available, 26 of which mirror the funds available under the 401(k) Plan, plus the Moody's Corporate Bond Average Index (which provides "above market" earnings as reported in the Summary Compensation Table)
- RSUs and Performance Shares that are deferred are deemed invested in a Lincoln Electric Stock fund; these deferrals can be reallocated to other investment options on the later of 6 months after the date on which the amounts are allocated to the participant's account or the date the participant has satisfied his or her stock ownership guidelines
- Plan includes a recovery of funds provision consistent with the requirements of Dodd-Frank
- Distributions are permitted in the event of a separation from service, disability, death, change in control or unforeseeable emergency
- Distributions can also be made at a specified time or under a fixed schedule
- Distributions may be made in a lump-sum, or by payment in five, ten or fifteen annual installments
- As of December 31, 2022, there were 19 active employees eligible to participate in the Top Hat Plan

More information on these programs can be found in the 2022 Deferred Compensation Benefits section.

## CHANGE IN CONTROL ARRANGEMENTS

We have entered into change in control agreements with all of our NEOs. The agreements are designed generally to help assure continued management in the event of a change in control of Lincoln Electric.

The change in control agreements are operative only if a change in control occurs and payments are made if the officer's employment is terminated under certain circumstances (or if the officer terminates employment due to certain adverse employment changes). The agreements provide our NEOs with the potential for continued employment following a change in control, which helps to retain these executives and provide for management continuity in the event of an actual or threatened change in control of Lincoln Electric. They also help ensure that our executives' interests remain aligned with shareholders' interests during a time when their continued employment may be in jeopardy. For a more detailed discussion of our change in control agreements, see Termination and Change in Control Arrangements below. Outside of these change in control agreements, we do not maintain written employment or other severance agreements for U.S.-based employees.

## RECOVERY OF FUNDS POLICY

We have adopted a Recovery of Funds Policy (clawback policy) consistent with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Our policy is more extensive than what Dodd-Frank requires and is applicable to all of our officers, including our NEOs. The policy applies in the event that there is an accounting restatement involving our financial statements due to material non-compliance with the financial reporting requirements under the U.S. federal securities laws. The policy applies to both current and former officers and covers incentive compensation received by the officers in the 3-year period prior to the restatement. We are aware of the final SEC clawback rules and the pending Nasdaq clawback listing standards. We expect in 2023 to review and revise the Recovery of Funds Policy in connection with the final rules and listing standards regarding recovery of erroneously awarded compensation as promulgated by the SEC and Nasdaq in 2022 and 2023, respectively.

Awards of incentive compensation covered by the current Recovery of Funds Policy include annual bonus payments, stock option awards, restricted stock awards, RSUs, and Performance Shares. Under the policy, until the Nasdaq clawback listing standards are effective and we revise the Recovery of Funds Policy, in the event of an accounting restatement of our financial statements, the Committee would review all incentive compensation received during the 3-year covered period and would seek recovery of the amount of incentive compensation paid in excess of what would have been paid if the accounts had been properly stated.

## ANTI-HEDGING/PLEDGING POLICY

Consistent with our philosophy to encourage long-term investment in our common stock, our Directors, executive officers and certain other employees are prohibited from engaging in any speculative transactions involving our securities, including buying or selling puts or calls, or engaging in any derivative or hedging transaction that has the effect of limiting or hedging economic exposure with respect to such person's position in our securities, short sales and margin purchases. In addition, our insider trading policy prohibits future pledging of Lincoln Electric securities by our Directors, executive officers and certain other employees. There are no pledges of our common stock in place for any of our Directors or executive officers.

## STOCK OWNERSHIP GUIDELINES

In keeping with our philosophy that officers should maintain an equity interest in Lincoln Electric, we have stock ownership guidelines for officers. The guidelines were reviewed in 2021 and no changes were recommended based on a review of our peer group. Under the current guidelines, our officers are required to own and hold a certain number of our common shares, currently at the levels set forth in the table below:

Executive Group	Ownership Guideline
Chief Executive Officer <sup>1</sup>	5 times base salary
Executive Vice Presidents <sup>2</sup>	3 times base salary
Senior Vice Presidents and all other Executive Officers <sup>3</sup>	2 times base salary

(1) Mr. Mapes.

(2) Includes Mr. Bruno, Mr. Hedlund, Ms. Ansberry, Ms. Kuhrt and one other EMIP participant.

(3) Includes other EMIP participants.



Each officer has five years to satisfy his or her applicable stock ownership guideline. An officer must satisfy the applicable stock ownership guideline before he or she is permitted to sell shares, including shares issued as a result of RSUs vesting or Performance Shares vesting (other than shares withheld to cover taxes) and shares obtained from the exercise of stock options (other than shares withheld to cover exercise cost and taxes). Unless an officer is promoted into a higher guideline level, the stock ownership guideline will reset every 5 years utilizing updated base pay and stock price information. RSU awards count towards an officer's stock ownership amount, however common shares underlying stock options, Performance Shares and shares held in another person's name (including a relative) do not. As of December 31, 2022, all of our NEOs met the applicable stock ownership guideline.

#### **DEDUCTIBILITY OF COMPENSATION**

Our general philosophy has historically been to qualify future compensation for tax deductibility wherever applicable and appropriate. Although a portion of the amount we recorded as compensation to our NEOs in 2022 was non-deductible, this did not have a significant impact to our income tax position.

As part of the 2017 Tax Cuts and Jobs Act (the "Tax Reform Act"), the ability to rely on the performance-based compensation exception under Section 162(m) of the U.S. Internal Revenue Code ("Section 162(m)") was generally eliminated, and the limitation on deductibility generally was expanded to include all NEOs (as well as certain former officers). As a result of the Tax Reform Act, after 2017 and subject to certain grandfathered provisions, we are no longer able to deduct any compensation paid to our NEOs in excess of \$1 million.

# COMPENSATION COMMITTEE REPORT

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The Compensation and Executive Development Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with our management and, based on this review and discussion, recommends that it be included in our Annual Report on Form 10-K for the year ended December 31, 2022 and this Proxy Statement.

By the Compensation and Executive Development Committee:

Michael F. Hilton, Chair

Kathryn Jo Lincoln

Phillip J. Mason

Hellene S. Runtagh

Kellye L. Walker

# EXECUTIVE COMPENSATION TABLES

## Summary of 2022 Compensation Elements

		Purpose	Competitive Target	Financial Metrics Used	When the 2022 Amount Was Set	The Period to Which the Amount Relates	Where Reported in the SCT <sup>1</sup>
Short-Term	Base Pay	Rewards responsibility, experience and individual performance	Below Market	—	Beginning of 2022	2022	Salary column
	Annual Bonus (EMIP)	Rewards strong annual financial results and individual performance	Above Market (target total cash compensation)	Adjusted Revenue <sup>2</sup> , EBITB <sup>2</sup> and AOWC/Sales <sup>2</sup>	Beginning of 2022	2022 Performance	Non-Equity Incentive Plan Compensation column
Long-Term	Stock Options	Rewards the creation of shareholder value	At Market	—	Beginning of 2022	2022 Based Award	Option Awards column
	RSUs	Rewards the creation of shareholder value and strong long-term financial results		—	Beginning of 2022	2022 Based Award	Stock Awards column
	Performance Shares	Rewards the creation of long-term growth and the efficient use of capital		Adjusted Net Income <sup>2</sup> Growth and ROIC <sup>2</sup>	Beginning of 2022	2022 through 2024 Performance	Stock Awards column
Both	Benefits other than Pension	Includes 401(k) contributions, Restoration Plan contributions, insurance and standard expatriate benefits	At Market	—	Various	2022	All Other Compensation column
	Pension Benefits	Includes above-market earnings in the Top Hat Plan		—	Various	For above-market earnings, shows 2022 amounts	Change in Pension Value and Nonqualified Deferred Compensation Earnings column
	Perquisites	Meets specific business needs—includes financial planning, annual physical and certain club dues		—	Various	2022	All Other Compensation column

(1) Summary Compensation Table.

(2) Financial metrics used for compensation purposes are defined in Appendix A.

## 2022 Summary Compensation Table

This table details total compensation for our NEOs for 2022, 2021 and 2020.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) <sup>1</sup>	Option Awards (\$) <sup>1</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>2</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings(\$) <sup>3</sup>	All Other Compensation (\$) <sup>4</sup>	Total(\$)
Christopher L. Mapes Chairman, President and Chief Executive Officer	2022	1,065,000	3,672,156	1,833,338	3,088,500	185,377	252,107	10,096,478
	2021	1,030,000	3,483,636	1,766,662	2,569,567	157,838	206,117	9,213,820
	2020	1,000,000	2,583,316	1,333,335	1,868,760	100,170	191,955	7,077,536
Gabriel Bruno Executive Vice President, Chief Financial Officer and Treasurer	2022	500,000	759,474	379,178	975,000	643	159,464	2,773,759
	2021	445,000	747,554	379,164	698,528	364	119,322	2,389,932
	2020	364,500	518,648	116,661	419,362	185,194	94,298	1,698,663
Steven B. Hedlund Executive Vice President, Chief Operating Officer	2022	564,584	962,817	340,000	1,317,851	—	186,452	3,371,704
	2021	440,000	595,576	302,086	659,373	—	225,282	2,222,317
	2020	427,500	601,608	205,007	428,765	—	643,190	2,306,070
Jennifer I. Ansberry Executive Vice President, General Counsel and Secretary	2022	432,500	463,212	231,242	684,000	—	130,901	1,941,855
	2021	424,000	455,938	231,257	530,871	—	114,018	1,756,084
	2020	411,730	344,180	177,650	399,073	56,384	109,606	1,498,623
Michele R. Kuhrt Executive Vice President, Chief Human Resources Officer	2022	438,000	333,902	166,665	830,000	—	131,282	1,899,849
	2021	413,000	314,928	159,669	546,773	—	109,640	1,544,010
	2020	343,000	341,400	113,674	420,841	253,353	78,863	1,551,131

(1) The amounts reported for 2022 reflect the grant date fair value under FASB ASC Topic 718 for the RSU, Performance Share and stock option awards in 2022. The grant date fair value disclosed for Performance Share awards is based on target performance. Assumptions used in the calculation of these amounts are included in footnote 10 to our audited financial statements for the fiscal year ended December 31, 2022 included in our Annual Report on Form 10-K filed with the SEC on February 21, 2023.

The amounts shown for stock awards for 2022 represent RSU awards as follows: Mr. Mapes \$1,836,078, Mr. Bruno \$379,737, Mr. Hedlund \$622,257, Ms. Ansberry \$231,606, and Ms. Kuhrt, \$166,951. The amounts shown also include Performance Shares at target as follows: Mr. Mapes \$1,836,078, Mr. Bruno \$379,737, Mr. Hedlund \$340,560, Ms. Ansberry \$231,606, and Ms. Kuhrt, \$166,951.

The maximum Performance Share award amount with respect to each of the NEOs for 2022 is shown in the table below. The amounts reported reflect the grant date fair value under FASB ASC Topic 718 for the Performance Share awards based on maximum performance.

Name	Year	Maximum Payout (# of Performance Shares)	Maximum Grant Date Fair Value Payout
Christopher L. Mapes	2022	28,682	\$3,672,156
Gabriel Bruno	2022	5,932	\$ 759,474
Steven B. Hedlund	2022	5,320	\$ 681,120
Jennifer I. Ansberry	2022	3,618	\$ 463,212
Michele R. Kuhrt	2022	2,608	\$ 333,902

(2) The amounts shown for 2022 represent payments under our annual bonus (EMIP).

(3) The amounts shown for 2022 represent the difference in earnings under the Moody's Corporate Bond Index fund in our Top Hat Plan and a hypothetical rate.

2022 INCREASE IN PENSION VALUE & PREFERENTIAL EARNINGS (TOP HAT PLAN)

Name	Difference in 2022 Earnings Credited in the Top Hat Plan (\$)	Moody's Corporate Bond Index Earnings(\$)	Hypothetical Market Rate(\$)*
Christopher L. Mapes	185,377	854,646	669,269
Gabriel Bruno	643	3,018	2,375
Steven B. Hedlund	—	—	—
Jennifer I. Ansberry	—	—	—
Michele R. Kuhrt	—	—	—

\* This rate is specified by the SEC rules for proxy disclosure purposes and is based on 120% of the applicable federal long-term rate, compounded monthly for 2022.

(4) The amounts shown for 2022 are comprised of the following:

2022 ALL OTHER COMPENSATION

Name	Other Benefits and Perquisites*							Total All Other Compensation (\$)
	Company Retirement Contributions (\$) <sup>a</sup>	Travel Insurance Premiums (\$)	Financial Planning (\$)	Physical Examination (\$)	Club Dues (\$)	Travel and Other Personal Benefits (\$) <sup>b</sup>	Standard Expatriate Benefits (\$) <sup>c</sup>	
Christopher L. Mapes	218,074	461	13,395	1,743	15,570	2,864	—	252,107
Gabriel Bruno	143,823	461	11,905	2,775	—	500	—	159,464
Steven B. Hedlund	73,437	461	12,215	—	14,548	4,043	81,748	186,452
Jennifer I. Ansberry	115,605	461	14,835	—	—	—	—	130,901
Michele R. Kuhrt	118,173	461	11,822	—	—	826	—	131,282

\* The methodology for computing the aggregate incremental cost for the amounts is below:

- (a) Includes amounts contributed to both the 401(k) Plan and the Restoration Plan
- (b) Includes an employee referral bonus for Mr. Bruno and, for the other NEOs, the aggregate incremental cost of personal travel expenses attributable to the NEOs.
- (c) The expatriate benefits shown relate to Mr. Hedlund's previous international assignment and are provided to all U.S. employees who take an international assignment. Amounts are converted to U.S. dollars on a monthly basis based on a month-end conversion price, in local currency, as reported by Bloomberg. The conversion price for Pound Sterling was between £1.20 to £1.34 to \$1.00 during the period in 2022 that Mr. Hedlund was receiving tax services associated with his previous expatriate assignment under our standard expatriate package for all employees.

## 2022 Grant of Plan-Based Awards

The following table provides information relating to plan-based awards granted in 2022 to our NEOs.

Name	Grant Type	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>2</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>3</sup>	All Other Option Awards: Number of Securities Underlying Options (#) <sup>4</sup>	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>5</sup>
			Threshold [\$]	Target [\$]	Maximum [\$]	Threshold [#]	Target [#]	Maximum [#]				
Christopher L. Mapes	EMIP	2/16/2022	0	1,544,250	3,088,500							
	Options	2/16/2022							67,057	\$128.03	1,833,338	
	RSUs	2/16/2022						14,341			1,836,078	
	PSUs	2/16/2022				0	14,341	28,682			1,836,078	
Gabriel Bruno	EMIP	2/16/2022	0	487,500	975,000							
	Options	2/16/2022							13,869	\$128.03	379,178	
	RSUs	2/16/2022						2,966			379,737	
	PSUs	2/16/2022				0	2,966	5,932			379,737	
Steven B. Hedlund	EMIP	2/16/2022	0	663,562	1,327,124							
	Options	2/16/2022							12,436	\$128.03	340,000	
	RSUs	2/16/2022						2,660			340,560	
	PSUs	2/16/2022				0	2,660	5,320			340,560	
	RSUs	5/9/2022							2,061		281,697	
Jennifer I. Ansberry	EMIP	2/16/2022	0	342,000	684,000							
	Options	2/16/2022							8,458	\$128.03	231,242	
	RSUs	2/16/2022						1,809			231,606	
	PSUs	2/16/2022				0	1,809	3,618			231,606	
Michele R. Kuhrt	EMIP	2/16/2022	0	415,000	830,000							
	Options	2/16/2022							6,096	\$128.03	166,665	
	RSUs	2/16/2022						1,304			166,951	
	PSUs	2/16/2022				0	1,304	2,608			166,951	

- The performance-based amounts shown represent the range of cash payouts (from zero to the maximum amount listed) for 2022 under the EMIP. Payments are based on the achievement of company financial performance and the NEO's individual performance. Target awards are set by the Committee in the first quarter each year. Actual payment amounts are determined by the Committee in the first quarter of the following year. The targets shown above are pursuant to the Annual Bonus (EMIP) Formula described in the CD&A (which allows for potential payouts of up to 200% of target).
- These columns show the potential number of shares of our common stock to be paid out to our NEOs under our Performance Shares (PSUs) at threshold, target and maximum performance. The measures and potential payouts are described in more detail in the CD&A. The grant date fair value, based on target performance for PSUs, is included in the "Stock Awards" column of the Summary Compensation Table. The PSUs generally vest based on performance during the applicable performance period. Dividend equivalents are sequestered by us until the shares underlying the PSUs are distributed, at which time the dividend equivalents are paid in cash. The dividend rate for dividend equivalents paid on the PSUs to the NEOs is the same as for all other shareholders (in other words, it is not preferential). Recipients of PSUs who participate in our EMIP bonus program (which includes all of the NEOs) are eligible to elect to defer all or a portion of their PSUs under our Top Hat Plan - see the 2022 Nonqualified Deferred Compensation section for a description of this plan.
- The RSUs generally vest upon the recipient remaining in continuous employment for three years from the date of grant and are paid out in our common stock. Dividend equivalents are sequestered by us until the shares underlying the RSUs are distributed, at which time the dividend equivalents are paid in cash. The dividend rate for dividend equivalents paid on the RSUs to the NEOs is the same as for all other shareholders (in other words, it is not preferential). Recipients of RSUs who participate in our EMIP bonus program (which includes all of the NEOs) are eligible to elect to defer all or a portion of their RSUs under our Top Hat Plan - see the 2022 Nonqualified Deferred Compensation section for a description of this plan. With respect to the award of RSUs to Mr. Hedlund on May 9, 2022, the Committee approved an additional award equal in value to \$280,000 in connection with his appointment as EVP, Chief Operating Officer.
- The stock options were granted at the closing price of our common shares on the date of the grant. All stock options are non-qualified for tax purposes. We value stock options using the Black-Scholes valuation method. The stock options generally vest over a three-year period (in equal annual increments). All stock options have 10-year terms.
- The amounts shown represent the fair value of the RSU awards, the stock option grants and the target value for the PSU awards calculated in accordance with FASB ASC Topic 718 as of the date of the grant. The actual amount, if any, realized upon the exercise of stock options will depend upon the market price of our common shares relative to the exercise price per share of the stock option at the time of exercise. The actual amount realized upon vesting of RSUs will depend upon the market price of our common shares at the time of vesting. The actual number and value of PSUs earned will be based upon our actual performance during the three-year long-term incentive plan cycle and the market price at time of vesting. There is no assurance that the hypothetical full values of the awards reflected in this table will actually be realized.

**NARRATIVE DISCLOSURE REGARDING 2022 SUMMARY COMPENSATION TABLE AND 2022 GRANTS OF PLAN-BASED AWARD TABLE**

The following highlights the salary and annual bonus percentages of total compensation reported in the 2022 Summary Compensation Table, based on the value of 2022 base salary and 2022 actual annual bonus (EMIP) for each of our NEOs:

Name	% of Base Salary and Annual Bonus To Total Compensation
Christopher L. Mapes	41.1%
Gabriel Bruno	53.2%
Steven B. Hedlund	55.8%
Jennifer I. Ansberry	57.5%
Michele R. Kuhrt	66.7%

The above percentages were based, in each case, on the value of the executive's 2022 base salary and 2022 actual EMIP (or annual bonus). For information regarding the amount of salary and annual bonus compensation in proportion to total compensation, see the "Our Compensation Philosophy" section of the CD&A. Further, the grants made in 2022 to the NEOs are described more fully in the CD&A, and information about the change in control severance agreements and the amounts payable to the NEOs pursuant to those arrangements is provided under the section titled "Termination and Change in Control Arrangements" in this Proxy Statement.

## HOLDINGS OF EQUITY-RELATED INTERESTS

The following provides information relating to exercisable and unexercisable stock options, RSUs and Performance Shares at December 31, 2022.

### Outstanding Equity Awards at 2022 Fiscal Year-End

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable <sup>1</sup>	Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>1</sup>	Option Exercise Price (\$/sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>2</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>3</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#) <sup>4</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$) <sup>5</sup>
Christopher L. Mapes	2/17/2016	89,030	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	68,610	—	85.30	2/22/2027	—	—	—	—
	2/21/2018	65,894	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	76,365	—	88.44	2/18/2029	—	—	—	—
	2/19/2020	55,660	27,830	89.63	2/19/2030	14,411	2,082,245	—	—
	2/17/2021	27,137	54,276	114.27	2/17/2031	15,243	2,202,461	30,486	4,404,922
	2/16/2022	—	67,057	128.03	2/16/2032	14,341	2,072,131	28,682	4,144,262
Gabriel Bruno	4/24/2013	—	—	—	—	3,455	499,213	—	—
	2/22/2017	6,670	—	85.30	2/22/2027	—	—	—	—
	2/21/2018	6,150	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	6,682	—	88.44	2/18/2029	—	—	—	—
	2/19/2020	4,870	2,435	89.63	2/19/2030	1,261	182,202	—	—
	4/21/2020	—	—	—	—	4,027	581,861	—	—
	2/17/2021	5,824	11,649	114.27	2/17/2031	3,271	472,627	6,542	945,254
2/16/2022	—	13,869	128.03	2/16/2032	2,966	428,557	5,932	857,115	
Steven B. Hedlund	4/24/2013	—	—	—	—	4,579	661,620	—	—
	2/17/2016	8,235	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	6,005	—	85.30	2/22/2027	—	—	—	—
	5/24/2017	6,875	—	88.74	5/24/2027	—	—	—	—
	2/21/2018	9,313	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	11,741	—	88.44	2/18/2029	—	—	—	—
	2/19/2020	8,558	4,279	89.63	2/19/2030	2,216	320,190	—	—
	10/20/2020	—	—	—	—	2,004	289,558	—	—
	2/17/2021	4,640	9,281	114.27	2/17/2031	2,606	376,541	5,212	753,082
	2/16/2022	—	12,436	128.03	2/16/2032	2,660	384,343	5,320	768,687
5/9/2022	—	—	—	—	2,061	297,794	—	—	
Jennifer I. Ansberry	2/21/2018	8,962	—	90.70	2/21/2028	—	—	—	—
	2/19/2020	7,416	3,708	89.63	2/19/2030	1,920	277,421	—	—
	2/17/2021	3,552	7,105	114.27	2/17/2031	1,995	288,258	3,990	576,515
	2/16/2022	—	8,458	128.03	2/16/2032	1,809	261,382	3,618	522,765



## Outstanding Equity Awards at 2022 Fiscal Year-End (Continued)

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable <sup>1</sup>	Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>1</sup>	Option Exercise Price (\$/sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>2</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>3</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#) <sup>4</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$) <sup>3</sup>
Michele R. Kuhrt	2/17/2016	3,505	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	4,290	—	85.30	2/22/2027	—	—	—	—
	2/21/2018	3,954	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	5,514	—	88.44	2/18/2029	—	—	—	—
	2/19/2020	4,744	2,374	89.63	2/19/2030	2,580	372,784	—	—
	2/17/2021	2,452	4,906	114.27	2/17/2031	1,378	199,107	2,756	398,214
	2/16/2022	—	6,096	128.03	2/16/2032	1,304	188,415	2,608	376,830

- (1) Stock options vest in three equal annual installments, commencing on the first anniversary of the date of the grant.
- (2) Amounts shown in this column represent RSU awards. The RSU awards generally vest in full three years from the date of grant. The RSU awards granted to Mr. Bruno and Mr. Hedlund in 2013 vests over seven years following each of their attainment of age 55.
- (3) The amounts shown in these columns represent the value of RSU and Performance Share awards granted pursuant to our 2006 and 2015 Equity and Performance Incentive Plans. Value is calculated using the close price of our common stock on the last trading day of 2022.
- (4) The 2021 and 2022 Performance Shares are shown at maximum payout (200% of the target award) because the target performance level would be exceeded based on performance to date. The payout can range from 0 to 200% of the target and is based upon performance during the three-year cycle ending on December 31 of the applicable period, as determined by the Committee. See the CD&A on how Performance Share payouts are determined.

### 2022 Option Exercises and Stock Vested Table

The following table provides information on stock options exercised, as well as RSUs and Performance Shares that vested during 2022.

Name	Option Awards <sup>1</sup>		Stock Awards <sup>2</sup>	
	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise(\$)	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting(\$)
Christopher L. Mapes	—	—	41,210	6,709,039
Gabriel Bruno	13,760	1,214,181	4,180	668,082
Steven B. Hedlund	6,155	495,005	7,252	1,176,154
Jennifer I. Ansberry	10,175	536,001	5,491	893,929
Michele R. Kuhrt	2,620	208,590	3,316	545,653

- (1) The number of shares acquired on exercise reflects the gross number of shares acquired, without considering any shares that were withheld to pay the option exercise price and/or to satisfy tax withholding requirements. The value realized on exercise represents the gross number of shares acquired on exercise multiplied by the market price of our common stock on the exercise date, less the per share exercise price.
- (2) The number of shares acquired on vesting reflects the gross number of shares acquired, without considering any shares that were withheld to satisfy tax withholding requirements. The value realized on vesting for RSUs represents the gross number of shares acquired, multiplied by the closing price of our common stock on each applicable vesting date, plus the value of dividend equivalents. The value realized on vesting for Performance Shares represents the gross number of shares acquired, relative to the 2020-2022 performance cycle that was considered earned as of December 31, 2022 but paid out in March 2023, multiplied by the closing price of our common stock on such date, plus the value of dividend equivalents. Amounts are not reduced to reflect any elections by our NEOs to defer receipt of RSUs or Performance Shares award payouts into our Top Hat Plan: Mr. Mapes, 15,098 RSUs and \$90,135 in dividend equivalents deferred; and Mr. Bruno, 2,284 Performance Shares and \$14,595 in dividend equivalents deferred. For more information about this deferral program, see the CD&A in the "Overview of Benefits" section.

## 2022 DEFERRED COMPENSATION BENEFITS

We maintain two nonqualified deferred compensation plans in which our NEOs are eligible to participate.

### DEFERRED COMPENSATION PLAN (TOP HAT PLAN)

Our Amended and Restated 2005 Deferred Compensation Plan for Executives (Top Hat Plan) is designed to be a “top-hat” plan that complies with Section 409A of the Internal Revenue Code. Participation is limited to management and highly compensated employees as approved by the Committee. A summary of the Top Hat Plan is provided in the CD&A in the “Other Arrangements, Policies and Practices” section.

### RESTORATION PLAN

Our Restoration Plan is designed to provide deferred compensation for eligible employees whose annual compensation is expected to be in excess of the Internal Revenue Code limit on compensation (Code Limit) applicable to the 401(k) Plan. A summary of the Restoration Plan is provided in the CD&A in the “Other Arrangements, Policies and Practices” section.

## 2022 NONQUALIFIED DEFERRED COMPENSATION TABLE

The following table reflects any NEO contributions and Company contributions for 2022 to our nonqualified deferred compensation plans.

Name	Plan Name	Executive Contributions in Last Fiscal Year(\$)	Registrant Contributions in Last Fiscal Year(\$) <sup>1</sup>	Aggregate Earnings in Last Fiscal Year(\$)	Aggregate Withdrawals/ Distributions(\$)	Aggregate Balance at Last Fiscal Year-End(\$) <sup>2</sup>
Christopher L. Mapes	Top Hat Plan	—	2,013,318 <sup>3</sup>	1,604,270 <sup>4</sup>	—	31,266,728
	Restoration Plan	—	199,774	(211,197)	—	1,124,931
Gabriel Bruno	Top Hat Plan	—	206,423 <sup>5</sup>	69,486 <sup>6</sup>	—	1,078,782
	Restoration Plan	—	107,223	(73,064)	—	409,730
Steven B. Hedlund	Top Hat Plan	—	—	(10,478)	—	52,635
	Restoration Plan	—	55,137	(49,355)	—	247,671
Jennifer I. Ansberry	Top Hat Plan	—	—	—	—	—
	Restoration Plan	—	79,005	(89,367)	—	388,914
Michele R. Kuhrt	Top Hat Plan	—	—	—	—	—
	Restoration Plan	—	81,573	(42,830)	—	340,919

- (1) Amounts reported with respect to the Restoration Plan are included in compensation for 2022 in the "All Other Compensation" column of the Summary Compensation Table above and is described in its footnotes.
- (2) The portions of the amount reported that relate to deferral contributions in prior years have all been reported in the Summary Compensation Table in those years to the extent the individual was a NEO for those years.
- (3) Represents 15,098 RSUs and \$90,135 in cash attributable to dividend equivalents that vested during 2022 and were deferred into the Top Hat Plan.
- (4) Of the amount reported, \$185,377 is included as compensation for 2022 in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table and is described in its footnotes.
- (5) Represents 1,536 Performance Shares and \$9,170 in cash attributable to dividend equivalents that vested during 2022 and were deferred into the Top Hat Plan.
- (6) Of the amount reported, \$643 is included as compensation for 2022 in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table and is described in its footnotes.

## TERMINATION AND CHANGE IN CONTROL ARRANGEMENTS

The Key Compensation Programs table below highlights the standard benefits and payments available to NEOs in the event of a termination of employment and/or a change in control. The Termination and Change in Control Table below reflects the estimated additional amounts of compensation each NEO would receive in the event of a termination of employment and/or a change in control. Termination events include: a voluntary termination by the executive; normal retirement of the executive; an involuntary, not-for-cause termination by Lincoln Electric; a for-cause termination by Lincoln Electric; a termination upon a change in control; and a termination due to death or disability. In addition, estimated additional compensation amounts are shown in the event of a change in control without termination of employment. The amounts shown assume that each event occurred on December 30, 2022, the last business day of the calendar year.

### TERMINATION OF EMPLOYMENT

No written agreements exist that provide additional payments to a NEO in the event of a voluntary termination of employment with Lincoln Electric or a termination of employment initiated by Lincoln Electric (whether for cause or not). We do not have employment agreements or severance agreements, except for our change in control severance agreements described below.

Pursuant to our standard employment policies, upon termination of employment, a NEO would be entitled to receive the same benefits and payments that are generally available to salaried employees:

- Earned but unpaid base pay, up to the date of termination;
- Earned and unused paid time off, up to the date of termination;
- Vested amounts held in the executive's account under our 401(k) Plan;
- Amounts held in the executive's account under our Top Hat Plan (based on the executive's election); and
- Amounts held in the executive's account under our Restoration Plan.

### CHANGE IN CONTROL

We have entered into change in control severance agreements with our NEOs. Pursuant to our change in control severance agreements, in the event of a "change in control," if the NEO's employment is terminated without "cause" (as defined in the change in control severance agreement) or the NEO terminates employment for "good reason" (as defined in the change in control severance agreement) during the severance period (as described below) (or for certain other employment terminations prior to and related to the change in control, as described in the change in control severance agreement), we will make severance payments and provide certain benefits as indicated in the Key Compensation Programs table below.

The severance period commences on the date of the first occurrence of a change in control and ends on the earlier of (a) the second anniversary of the change in control, or (b) the executive's death. Our NEOs are required to abide by certain restrictive covenants and execute a release of claims in order to receive certain severance payments and benefits under the change in control severance agreements.

The following events in general would constitute a change in control:

- Any individual, entity or group is or becomes the beneficial owner of 30% or more of the combined voting power of the then-outstanding voting stock of Lincoln Electric;
- A majority of the Board ceases to be comprised of incumbent Directors;
- Certain reorganizations, mergers or consolidations, or the sale or other disposition of all or substantially all of the assets of Lincoln Electric, or certain other corporate transactions are consummated; or
- Approval by the shareholders of a complete liquidation or dissolution of Lincoln Electric.

## Key Compensation Programs

	Voluntary Termination/ Termination with Cause	Involuntary Termination/ Termination without Cause	Normal Retirement <sup>1</sup>	Change in Control [with Termination] <sup>2</sup>	Change in Control [No Termination]	Death or Disability
Severance	None	Company has discretion	None	Lump-sum payment equal to the sum of base pay and bonus as described in the severance agreement times three for the CEO and times two for other NEOs	None	None
Annual Bonus (EMIP)	Forfeited	Forfeited	Pro-rata portion of EMIP <sup>3</sup>	Pro-rata portion of EMIP payment equal to the greater of the actual or target amount	Pro-rata EMIP payment equal to the greater of the actual or target amount	Pro-rata portion of EMIP <sup>3</sup>
Long-Term Incentive Plan (Performance Shares)	Forfeited	Forfeited	Full vesting of Performance Shares, based on actual performance for awards granted in 2021 and later <sup>4</sup>	Accelerated vesting of Performance Shares at target, if replacement award provided and subsequent qualifying termination	No accelerated vesting if replacement award provided and continued employment  Accelerated vesting of Performance Shares granted prior to the change in control at target, if no replacement award provided	Accelerated vesting of Performance Shares at target
Stock Options	Unvested stock options forfeited  Entitled to exercise vested stock options for a period of three months after termination <sup>5,6</sup>	Unvested stock options forfeited  Entitled to exercise vested stock options for a period of three months after termination <sup>5,6</sup>	Accelerated vesting of any unvested stock options with right to exercise such vested options for the remaining period of the original 10-year term for awards granted in 2021 and later <sup>5,7</sup>	Accelerated vesting of unvested stock options, if replacement award provided and subsequent qualifying termination  Entitled to exercise vested stock options for the remaining period of the original 10-year term <sup>6</sup>	No accelerated vesting if replacement award provided and continued employment  Accelerated vesting of unvested stock options granted prior to change in control, if no replacement award provided	Accelerated vesting of unvested stock options  Entitled to exercise stock options for a period of three years after death or disability <sup>5,6</sup>
RSUs	Forfeited	Forfeited	Accelerated vesting of RSU awards for awards granted in 2021 and later <sup>8</sup>	Accelerated vesting of RSU awards, if replacement award provided and subsequent qualifying termination	No accelerated vesting if replacement award provided and continued employment  Accelerated vesting of RSU awards granted prior to change in control, if no replacement award provided	Accelerated vesting of RSU awards
Outplacement	None	None	None	Maximum of \$100,000 for CEO and \$50,000 for the other NEOs	None	None

## Key Compensation Programs (continued)

	Voluntary Termination/ Termination with Cause	Involuntary Termination/ Termination without Cause	Normal Retirement <sup>1</sup>	Change in Control (with Termination) <sup>2</sup>	Change in Control (No Termination)	Death or Disability
280G Treatment	N/A	N/A	N/A	9	N/A	N/A
Other	Continuing medical and/or dental coverage under COBRA, for which the executive would pay 102% of the applicable premium	Continuing medical and/or dental coverage under COBRA, for which the executive would pay 102% of the applicable premium	Continuing medical and/or dental coverage under COBRA, for which the executive would pay 102% of the applicable premium	Continuing medical insurance (102% of the premium paid by the executive) and life insurance for a period of three years following the NEO's termination date <sup>10</sup>	10	Continuing medical and/or dental coverage with 102% of the premium paid by the executive (or his or her surviving dependents)

- (1) Subject to any 409A deferred payment requirements. For purposes of the Annual Bonus (EMIP), Normal Retirement is defined as termination at or after age 60 and 5 years of service or at or after age 55 and 25 years of service. For purposes of Performance Shares, stock options and RSUs, commencing with awards granted in 2021, Normal Retirement is defined as termination at or after age 60 and 5 years of service or at or after age 55 and 15 years of service.
- (2) Provision applicable in the event of a termination without Cause or termination for Good Reason in connection with a Change in Control. With respect to Performance Shares, stock options and RSUs, such termination without Cause or termination for Good Reason must occur within a period of two years after the Change in Control (or in certain employment terminations prior to and related to the change in control) to receive the accelerated vesting treatment.
- (3) Based on the executive's period of employment during the calendar year, subject to achievement of the applicable personal and financial goals.
- (4) Pro-rata vesting of Performance Shares, based on length of employment during performance period, based on actual performance for awards granted prior to 2021.
- (5) After which time the vested stock options would expire.
- (6) Vested stock options canceled if the executive is terminated for cause or the executive engaged in competitive conduct within six months of termination.
- (7) Pro-rata vesting of stock options with right to exercise such vested options for the remaining period of the original 10-year term for awards granted prior to 2021.
- (8) Pro-rata vesting of RSUs, based on length of employment, for awards granted prior to 2021.
- (9) Severance payments reduced to the 280G (excess parachute payment) safe harbor limit, unless the executive would achieve a better after-tax result paying the excise tax imposed on excess parachute payments. No payment, net of taxes, to compensate for any excise tax imposed.
- (10) Amounts and/or shares (from vested RSUs or Performance Shares) held in executives' accounts under the Top Hat Plan automatically paid out.

## Termination and Change in Control Table

The following table sets forth estimates of the potential incremental payments to each of our NEOs upon the specified termination events and upon a change in control, both with and without a qualified termination, assuming that each such event took place on the last business day of 2022.

The table does not quantify benefits under plans that are generally available to salaried employees that do not discriminate in favor of NEOs, including the 401(k) Plan, the health care plan and the life insurance plan.

The Annual Bonus (EMIP) amounts represent the difference between target EMIP and actual EMIP payments (as disclosed in the Non-Equity Incentive Plan Compensation column of the 2022 Summary Compensation Table) if target EMIP exceeds actual EMIP in connection with a hypothetical change in control as of the last business day of 2022. The LTIP (Performance Shares) amounts include amounts for the 2021-2023 and 2022-2024 cycles, represented by the target amounts for the two cycles that were open as of the last business day of 2022. There is no amount included for the 2020-2022 cycle because actual performance exceeded target performance.

The following table assumes, in the event of a change in control, replacement awards are provided pursuant to the 2015 Equity and Incentive Compensation Plan's respective Stock Option Agreement, Restricted Stock Unit Agreement, and Performance Share Agreement ("Agreements"). Pursuant to the Agreements, if the respective equity awards are not replaced, all outstanding equity awards will accelerate as of the closing date of the change in control. In the event of a change in control where no replacement awards are provided, the accelerated equity values are consistent with the accelerated equity values under Change in Control (Replacement Awards; Qualified Termination).

In addition, the table includes all equity that is accelerated as a result of termination but does not include the value of outstanding equity awards that have previously vested, such as stock options, which awards are set forth above in the Outstanding Equity Awards at December 31, 2022 table. For descriptions of the compensation plans and agreements that provide for the payments set forth in the following table, including our change in control agreements, see the "Elements of Executive Compensation" discussion contained in the CD&A.

Under the normal retirement scenario, commencing with equity awards granted in 2021, the retirement definition is either at or after age 60 and 5 years of service or at or after age 55 and 15 years of service, and, as of December 30, 2022, three NEOs were eligible for normal retirement under the 2021 and 2022 equity awards. Awards prior to 2021 had a retirement definition of only at or after age 60 and 5 years of service, under which one NEO was eligible for normal retirement as of December 30, 2022. The Annual Bonus (EMIP) has a retirement definition of either at or after age 55 and 25 years of service or at or after age 60 and 5 years of service, under which three NEOs were eligible for normal retirement as of December 30, 2022. There are no amounts included in the retirement scenario below for the EMIP bonus as it was fully earned. The amounts shown for the Performance Shares assumes performance at target, although actual payout upon retirement would be based on actual performance determined in the normal course.

	Christopher L. Mapes	Gabriel Bruno	Steven B. Hedlund	Jennifer I. Ansberry	Michele R. Kuhrt
<b>Involuntary Termination/Termination without Cause before Normal Retirement:</b>	N/A	N/A	N/A	N/A	N/A
<b>Normal Retirement:</b>	\$ 14,895,010	\$ 2,425,286	Not Eligible	Not Eligible	\$ 1,041,827
LTIP (Performance Shares)—Accelerated Vesting	\$ 4,375,085	\$ 922,490	N/A	N/A	\$ 396,624
Stock Options—Accelerated Vesting	\$ 4,067,145	\$ 580,306	N/A	N/A	\$ 248,579
RSUs—Accelerated Vesting	\$ 6,452,780	\$ 922,490	N/A	N/A	\$ 396,624
<b>Change in Control (Replacement Awards; Qualified Termination):</b>	\$ 25,147,706	\$ 5,419,717	\$ 6,714,624	\$ 3,817,246	\$ 3,454,877
Severance	\$ 9,852,491	\$ 2,117,890	\$ 2,720,000	\$ 1,794,944	\$ 1,843,614
Annual Bonus (EMIP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LTIP (Performance Shares)—Accelerated Vesting	\$ 4,375,085	\$ 922,490	\$ 778,548	\$ 562,635	\$ 396,624
Stock Options—Accelerated Vesting	\$ 4,270,713	\$ 713,891	\$ 719,904	\$ 557,343	\$ 378,744
RSUs—Accelerated Vesting	\$ 6,549,417	\$ 2,270,953	\$ 2,446,172	\$ 852,324	\$ 785,895
Outplacement Estimate	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
280G Cutback	\$ 0	\$ (655,507)	\$ 0	\$ 0	\$ 0

	Christopher L. Mapes	Gabriel Bruno	Steven B. Hedlund	Jennifer I. Ansberry	Michele R. Kuhrt
<b>Change in Control (Replacement Awards; No Termination):</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Annual Bonus (EMIP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LTIP (Performance Shares)–Accelerated Vesting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stock Options–Accelerated Vesting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RSUs–Accelerated Vesting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Death or Disability:</b>	<b>\$ 15,195,215</b>	<b>\$ 3,907,334</b>	<b>\$ 3,944,624</b>	<b>\$ 1,972,302</b>	<b>\$ 1,561,263</b>
LTIP (Performance Shares)–Accelerated Vesting	\$ 4,375,085	\$ 922,490	\$ 778,548	\$ 562,635	\$ 396,624
Stock Options–Accelerated Vesting	\$ 4,270,713	\$ 713,891	\$ 719,904	\$ 557,343	\$ 378,744
RSUs–Accelerated Vesting	\$ 6,549,417	\$ 2,270,953	\$ 2,446,172	\$ 852,324	\$ 785,895

## PAY RATIO

For 2022, we estimate that the ratio of the annual total compensation of our CEO (\$10,096,478 which is the same amount reported for our CEO in the 2022 Summary Compensation Table) to the annual total compensation of our median employee (\$61,687) is 164:1. We note that, due to our permitted use of reasonable estimates and assumptions in preparing this pay ratio disclosure, the disclosure may involve a degree of imprecision, and thus this ratio disclosure is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions described below.

In accordance with Item 402(u) of Regulation S-K, in calculating our CEO pay ratio for 2022, we believe there has been no change in our employee population or employee compensation arrangements that would result in a significant change to our pay ratio disclosure; therefore, we have used the same median employee for determining the 2022 CEO pay ratio as we used to calculate the CEO pay ratio for 2021.

In 2021 we determined our median employee based on total cash and equity compensation paid to our active employees as of October 1, 2021 for the period beginning on January 1, 2021 and ending on December 31, 2021. We included all full-time, part time, seasonal and temporary employees, whether employed domestically or overseas, and whether employed directly or by a consolidated subsidiary. Compensation for employees hired during 2021 was annualized for all employees other than temporary or seasonal employees, and full-time equivalencies were not created.

Annual total compensation for the median employee for 2022 was calculated using the same methodology used for our NEOs as set forth in the 2022 Summary Compensation Table. Of the employees that were identified as potential median employees, we selected an employee based in the U.S. that was representative of the largest portion of our workforce. Given the different methodologies that various public companies will use to determine an estimate of their pay ratio, the estimated ratio reported above should not be used as a basis for comparison between companies.



## PAY VERSUS PERFORMANCE

In accordance with rules adopted by the Securities and Exchange Commission pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, we provide the following disclosure regarding executive compensation for our principal executive officer (“PEO”) and non-PEO NEOs and certain measures of Company performance for the fiscal years listed below. The Committee did not consider the pay versus performance disclosure below in making its pay decisions for any of the years shown.

Year	Summary Compensation Table (SCT) Total for PEO <sup>1</sup> (\$)	Compensation Actually Paid to PEO <sup>1,2,3</sup> (\$)	Average SCT Total for Non-PEO NEOs <sup>1</sup> (\$)	Average Compensation Actually Paid to Non-PEO NEOs <sup>1,2,3</sup> (\$)	Value of Initial Fixed \$100 Investment Based on: <sup>4</sup>		Net Income (\$ Millions)	ROIC for Compensation Purposes <sup>5</sup>
					Company TSR (\$)	Peer Group TSR (\$)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2022	10,096,478	14,415,143	2,496,792	3,176,483	157.95	123.28	472	28.1%
2021	9,213,820	17,818,888	1,978,086	3,241,658	149.83	141.80	276	21.5%
2020	7,077,536	11,078,312	1,936,038	1,600,715	122.93	113.66	206	13.7%

1. Christopher Mapes was our PEO for each year presented. The individuals comprising the non-PEO NEOs for each year presented are listed below.

2022	2021	2020
Gabriel Bruno	Gabriel Bruno	Gabriel Bruno
Steven Hedlund	Steven Hedlund	Steven Hedlund
Jennifer Ansberry	Jennifer Ansberry	Jennifer Ansberry
Michele Kuhrt	Michele Kuhrt	Michele Kuhrt
		George Blankenship
		Vincent Petrella

2. The amounts shown for Compensation Actually Paid have been calculated in accordance with Item 402(v) of Regulation S-K and may not necessarily reflect compensation actually earned, realized, or received by the Company’s NEOs. These amounts reflect the Summary Compensation Table Total with certain adjustments as described in footnote 3 below.

3. Compensation Actually Paid reflects the exclusions and inclusions of certain amounts for the PEO and the non-PEO NEOs as set forth below. Equity values are calculated in accordance with FASB ASC Topic 718. Amounts in the Exclusion of Stock Awards and Option Awards column are the totals from the Stock Awards and Option Awards columns set forth in the Summary Compensation Table. Amounts in the Exclusion of Change in Pension Value column reflect the amounts attributable to the Change in Pension Value reported in the Summary Compensation Table.

Year	Summary Compensation Table Total for PEO (\$)	Exclusion of Change in Pension Value (\$)	Exclusion of Stock Awards and Option Awards (\$)	Inclusion of Pension Service Cost (\$)	Inclusion of Equity Values (\$)	Compensation Actually Paid to PEO (\$)
2022	10,096,478	—	(5,505,494)	—	9,824,159	14,415,143
2021	9,213,820	—	(5,250,298)	—	13,855,366	17,818,888
2020	7,077,536	—	(3,916,651)	—	7,917,427	11,078,312

Year	Average Summary Compensation Table Total for Non-PEO NEOs (\$)	Exclusion of Change in Pension Value (\$)	Exclusion of Stock Awards and Option Awards (\$)	Inclusion of Pension Service Cost (\$)	Inclusion of Equity Values (\$)	Compensation Actually Paid to Non-PEO NEOs (\$)
2022	2,496,792	—	(909,123)	—	1,588,814	3,176,483
2021	1,978,086	—	(796,543)	—	2,060,115	3,241,658
2020	1,936,038	(130,493)	(814,714)	—	609,884	1,600,715

The amounts in the Inclusion of Equity Values in the tables above are derived from the amounts set forth in the following tables:

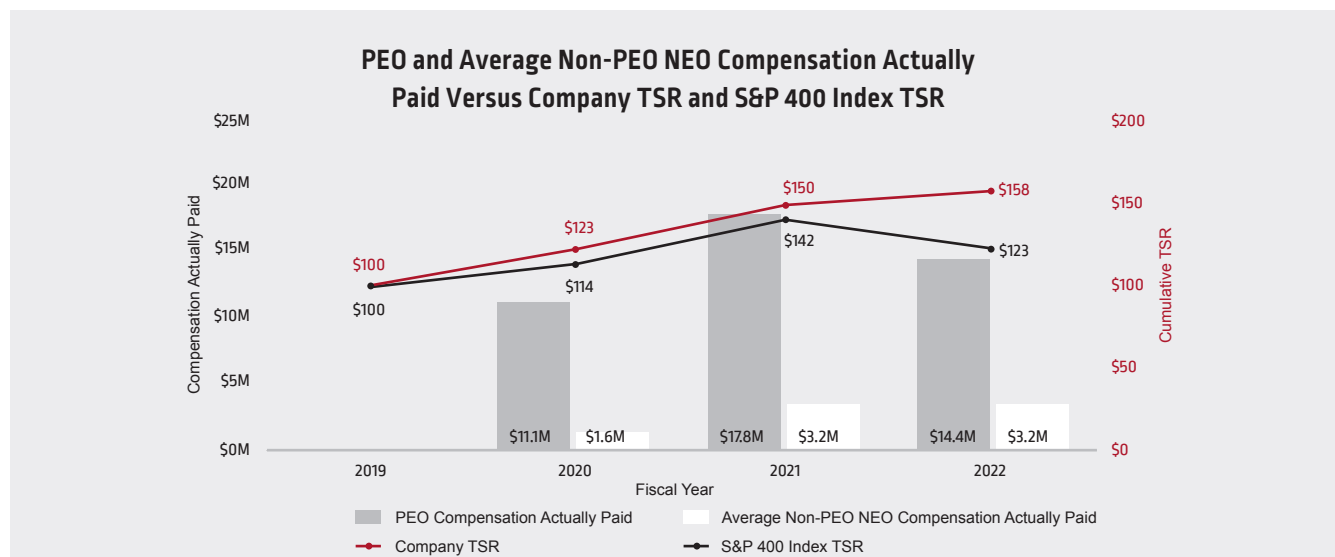
Year	Year-End Fair Value of Equity Awards Granted During Year That Remained Unvested as of Last Day of Year for PEO (\$)	Change in Fair Value from Last Day of Prior Year to Last Day of Year of Unvested Equity Awards for PEO (\$)	Vesting Date Fair Value of Equity Awards Granted During Year that Vested During Year for PEO (\$)	Change in Fair Value from Last Day of Prior Year to Vesting Date of Unvested Equity Awards that Vested During Year for PEO (\$)	Fair Value at Last Day of Prior Year of Equity Awards Forfeited During Year for PEO (\$)	Total - Inclusion of Equity Values for PEO (\$)
2022	9,062,694	1,893,469	—	(1,132,004)	—	9,824,159
2021	9,690,680	4,331,611	—	(166,925)	—	13,855,366
2020	6,315,274	2,322,241	—	(720,088)	—	7,917,427

Year	Average Year-End Fair Value of Equity Awards Granted During Year That Remained Unvested as of Last Day of Year for Non-PEO NEOs (\$)	Average Change in Fair Value from Last Day of Prior Year to Last Day of Year of Unvested Equity Awards for Non-PEO NEOs (\$)	Average Vesting Date Fair Value of Equity Awards Granted During Year that Vested During Year for Non-PEO NEOs (\$)	Average Change in Fair Value from Last Day of Prior Year to Vesting Date of Unvested Equity Awards that Vested During Year for Non-PEO NEOs (\$)	Average Fair Value at Last Day of Prior Year of Equity Awards Forfeited During Year for Non-PEO NEOs (\$)	Total - Average Inclusion of Equity Values for Non-PEO NEOs (\$)
2022	1,455,624	271,916	—	(138,726)	—	1,588,814
2021	1,470,209	599,806	—	(9,900)	—	2,060,115
2020	665,988	36,797	25,136	102,767	(220,804)	609,884

- The Peer Group Total Shareholder Return ("TSR") set forth in this table utilizes the S&P 400 Index, which we also utilize in the stock performance graph required by Item 201(e) of Regulation S-K included in our Annual Report for the year ended December 31, 2022. The comparison assumes \$100 was invested for the period starting December 31, 2019, through the end of the listed year in the Company and in the S&P 400 Index, respectively. Historical stock performance is not necessarily indicative of future stock performance.
- We determined ROIC for Compensation Purposes to be the most important financial performance measure used to link Company performance to Compensation Actually Paid to our PEO and non-PEO NEOs in 2022. More information on ROIC for Compensation Purposes can be found in Appendix A. This performance measure may not have been the most important financial performance measure for years 2021 and 2020 and we may determine a different financial performance measure to be the most important financial performance measure in future years

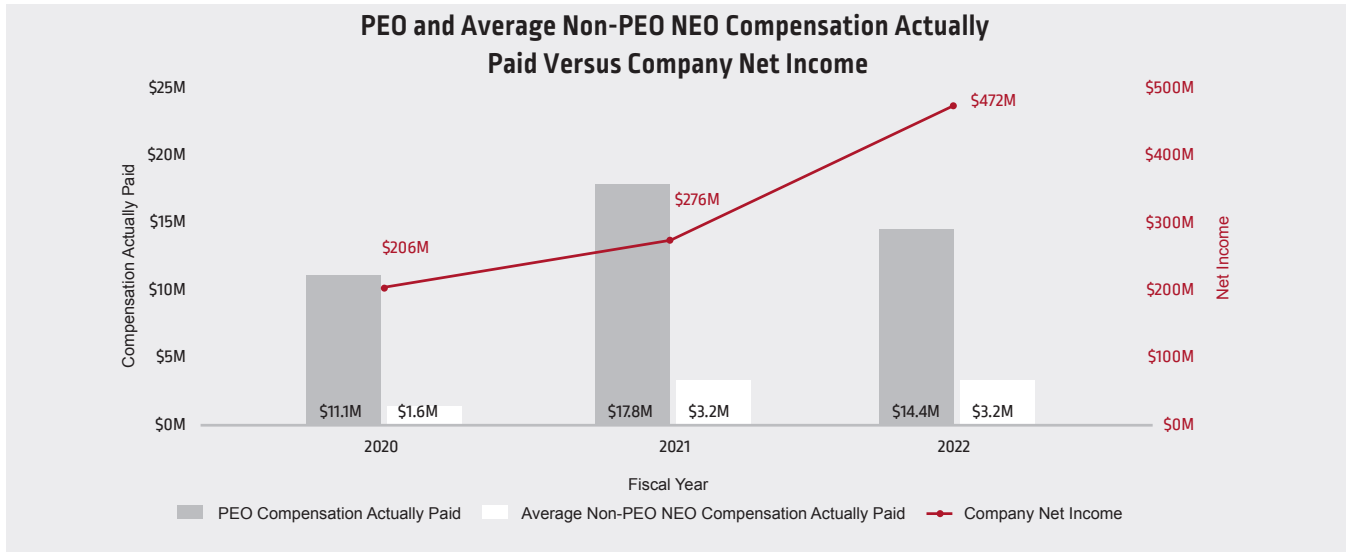
### Description of Relationship Between PEO and Non-PEO NEO Compensation Actually Paid and Company and Peer Group Total Shareholder Return ("TSR")

The following chart sets forth the relationship between Compensation Actually Paid to our PEO, the average of Compensation Actually Paid to our non-PEO NEOs, the Company's cumulative TSR over the three most recently completed fiscal years, and the cumulative TSR of the S&P 400 Index over the same period assuming initial investment of \$100 on December 31, 2019.



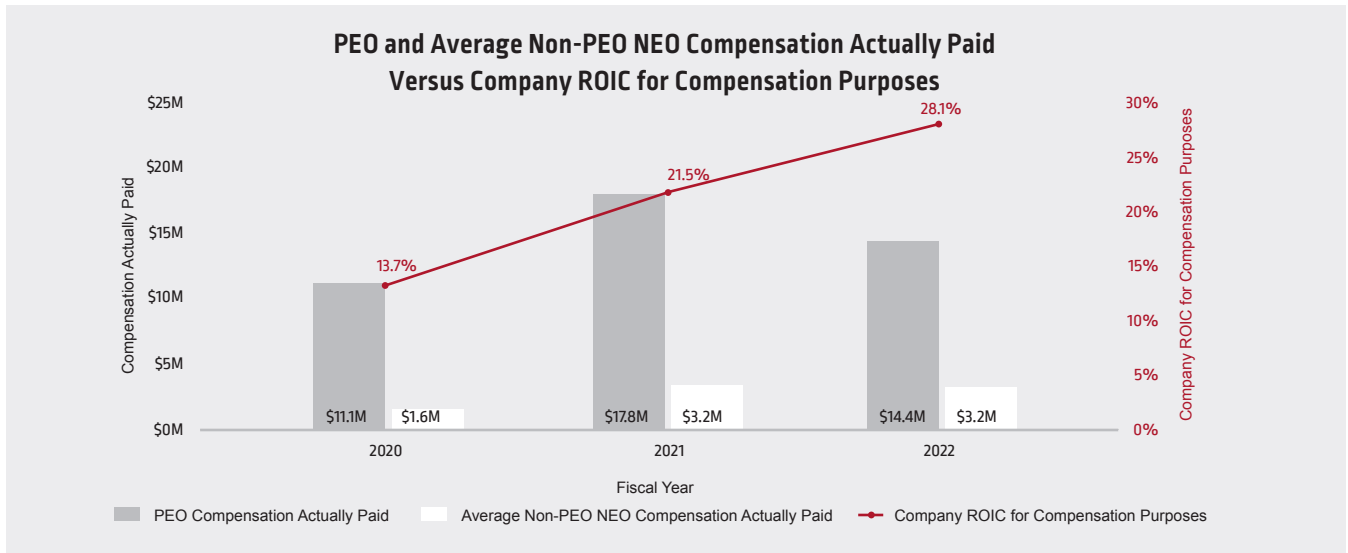
### Description of Relationship Between PEO and Non-PEO NEO Compensation Actually Paid and Company Net Income

The following chart sets forth the relationship between Compensation Actually Paid to our PEO, the average of Compensation Actually Paid to our non-PEO NEOs, and our GAAP Net income during the three most recently completed fiscal years.



### Description of Relationship Between PEO and Non-PEO NEO Compensation Actually Paid and Company ROIC for Compensation Purposes

The following chart sets forth the relationship between Compensation Actually Paid to our PEO, the average of Compensation Actually Paid to our non-PEO NEOs, and Company ROIC for Compensation Purposes (annual results) during the three most recently completed fiscal years.



## Tabular List of Most Important Financial Performance Measures

The following table presents the financial performance measures that the Company considers to have been the most important in linking Compensation Actually Paid to our PEO and our Non-PEO NEOs for 2022 to Company performance. The measures in this table are not ranked.

Return on Invested Capital (ROIC) for Compensation Purposes
Adjusted earnings before interest, taxes and bonus (EBITB)
Adjusted Revenue for Compensation Purposes (Adjusted Revenue)
Average operating working capital to net sales ratio (AOWC/Sales) for Compensation Purposes
Adjusted Net Income for Compensation Purposes

# MANAGEMENT OWNERSHIP OF SHARES

The following table sets forth certain information regarding ownership of shares of common stock of Lincoln Electric as of December 31, 2022 (except as otherwise indicated) by each of our Directors and NEOs, as well as our Directors and executive officers as a group. Except as otherwise indicated, voting and investment power with respect to shares reported in this table are not shared with others.

RSUs and Performance Shares are generally not reflected in the table as there is no ability to acquire the shares attributable to them within 60 days of December 31, 2022. In addition, any vested RSUs and Performance Shares that are deferred into the Top Hat Plan or the Non-Employee Directors' Deferred Compensation Plan are generally not reflected in the table as there is no ability to acquire the shares attributable to them within 60 days of December 31, 2022. The table includes shares that would be received upon the vesting of RSUs within 60 days of December 31, 2022.

<b>BENEFICIAL OWNERSHIP TABLE</b>		
Directors	Number of Shares of Lincoln Electric Common Stock Beneficially Owned <sup>1</sup>	Percent of Class
Brian D. Chambers	— <sup>2</sup>	*
Curtis E. Espeland	15,686	*
Patrick P. Goris	586 <sup>3</sup>	*
Michael F. Hilton	5,313 <sup>3</sup>	*
Kathryn Jo Lincoln	835,386 <sup>3,4</sup>	1.45%
Phillip J. Mason	18,071 <sup>5</sup>	*
Ben P. Patel	1,113 <sup>3</sup>	*
Hellene S. Runtagh	28,479	*
Kellye L. Walker	2,379	*
NEOs		
Christopher L. Mapes	505,204 <sup>6</sup>	*
Gabriel Bruno	44,930 <sup>7</sup>	*
Steven B. Hedlund	93,744 <sup>8</sup>	*
Jennifer I. Ansberry	42,988 <sup>9</sup>	*
Michele R. Kuhrt	44,038 <sup>10</sup>	*
All Directors and Executive Officers as a group (19 persons)	1,688,073 <sup>11</sup>	2.90%

\* Indicates less than 1%

- (1) Reported in compliance with the beneficial ownership rules of the SEC, under which a person is deemed to be the beneficial owner of a security, for these purposes, if he or she has, or shares, voting power or investment power over the security or has the right to acquire the security within 60 days of December 31, 2022. With respect to the NEOs and executive officers, the amounts reported do not include any Performance Shares that vested and paid out in March 2023, as the number of Performance Shares to be received by each executive officer was unknown within 60 days of December 31, 2022.
- (2) Mr. Chambers was elected to the Board on February 16, 2022. In connection with Mr. Chambers' election, he received an initial grant of 927 RSUs that will vest on the first anniversary of the date of grant.
- (3) Each of Messrs. Goris, Hilton, Patel and Ms. Lincoln had 5,143 RSUs deferred under the Non-Employee Directors' Deferred Compensation Plan which are not reflected in the above table.
- (4) Of the shares reported, 35,109 shares were held of record by a trust established by Ms. Lincoln, under which she has sole investment and voting power. The remaining 800,277 shares were held of record by The Lincoln Institute of Land Policy, of which Ms. Lincoln is the Chair, as to which shares Ms. Lincoln disclaims beneficial ownership. Ms. Lincoln has shared voting and shared investment power on these 800,277 shares.
- (5) Of the shares reported, Mr. Mason held of record 6,066. The remaining 12,005 shares were held of record by his spouse in the Paula J. Mason Trust, as to which shares Mr. Mason disclaims beneficial ownership.

- (6) Of the shares reported, Mr. Mapes held of record 45,189 shares. Mr. Mapes has or had the right to acquire 460,015 shares upon the exercise of stock options within 60 days of December 31, 2022. Mr. Mapes had 79,276 RSUs deferred under the Top Hat Plan which are not reflected in the above table.
- (7) Of the shares reported, Mr. Bruno held of record 591 shares, of which 277 shares are held jointly with spouse. Mr. Bruno has or had the right to acquire 1,261 shares upon the vesting of RSUs within 60 days of December 31, 2022. Mr. Bruno has or had the right to acquire 43,078 shares upon the exercise of stock options within 60 days of December 31, 2022. Mr. Bruno had 6,936 Performance Shares deferred under the Top Hat Plan which are not reflected in the above table.
- (8) Of the shares reported, Mr. Hedlund held 23,097 shares of record, 640 shares of which are held in the Stock Purchase Plan, and 2,362 shares of which are held in the 401(k) Plan. Mr. Hedlund has or had the right to acquire 2,216 shares upon the vesting of RSUs within 60 days of December 31, 2022. Mr. Hedlund has or had the right to acquire 68,431 shares upon the exercise of stock options within 60 days of December 31, 2022.
- (9) Of the shares reported, Ms. Ansberry held of record 11,059 shares, 20 shares of which are held jointly with her spouse. Ms. Ansberry has the right to acquire 1,920 shares upon the vesting of RSUs within 60 days of December 31, 2022. Ms. Ansberry has or had the right to acquire 30,009 shares upon the exercise of stock options within 60 days of December 31, 2022.
- (10) Of the shares reported, Ms. Kuhrt held 10,141 shares of record, 256 shares of which are held in the 401(k) Plan. Ms. Kuhrt has the right to acquire 2,580 shares upon the vesting of RSUs within 60 days of December 31, 2022. Ms. Kuhrt has or had the right to acquire 31,317 shares upon the exercise of stock options within 60 days of December 31, 2022.
- (11) Includes 12,048 shares that are RSUs held by all executive officers, as a group, that vest within 60 days of December 31, 2022 and 665,006 shares which all executive officers, as a group, have or had the right to acquire upon the exercise of stock options within 60 days of December 31, 2022.

In addition to the above management holdings, as of December 31, 2022, the 401(k) Plan held 881,086 shares of our common stock, or approximately 1.53% of the shares of our common stock outstanding.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding outstanding Stock Options, RSUs and Performance Shares and shares reserved for issuance under our equity compensation plans as of December 31, 2022:

Plan category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights [a] <sup>1</sup>	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights [b] <sup>2</sup>	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans [Excluding Securities Reflected In Column (a)] [c] <sup>3</sup>
Equity compensation plans approved by security holders	1,725,997	\$93.31	1,099,897
Equity compensation plans not approved by security holders <sup>4</sup>	—	—	—
<b>Total</b>	<b>1,725,997</b>	<b>—</b>	<b>1,099,897</b>

(1) The amount shown in column (a) includes the following: 1,117,359 Nonqualified Stock Options; 130,674 deferred RSUs and deferred Performance Shares; 173,784 Performance Shares (assuming payout levels at maximum-as a result, this aggregate reported number may overstate actual dilution); and 304,180 RSUs.

(2) The weighted average exercise price in column (b) includes nonqualified stock options only.

(3) The amount shown in column (c) represents common shares remaining available under the 2015 Equity and Incentive Compensation Plan ("Employee Plan") and the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, RSUs and performance-based awards. The 2015 Director Plan provides for the granting of options, restricted shares and RSUs. Under the Employee Plan, for any award that is not an Option Right or Appreciation Right, 3.24 common shares are subtracted from the maximum number of common shares available under the plan for every common share issued under the award. For awards of Option Rights or Appreciation Rights, however, only one common share is subtracted from the maximum number of common shares available under the Employee Plan for every common share granted. The amount in the table assumes payout levels at maximum for Performance Shares. Under the Director Plan only one common share is subtracted from the maximum number of common shares available for every common share granted.

(4) The Company does not maintain equity compensation plans that have not been approved by its shareholders.

### DELINQUENT 16(a) REPORTS

Section 16(a) of the Exchange Act requires our Directors and officers and beneficial owners of 10% or more of the outstanding shares of common stock of Lincoln Electric to file reports of beneficial ownership and changes in beneficial ownership with respect to our securities with the SEC and to furnish copies of those reports to us. Based solely on a review of the Forms 3, 4 and 5 and amendments thereto furnished to us with respect to the fiscal year ended December 31, 2022, we believe that for the 2022 calendar year, all filing requirements were met on a timely basis, except that one officer, Gregory Doria, who is not an NEO, filed one late Form 4 with the SEC on December 19, 2022, relating to shares withheld to cover taxes for an RSU award that vested on July 1, 2022, which was previously unreported due to administrative error.

# OTHER OWNERSHIP OF SHARES

Set forth below is information about the number of shares held by any person (including any “group” as that term is used in Section 13(d)(3) of the Exchange Act) known to us to be an owner of more than 5% of the shares of our common stock as of December 31, 2022.

Name and Address of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	6,024,856 <sup>1</sup>	10.46%
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	5,274,037 <sup>2</sup>	9.15%



- (1) According to its Schedule 13G/A filed on February 9, 2023, The Vanguard Group has sole voting power over 0 shares, shared voting power over 25,014 shares, sole dispositive power over 5,950,567 shares and shared dispositive power over 74,289 shares. In its Schedule 13G/A filing, The Vanguard Group states that the shares of our common stock reported in the filing were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under §240.14a-11.
- (2) According to its Schedule 13G/A filed on January 25, 2023, BlackRock, Inc. has sole voting power over 5,162,680 shares and sole dispositive power over 5,274,037 shares. In its Schedule 13G/A filing, BlackRock states that the shares of our common stock reported in the filing were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.


# COMPENSATION COMMITTEE INTERLOCKS AND INSIDER **PARTICIPATION**

During 2022, each of Messrs. Hilton and Mason and Ms. Lincoln, Ms. Runtagh and Ms. Walker served on the Compensation and Executive Development Committee. No Compensation and Executive Development Committee member was an employee of Lincoln Electric or any of its subsidiaries, and there were no reportable business relationships between Lincoln Electric and the Compensation and Executive Development Committee members. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Compensation and Executive Development Committee. In addition, none of our executive officers serves as a member of the compensation committee of any entity that has one or more of its executive officers serving as a member of our Board.



## ANNUAL MEETING PROPOSALS

<p><b>PROPOSAL 1</b></p> <p>Election of 10 Directors to serve until 2024 Annual Meeting or until their successors are duly elected and qualified</p>	  	<p>The Board recommends a vote <b>FOR</b> all Director Nominees. Our Nominating and Corporate Governance Committee and our Board of Directors have determined that each of the Director Nominees possesses the right skills, qualifications and experience to effectively oversee Lincoln Electric's long-term business strategy.</p> <p>See "Proposal 1—Election of Directors" beginning on page 22 of this Proxy Statement for additional information.</p>
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<p><b>PROPOSAL 2</b></p> <p>Ratification of independent registered public accounting firm</p>		<p>The Board recommends a vote <b>FOR</b> this proposal. Our Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of Ernst &amp; Young LLP as Lincoln Electric's independent registered public accounting firm for the year ending December 31, 2023.</p>
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Fees for professional services provided by Ernst & Young LLP as our independent auditors in each of the last two fiscal years, in each of the following categories are:

	2022	2021
Audit Fees	\$2,482,000	\$2,459,000
Audit-Related Fees	246,000	404,000
Tax Fees	479,000	436,000
All Other Fees	—	—
Total Fees	\$3,207,000	\$3,299,000

Audit Fees include fees associated with the annual integrated audit of the financial statements and internal control over financial reporting in 2022 and 2021, the reviews of our quarterly reports on Form 10-Q, certain statutory audits required for our international subsidiaries and services provided in connection with regulatory filings with the SEC. Audit-Related Fees for 2022 and 2021 primarily relate to audit-related services associated with acquisitions. Tax Fees include tax compliance, transfer pricing and tax advisory services.

### AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services performed by our independent auditors, including the scope of and fees for such services. Generally, requests for audit, audit-related and tax services, each as defined in the policy, must be presented for approval prior to the performance of such services, to the extent known at that time. For 2022, the Audit Committee has resolved that four specific categories of services, namely audit services, audit-related services, tax advisory services, and tax compliance services, are permissible without itemized pre-approval in an amount not to exceed for each service:

Pre-Approval Amount	Services
\$2,728,000	Audit, and Audit-Related services for acquisitions, new accounting pronouncements and other international statutory requirements
\$800,000	Tax Advisory and Tax Compliance services

Itemized detail of all such services performed is subsequently provided to the Audit Committee. In addition, our independent auditors are prohibited from providing certain services described in the policy as prohibited services. All of the fees included in Audit Fees, Audit-Related Fees and Tax Fees shown above were pre-approved by the Audit Committee (or included in the pre-approved fee limits, as applicable, for certain services as detailed above).

Generally, requests for independent auditor services are submitted to the Audit Committee by our Executive Vice President, CFO and Treasurer (or other member of our senior financial management) and our independent auditors for consideration at the Audit Committee's regularly scheduled meetings. Requests for additional services in the categories mentioned above may be approved at subsequent Audit Committee meetings to the extent that none of such services is performed prior to its approval (unless such services are included in the categories of services that fall within the dollar limits detailed above). The Chairman of the Audit Committee is also delegated the authority to approve independent auditor services requests under certain dollar thresholds provided that the pre-approval is reported at the next meeting of the Audit Committee. All requests for independent auditor services must include a description of the services to be provided and the fees for such services.

Representatives of Ernst & Young LLP are expected to be available at the Annual Meeting, will have an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate shareholder questions. Although ratification of the appointment of the independent auditors is not required by law, the Audit Committee and the Board believe that shareholders should be given the opportunity to express their views on the subject. While not binding on the Audit Committee or the Board, the failure of the shareholders to ratify the appointment of Ernst & Young LLP as our independent auditors would be considered by the Board in determining whether or not to continue the engagement of Ernst & Young LLP. Ultimately, the Audit Committee retains full discretion and will make all determinations with respect to the appointment of independent auditors, whether or not our shareholders ratify the appointment.

**MAJORITY VOTE NEEDED**

Ratification requires the affirmative vote of the majority of the shares of our common stock present or represented and entitled to vote on the matter at the Annual Meeting. Unless otherwise directed, shares represented by proxy will be voted FOR ratification of the appointment of Ernst & Young LLP. Abstentions will have the same effect as a vote "against" the proposal.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE  
APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM**

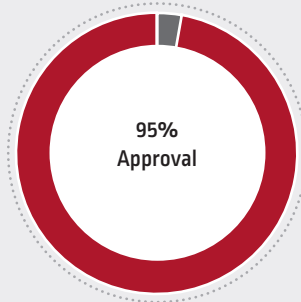
**PROPOSAL 3**



Approval, on an advisory basis, of NEO compensation

The Board recommends a vote **FOR** this proposal. Our Board recommends that shareholders vote "FOR" the approval, on an advisory basis, of the compensation of our NEOs.

**Say-on-Pay Vote at 2022 Annual Meeting**



**95%**

of shareholders who voted on the "say-on-pay" proposal voted FOR the approval of the compensation of our NEOs.

The Compensation and Executive Development Committee believes that the historically positive say-on-pay shareholder votes reinforce the philosophy and objectives of our executive compensation program. We conduct annual say-on-pay votes. Subject to the outcome of the vote on Proposal 4, our next say-on-pay vote will be held at the 2024 Annual Meeting.

Our compensation philosophy is to pay for performance, a philosophy that has been rooted in our history and tradition for almost 130 years. Our compensation program consists of elements designed to complement one another and focus on both short-term and long-term performance. The Compensation and Executive Development Committee regularly reviews peer group data and best practices and trends related to executive compensation to help ensure that our programs are properly aligned with our business strategy and philosophy, as well as promote shareholder value. The Committee receives advice from independent consultants. In addition to the information provided earlier in the CD&A section, we believe shareholders should consider the following in determining whether to approve this proposal:

**OUR CULTURE AND PERFORMANCE**

To maintain a performance-driven culture, we:

- Expect our executives to deliver above-market financial results;
- Provide systems that tie executive compensation to superior financial performance;
- Take action when needed to address specific business challenges; and
- Maintain good governance practices in the design and operation of our executive compensation programs.

We have a long track record of delivering increased value to our shareholders.

**PAY FOR PERFORMANCE**

In designing our executive compensation programs, a core philosophy is that our executives should be rewarded when they deliver financial results that provide value to our shareholders. Therefore, we have established a program that ties executive compensation to superior financial performance.

We have a balanced pay mix between short-term and long-term incentives:

- **Base Salaries.** Base salaries for our NEOs are generally targeted at the 45th percentile of benchmark data (below market median). For 2022, the average base salary increase for the NEOs was 3.4% excluding salary increases for promotions and assigned temporary duties.
- **Annual Bonus Awards Are Aligned with Our Performance and Contain a Balanced Mix of Metrics.** The total cash compensation for our NEOs, which includes base pay and the annual bonus (EMIP), is targeted at the 65th percentile of benchmark data (above market median). The EMIP is based on a balance of metrics—both financial and personal—with the financial components based on Adjusted Revenue for Compensation Purposes, EBITB and AOWC/ Sales for Compensation Purposes and with a mix of consolidated and, if applicable, segment performance. For 2022, annual bonus payments for the NEOs increased 48%.
- **Performance Share Payouts Were Above Target.** For the 2020-2022 performance cycle, the Performance Shares paid out above target, as a result of ROIC for Compensation Purposes performance above maximum and Adjusted Net Income for Compensation Purposes performance above target.
- **Long-Term Incentives Are Aligned with the Interests of Our Shareholders.** We believe that incentives should be based on factors that deliver long-term sustainability for Lincoln Electric. Therefore, the NEOs receive three types of long-term incentives. The three components are: (1) stock options, (2) RSUs and (3) Performance Shares. Total awards are targeted at the 50th percentile of benchmark data (at market median).

### GOOD GOVERNANCE PRACTICES

In addition to our emphasis on pay for performance, we design our programs to be current with best practices and good corporate governance. We also consider the risks associated with any particular program, design or compensation decision. We believe these assessments result in sustained, long-term shareholder value. Some of the governance practices include:

- Officers Are Subject to Stock Ownership Guidelines
- Compensation and Executive Development Committee Receives Regular Updates
- Compensation and Executive Development Committee Retains Independent Advisors
- No Compensation Consultant Conflicts of Interest
- No Multi-Year Guarantees on Compensation
- No Dividends on Unvested RSUs or Performance Shares
- Broad Clawback Policy
- Change in Control Agreements Require a Double-Trigger
- No Tax Gross-Ups
- No Hedging or Pledging of Lincoln Electric Stock by Officers
- Limited Perquisites

As illustrated above, the Compensation and Executive Development Committee has and will continue to take action to structure our executive compensation program in a manner that is performance-based, current with best practices and good corporate governance and aimed at sustaining long-term shareholder value. The Board believes that the executive compensation disclosed in the CD&A section, tabular disclosures (including the 2022 Summary Compensation Table) and other narrative disclosures in this Proxy Statement aligns with our peer group pay practices and compensation philosophy.

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Exchange Act, we are asking you to cast an advisory (non-binding) vote on the following resolution at the Annual Meeting:

**RESOLVED**, that the compensation awarded to our NEOs, as disclosed pursuant to Item 402 of Regulation S-K in the Compensation Discussion and Analysis and the tabular disclosure (together with the accompanying narrative disclosure) in this Proxy Statement, as required by the rules of the Securities and Exchange Commission, is hereby approved on an advisory basis.

**YOUR VOTE MATTERS TO US**

As an advisory vote, this proposal is not binding on us. However, the Compensation and Executive Development Committee, which is responsible for designing and administering our executive compensation programs, values the opinions expressed by shareholders in their vote on this proposal and expects to consider the outcome of the vote when making future compensation decisions for NEOs.

**MAJORITY VOTE NEEDED**

A favorable vote of a majority of the shares of our common stock present or represented by proxy and entitled to vote on the matter is necessary for approval of the proposal. Abstentions will have the same effect as a vote “against” the proposal and broker non-votes will not be counted for determining whether the proposal is approved.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE, FOR APPROVAL, ON AN ADVISORY BASIS, OF  
THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

**PROPOSAL 4**



To recommend, on an advisory basis, the frequency for future advisory votes to approve the compensation of our NEOs

The Board recommends a vote for **EVERY YEAR**. Our Board recommends that shareholders vote for “EVERY YEAR” for the frequency on future advisory votes to approve the compensation of our NEOs

In addition to the advisory approval of compensation for our named executive officers, we are seeking a non-binding approval by our shareholders as to the frequency for future advisory votes to approve the compensation of our NEOs. Similar to Proposal 3, this vote is required under Dodd-Frank, as well as the Exchange Act. We are providing shareholders the option of recommending a frequency of EVERY YEAR, EVERY TWO YEARS, or EVERY THREE YEARS, or abstaining from voting on this proposal.

**WE BELIEVE THE ADVISORY VOTE SHOULD BE HELD EVERY YEAR**

We believe that the advisory vote to approve the compensation of our NEOs should be held every year, as is our current practice, so that shareholders may express their views on a regular basis and provide more direct input and feed-back on our compensation philosophy and programs. An annual vote will allow us to gain “real-time” feedback (and provide better clarity) as we review, modify and implement our programs.

You have the opportunity to vote to recommend the frequency for future advisory votes to approve NEO compensation that you believe is appropriate— EVERY YEAR, EVERY TWO YEARS, or EVERY THREE YEARS —or you may abstain. The proxy card provides for these voting options—note that you are not voting to approve or disapprove our recommendation that the vote be held every year.

**YOUR VOTE MATTERS TO US**

As an advisory vote, the outcome of the vote on this proposal is not binding on us. However, the Board of Directors values the opinions expressed by shareholders, and will consider the outcome of the vote when determining the frequency of the shareholder advisory vote to approve NEO compensation.

**PLURALITY VOTE NEEDED**

The choice among the three options that receives the highest number of votes cast (a plurality) will be deemed to be the shareholders’ preferred frequency with which Lincoln is to hold future shareholder advisory votes to approve the compensation of its NEOs. Abstentions and broker non-votes will have no effect on the result of this proposal.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EVERY YEAR FOR THE FREQUENCY FOR FUTURE ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

**PROPOSAL 5**



The Board recommends a vote **FOR** this proposal. Our Board recommends that shareholders vote “FOR” the approval of Lincoln Electric’s 2023 Equity and Incentive Compensation Plan.

To approve Lincoln Electric’s 2023 Equity and Incentive Compensation Plan

On February 15, 2023, upon the recommendation of the Compensation and Executive Development Committee (which we refer to as the Compensation Committee), our Board unanimously approved and adopted the 2023 Equity and Incentive Compensation Plan (which we refer to as the 2023 Employee Plan), subject to the approval of our shareholders at the Annual Meeting. If approved by our shareholders, the 2023 Employee Plan will succeed our 2015 Equity and Incentive Compensation Plan (which we refer to as the 2015 Employee Plan). The 2015 Employee Plan has shares remaining available for new awards as of the date of this proxy statement, but if the 2023 Employee Plan is approved by our shareholders, no further grants will be made under the 2015 Employee Plan. Further, any grants under the 2015 Employee Plan after February 24, 2023 will reduce the number of shares requested under the 2023 Employee Plan, as further described below.

You are being asked to approve the 2023 Employee Plan. Our shareholders previously approved our 2015 Employee Plan, which currently allows us to grant stock options, stock appreciation rights, restricted shares, restricted stock units, performance shares and performance units to our officers and other employees (including those of our subsidiaries) and certain consultants. The 2023 Employee Plan will continue to afford the Compensation Committee the ability to design compensatory awards that are responsive to our needs, and it authorizes this same variety of award types designed to advance our interests and long-term success by encouraging stock ownership among our employees (including officers) and those of our subsidiaries. Shareholder approval of the 2023 Employee Plan would constitute approval of 2,025,000 common shares for use under the 2023 Employee Plan, and we would no longer have available common shares remaining available under the 2015 Employee Plan as of the effective date of the 2023 Employee Plan, as further described below.

The Board recommends that you vote to approve the 2023 Employee Plan. If the 2023 Employee Plan is approved by our shareholders at the Annual Meeting, it will be effective as of the date of the Annual Meeting, and no further grants will be made on or after such date under the 2015 Employee Plan. Outstanding awards under the 2015 Employee Plan will, however, continue in effect in accordance with their terms. In the event that our shareholders do not approve the 2023 Employee Plan, then it will not become effective, no awards will be granted under the 2023 Employee Plan, and the 2015 Employee Plan will continue in accordance with its terms as previously approved by our shareholders.

The following summary of the material provisions of the 2023 Employee Plan is not intended to be exhaustive and is qualified in its entirety by the terms of the 2023 Employee Plan, a copy of which is set forth as Appendix B to this Proxy Statement.

**WHY WE BELIEVE YOU SHOULD VOTE FOR PROPOSAL 5**

The 2023 Employee Plan authorizes the Compensation Committee to provide equity-based compensation in the form of option rights (or stock options), stock appreciation rights (or SARs), restricted shares, restricted stock units (or RSUs), performance shares, performance units, dividend equivalents and certain other cash and stock or stock-based awards as described in the 2023 Employee Plan. The purposes of these awards is to attract and retain officers and other employees (and those of our subsidiaries), certain non-employees who perform employee functions and certain consultants, and to provide such persons incentives and rewards for performance. Some of the key features of the 2023 Employee Plan that reflect our commitment to effective management of equity and incentive compensation are set forth below.

We believe our future success depends in part on our ability to attract, motivate and retain highly qualified employees. The ability to provide equity-based and incentive-based awards under the 2023 Employee Plan is critical to achieving this success. We would be at a distinct competitive disadvantage if we could not use share-based awards to recruit and compensate our employees.

The use of our common shares as part of our compensation program is important because equity-based awards are an essential component of our compensation program for key employees, as they help link compensation with long-term shareholder value creation and reward participants based on service and/or performance.

As of February 24, 2023, only 462,318 shares remained available for issuance under the 2015 Employee Plan. If the 2023 Employee Plan is approved, these shares would no longer be available for issuance. If the 2023 Employee Plan is not approved, we may be compelled to increase the cash component of our employee compensation. This approach may not necessarily align employee compensation interests with the investment interests of our shareholders. Replacing equity awards with cash would also increase cash compensation expense and use cash that could potentially be better utilized.

The following includes aggregated information regarding our view of the overhang and dilution associated with the 2015 Employee Plan, and the potential dilution associated with the 2023 Employee Plan. Please note that we also are seeking approval for shares under our 2023 Stock Plan for Non-Employee Directors, as described below in Proposal 6, and you may want to take the information set forth in Proposal 6 into consideration when evaluating this Proposal 5 to fully determine the consequences of both proposed share requests. The information below is as of February 24, 2023. As of that date, there were approximately 57,607,457 common shares outstanding:

- Outstanding full-value awards (RSUs and performance shares based on maximum performance): 613,786 shares (approximately 1.07% of our outstanding common shares);
- Outstanding stock options: 1,184,866 shares (approximately 2.06% of our outstanding common shares) (outstanding stock options have a weighted average exercise price of \$100.20 and a weighted average remaining term of 6.3 years);
- In summary, total common shares subject to outstanding awards, as described above (full-value awards and stock options): 1,798,652 shares (approximately 3.12% of our outstanding common shares, reflecting the simple dilution of the holders of common shares);
- Total common shares available for future awards under the 2015 Employee Plan: zero shares (approximately 0% of our outstanding common shares) (this is because no further grants will be made under the 2015 Employee Plan upon the effective date of the 2023 Employee Plan; further, any grants under the 2015 Employee Plan after February 24, 2023 will reduce the number of shares requested under the 2023 Employee Plan, as described below);
- Considering the 2015 Employee Plan as described above, the total number of common shares subject to outstanding awards (1,798,652 shares) represents a current overhang percentage of approximately 3.12% (in other words, the potential dilution of the holders of common shares represented by the 2015 Employee Plan);
- Proposed common shares available for awards under the 2023 Employee Plan: 2,025,000 shares (approximately 3.52% of our outstanding common shares - this percentage reflects the initial simple dilution of the holders of common shares that would occur if the 2023 Employee Plan is approved); however, any grants under the 2015 Employee Plan after February 24, 2023 will reduce the number of shares requested under the 2023 Employee Plan on a share-for-share basis and
- The total common shares subject to outstanding awards as of February 24, 2023 (1,798,652 shares), plus the proposed common shares available for future awards under the 2023 Employee Plan (2,025,000 shares, assuming no grants under the 2015 Employee Plan after February 24, 2023), represent an approximate total overhang of 3,823,652 shares (approximately 6.64%) under the 2023 Employee Plan (this percentage reflects the total fully diluted overhang).

Based on the closing price on the NASDAQ Stock Market for our common shares on February 24, 2023 of \$165.91 per share, the aggregate market value as of February 24, 2023 of the 2,025,000 shares requested for issuance under the 2023 Employee Plan was \$335,967,750. In 2020, 2021 and 2022, we granted awards under the 2015 Employee Plan covering 394,922 shares, 301,821 shares and 275,190 shares, respectively. Based on our basic weighted average common shares outstanding for those periods of 59,633,000, 59,309,000 and 58,030,000, respectively, for the 2020-2022 period, our average run rate, not taking into account forfeitures, was 0.55% (the run rates for these individual periods were 0.66% for 2020, 0.51% for 2021, and 0.47% for 2022).

In determining the number of shares to request for approval under the 2023 Employee Plan, our management team worked with Willis Towers Watson, our compensation consultant, and the Compensation Committee to evaluate a number of factors, including our recent share usage and criteria expected to be utilized by institutional proxy advisory firms in evaluating our proposal for the 2023 Employee Plan.

If the 2023 Employee Plan is approved, we intend to utilize the shares authorized under the 2023 Employee Plan to continue our practice of incentivizing key individuals through annual or off-cycle equity grants. We currently anticipate that the shares requested in connection with the approval of the 2023 Employee Plan will last about 6 years, based on our historical grant rates and the approximate current stock price, but could last for a different period of time if actual practice does not match historical rates or our stock price changes materially. As noted in "2023 Employee Plan Highlights" and elsewhere below, our Compensation Committee would retain full discretion under the 2023 Employee Plan to determine the number and amount of awards to be granted under the 2023 Employee Plan, subject to the terms of the 2023 Employee Plan, and future benefits that may be received by participants under the 2023 Employee Plan are not determinable at this time.

We believe that we have demonstrated a commitment to thoughtful and responsible equity compensation practices. We recognize that equity compensation awards dilute shareholder equity, so we have carefully managed our equity incentive compensation. Our equity compensation practices are intended to be competitive and consistent with market practices, and we believe our historical share usage has been disciplined and mindful of shareholder interests.

In evaluating this Proposal 5, shareholders should consider all of the information in this Proposal 5.



## 2023 EMPLOYEE PLAN HIGHLIGHTS

**Administration.** The 2023 Employee Plan will in general be administered by the Compensation Committee (or its successor), or any other committee of the Board designated by the Board to administer the 2023 Employee Plan. The Compensation Committee may delegate its authority under the 2023 Employee Plan to a subcommittee. The Compensation Committee or the subcommittee may delegate to one or more of its members or to one or more of our officers, agents or advisors, administrative duties or powers, and may authorize one or more officers to do one or both of the following (subject to certain limitations described in the 2023 Employee Plan):

- designate employees to receive awards under the 2023 Employee Plan; and
- determine the size of any such awards.

Any interpretation, construction and determination by the Compensation Committee of any provision of the 2023 Employee Plan, or of any agreement, notification or document evidencing the grant of awards under the 2023 Employee Plan, will be final and conclusive. The Compensation Committee is authorized to take appropriate action under the 2023 Employee Plan subject to the express limitations contained in the 2023 Employee Plan.

**Reasonable 2023 Employee Plan Limits.** Subject to adjustment as described in the 2023 Employee Plan, total awards under the 2023 Employee Plan are limited to 2,025,000 shares, minus (as of the effective date of the 2023 Employee Plan) one share for every one share subject to an award granted under the 2015 Employee Plan between February 24, 2023 and such effective date, plus any shares made available under the 2023 Employee Plan as described below. These shares may be shares of original issuance or treasury shares or a combination of the foregoing. If approved by our shareholders, the 2023 Employee Plan will become effective and no further awards will be made under the 2015 Employee Plan.

The 2023 Employee Plan also provides that, subject to adjustment as described in the 2023 Employee Plan:

- the aggregate number of common shares actually issued or transferred upon the exercise of incentive stock options, or ISOs, will not exceed 2,025,000 common shares;
- no participant will be granted stock options and/or SARs, in the aggregate, for more than 500,000 common shares during any calendar year;
- no participant will be granted awards of restricted shares, RSUs, performance shares and/or other stock-based awards, in the aggregate, for more than 500,000 common shares during any calendar year;
- no participant in any calendar year will receive awards of performance units and/or other awards payable in cash having an aggregate maximum value as of their respective grant dates in excess of \$5,000,000; and
- awards that do not comply with the applicable minimum one-year vesting period requirement provided for in the 2023 Employee Plan (as further described below) may not be granted with respect to more than 5% of the maximum number of common shares available under the 2023 Employee Plan.

**Allowances for Conversion Awards and Assumed Plans.** Subject to the 2023 Employee Plan's share counting rules, common shares covered by awards granted under the 2023 Employee Plan will not be counted as used unless and until the shares are actually issued or transferred. However, common shares issued or transferred under awards granted under the 2023 Employee Plan in substitution for or conversion of, or in connection with an assumption of, stock options, SARs, restricted shares, RSUs or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with us or any of our subsidiaries will not count against (or be added back to) the aggregate share limit or other 2023 Employee Plan limits described above. Additionally, shares available under certain plans that we or our subsidiaries may assume in connection with corporate transactions from another entity may be available for certain awards under the 2023 Employee Plan, under circumstances further described in the 2023 Employee Plan, but will not count against the aggregate share limit or other 2023 Employee Plan limits described above.

**Limited Share Recycling Provisions.** Generally, the aggregate number of common shares available under the 2023 Employee Plan will be reduced by one common share for every one common share subject to an award granted under the 2023 Employee Plan. If any common shares issued or transferred pursuant to an award granted under the 2023 Employee Plan are forfeited, or an award granted under the 2023 Employee Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part) (or if after February 24, 2023, any common shares subject to an award granted under the 2015 Employee Plan are forfeited, or an award granted under the 2015 Employee Plan is cancelled or forfeited, expires, or is settled for cash (in whole or in part)), the common shares issued or transferred pursuant to, or subject to, such award (as applicable) will, to the extent of such cancellation, forfeiture, expiration, or cash settlement, again be available for issuance or transfer as described in the 2023 Employee Plan. The following common shares will not be added back to the aggregate share limit under the 2023 Employee Plan: (1) shares tendered or otherwise used in payment of an option's exercise price; (2) shares withheld or otherwise used by us to satisfy tax withholding obligations; and (3) shares that are repurchased by us with stock option proceeds. Further, all common shares covered by SARs that are exercised and settled in shares, whether or not all common shares covered by the SARs are actually issued to the

participant upon exercise, will be considered issued or transferred pursuant to the 2023 Employee Plan. If a participant elects to give up the right to receive compensation in exchange for common shares based on fair market value, such common shares will not count against the aggregate share limit under the 2023 Employee Plan.

**Minimum Vesting Periods/Double-Trigger Change in Control.** The 2023 Employee Plan provides that, except for awards regarding up to an aggregate of 5% of the maximum number of common shares that may be issued or transferred under the 2023 Employee Plan, no award may have a vesting period of less than one year. Further, in the event of a Change in Control (as defined in the 2023 Employee Plan), unless otherwise determined by the Compensation Committee or set forth in an award agreement, or as provided for in an individual severance or employment agreement:

- If a Replacement Award (as defined in the 2023 Employee Plan) is not provided to replace or adjust an outstanding award, and the awardee remains continuously employed by us until the Change in Control, then then outstanding Stock Options and SARs will become fully vested and exercisable and outstanding restricted shares, RSUs, performance units, performance shares and other stock-based awards will become fully vested (for performance awards, based on the greater of target and actual performance through the most recent date prior to the Change in Control plus expected performance for the rest of the performance period) (we refer to this level of payment as the CIC payout level);
- If the awardee was a party to a severance agreement with us providing for benefits in connection with the Change in Control when he or she is terminated, and the awardee's employment was terminated by us (1) other than for Cause (as defined in the 2023 Employee Plan) or pursuant to an individually negotiated arrangement after the award's date of grant, (2) following the commencement of any discussion with a third person that resulted in the Change in Control and (3) within twelve months prior to the Change in Control, then outstanding Stock Options and SARs will become fully vested and exercisable and outstanding restricted shares, RSUs, performance units, performance shares and other stock-based awards will become fully vested (for performance awards, at the CIC payout level); and
- Upon termination of the awardee's employment with us or any successor for Good Reason (as defined in the 2023 Employee Plan), a termination of the awardee's employment by us or any successor other than a termination for Cause (as defined in the 2023 Employee Plan), or the awardee's death or disability, in each case, occurring at or during two years after the Change in Control, then all Replacement Awards will become fully vested as described in the 2023 Employee Plan, and all stock options and SARs held immediately before such termination of employment that were held as of the Change in Control or that constitute Replacement Awards will become fully exercisable and will remain exercisable until the expiration of the stated term of such award.

**No Repricing Without Shareholder Approval.** We have never repriced underwater stock options or SARs, and the repricing of options and SARs (outside of certain corporate transactions or adjustment events described in the 2023 Employee Plan) is prohibited without shareholder approval under the 2023 Employee Plan.

**Change in Control Definition.** The 2023 Employee Plan includes a definition of "Change in Control." Generally, unless otherwise prescribed by the Compensation Committee in an award agreement, a Change in Control will generally be deemed to have occurred if:

- a person or group (excluding certain purchases directly from us or by us or our subsidiaries, by our or our subsidiaries' employee benefit plans or related trusts, or by any person or group in a transaction that constitutes a "business combination" as described in the second-to-last bullet of this paragraph) acquires beneficial ownership of 30% or more of the combined voting power of our outstanding securities entitled to vote generally in the election of our directors (which we refer to as voting power), excluding certain inadvertent purchases or ownership levels as described in the definition in the 2023 Employee Plan;
- individuals who as of the effective date of the 2023 Employee Plan constituted our entire Board (which we refer to as the incumbent Board) cease to constitute at least a majority of our Board, unless their replacements are approved as described in the 2023 Employee Plan;
- we consummate a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of our assets, or the acquisition of the stock or assets of another corporation, or other transaction (which we refer to as a business combination) unless generally (1) owners of our voting power before the business combination generally own a majority of the outstanding voting power of the resulting entity, (2) no person or group (excluding certain entities) beneficially owns 30% or more of the outstanding voting power of the resulting entity, and (3) at least a majority of the board of the resulting entity were members of our incumbent Board when the initial agreement for the business combination was signed or our Board approved the business combination, if earlier; or
- our shareholders approve a complete liquidation or dissolution of our company, except pursuant to a business combination discussed in the immediately preceding bullet of this paragraph.

#### *Other Features.*

- The 2023 Employee Plan also provides that, except with respect to converted, assumed or substituted awards as described in the 2023 Employee Plan, no stock options or SARs will be granted with an exercise or base price less than the fair market value of our common shares on the date of grant.

## SUMMARY OF OTHER MATERIAL TERMS OF THE 2023 EMPLOYEE PLAN

**Shares Available Under the 2023 Employee Plan.** Subject to adjustment as provided in the 2023 Employee Plan and the 2023 Employee Plan share counting rules, the number of common shares that may be issued or transferred:

- upon the exercise of stock options or SARs;
- as restricted shares and released from substantial risks of forfeiture;
- in payment of RSUs;
- in payment of performance shares or performance units that have been earned;
- as stock or other stock-based awards; or
- in payment of dividend equivalents;

will not exceed in the aggregate 2,025,000 common shares, plus any shares subtracted from or added (or added back) into the 2023 Employee Plan as described above.

**Eligibility.** Our and our subsidiaries' officers and other employees (estimated to be 12,000 persons as of February 24, 2023) may be selected by the Compensation Committee to receive awards under the 2023 Employee Plan. Any person who provides services to us or a subsidiary that are equivalent to those typically provided by an employee (estimated to be 100 persons as of February 24, 2023) may also be eligible to participate in the 2023 Employee Plan, subject to the terms of the 2023 Employee Plan. Consultants to us or our subsidiaries may also be eligible to participate in the 2023 Employee Plan (no estimated participants as of February 24, 2023). The Compensation Committee generally determines which persons will receive awards and the number of shares subject to or amount of such awards. The basis for participation in the 2023 Employee Plan by eligible persons is the selection of such persons by the Compensation Committee (or its authorized delegate) in its discretion.

**Option Rights (Stock Options).** The Compensation Committee may grant stock options that entitle the optionee to purchase a specified number of common shares at a price (except with respect to converted, assumed or substituted awards as described in the 2023 Employee Plan) not less than market value per share on the date of grant. The option price is payable:

- in cash or by check or wire transfer at the time of exercise,
- by the transfer to us of common shares owned by the participant having a value at the time of exercise equal to the option price,
- by a "net exercise" arrangement by which we withhold common shares otherwise issuable upon exercise of the stock option,
- by a combination of such payment methods, or
- by such other method as may be approved by the Compensation Committee.

To the extent permitted by law, the Compensation Committee may permit payment of the exercise price in a broker-assisted process by which the proceeds of a sale through a broker of some or all of the option shares are forwarded to us in payment of the exercise price.

Stock options will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Employee Plan, as the Compensation Committee may approve. No stock option may be exercisable more than ten years from the date of grant. Each grant will specify the period of continuous service that is necessary before the stock options become exercisable. Notwithstanding the 2023 Employee Plan minimum vesting provisions, the vesting of stock options may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement. Any grant of stock options may specify management objectives (as described below) that must be achieved as a condition to exercising such rights. Stock options granted pursuant to the 2023 Employee Plan, which may be incentive stock options under the Code or non-qualified stock options, as described in the 2023 Employee Plan, may not provide for any dividends or dividend equivalents thereon.

**SARs.** A SAR is a right, exercisable by the surrender of a related stock option (if granted in tandem with stock options) or by itself (if granted as a free-standing SAR), to receive from us an amount equal to 100%, or such lesser percentage as the Compensation Committee may determine, of the spread between the base price (or option exercise price if a tandem SAR) and the value of our common shares on the date of exercise. Any grant may specify that the amount payable on exercise of a SAR may be paid by us in cash, in common shares, or in any combination of the two.

SARs will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Employee Plan, as the Compensation Committee may approve. Any grant of a tandem SAR will provide that it may be exercised only at a time when the related stock option is also exercisable, at a time when the spread is positive, and by surrender of the related stock option for cancellation. Successive grants of a tandem SAR may be made to the same participant regardless of whether any tandem SARs previously granted to the participant remain unexercised. Each grant will specify in respect of each free-standing SAR a base price that, except with respect to converted, assumed or substituted awards as described in the 2023 Employee Plan, may not be less than the market value per share of a common share on the date of grant. Successive grants may be made to the same participant regardless of whether any free-standing SARs previously granted to the participant remain unexercised. No free-standing SAR granted under the 2023 Employee Plan may be exercised more than ten years from the date of grant. Each grant will specify the period of continuous service with us or any subsidiary that is necessary before the SARs become exercisable. Notwithstanding the 2023 Employee Plan minimum vesting provisions, the vesting of SARs may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement. Any grant of SARs may specify management objectives (as described below) that must be achieved as a condition to exercising such SARs. SARs granted pursuant to the 2023 Employee Plan may not provide for any dividends or dividend equivalents thereon.

**Restricted Shares.** A grant of restricted shares involves the immediate transfer by us to a participant of ownership of a specific number of common shares in consideration of the performance of services. The participant is entitled immediately to voting, dividend and other ownership rights in such common shares, but subject to a substantial risk of forfeiture and restrictions on transfer as described below. The transfer may be made without additional consideration or in consideration of a payment by the participant that is less than current market value at the date of grant, as the Compensation Committee may determine.

Restricted shares that vest only upon the passage of time must be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Internal Revenue Code for a period as the Compensation Committee may determine. Each such grant or sale of restricted shares will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the restricted shares will be prohibited or restricted in the manner and to the extent prescribed by the Compensation Committee at the date of grant (which restrictions may include, without limitation, rights of repurchase or first refusal or provisions subjecting the restricted shares to a continuing substantial risk of forfeiture in the hands of any transferee). Notwithstanding the 2023 Employee Plan minimum vesting provisions, the vesting of restricted shares may be accelerated in the event of the awardee’s retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement.

Any grant of restricted shares may specify management objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such shares.

Grants of restricted shares will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Employee Plan, as the Compensation Committee may approve. Any grant or sale of restricted shares may require that any or all dividends or other distributions paid with respect to the restricted shares during the period of restriction be automatically deferred and reinvested in additional restricted shares. Dividends and dividend equivalents shall be subject to the same restrictions as the applicable portion of the underlying award.

**Restricted Stock Units (RSUs).** A grant of RSUs constitutes an agreement by us to deliver common shares or cash to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the restriction period as the Compensation Committee may specify. During the applicable restriction period, the participant will have no rights of ownership in the common shares deliverable upon payment of the RSUs and will have no right to vote the common shares. The Compensation Committee may, at the date of grant, authorize the payment of dividend equivalents on RSUs, either in cash or in additional common shares. However, dividends or other distributions on common shares underlying RSUs will be subject to the same restrictions as the applicable portion of the underlying award.

RSUs will have a restriction period as determined by the Compensation Committee. Notwithstanding the 2023 Employee Plan minimum vesting provisions, the vesting of RSUs may be accelerated in the event of the awardee’s retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement. Any grant of RSUs may specify management objectives that, if achieved, will result in termination or early termination of the restriction period applicable to such common shares.

RSUs will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Employee Plan, as the Compensation Committee may approve. Each grant or sale of RSUs may be made without additional consideration or in consideration of a payment by such participant that is less than the market value per share of common shares at the date of grant. Each grant or sale of RSUs will also specify the time and manner of payment of the RSUs that have been earned and will specify that the amount payable with respect to such grant will be paid by us in common shares or cash, or a combination of the two.

**Performance Shares and Performance Units.** A performance share is the equivalent of one common share and a performance unit is the equivalent of \$1.00 or such other value as determined by the Compensation Committee. A participant may be granted any number of performance shares or performance units, subject to the limitations set forth above. The participant will be given one or more management objectives to meet within a specified period, or Performance Period. The specified Performance Period will be a period of time as determined by the Compensation Committee at grant. Notwithstanding the 2023 Employee Plan minimum vesting provisions, the vesting of performance shares and performance units may be accelerated in the event of the awardee’s retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement.

Each grant of performance shares or performance units may specify, in respect of the relevant management objectives, a minimum acceptable level or levels of achievement and may set forth a formula for determining the number of performance shares or performance units that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified management objectives.

To the extent earned, performance shares or performance units will be paid to the participant at the time and in the manner determined by the Compensation Committee. Any grant may specify that the amount payable with respect thereto may be paid by us in cash, common shares, in restricted shares or RSUs, or any combination thereof. The Compensation Committee may, at the date of grant of performance shares, provide for the payment of dividend equivalents to a participant either in cash or in additional common shares, subject to the same restrictions as the applicable portion of the underlying award.

Performance shares and performance units will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Employee Plan, as the Compensation Committee may approve. Each grant will specify the amount of performance shares or performance units to which it pertains, which number may be subject to adjustment to reflect changes in compensation or other factors.

**Other Awards.** The Compensation Committee may, subject to limitations under applicable law, grant to any participant shares or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, common shares or factors that may influence the value of such shares, including, without limitation:

- convertible or exchangeable debt securities;
- other rights convertible or exchangeable into common shares;
- purchase rights for common shares;
- awards with value and payment contingent upon our performance or the performance of specified subsidiaries, affiliates or other business units of ours or any other factors designated by the Compensation Committee; and
- awards valued by reference to the book value of common shares or the value of securities of, or the performance of specified subsidiaries or affiliates or other business units of ours.

The Compensation Committee will determine the terms and conditions of the other awards. Common shares delivered pursuant to an award in the nature of a purchase right will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, common shares, other awards, notes or other property, as the Compensation Committee will determine. Cash awards, as an element of or supplement to any other award granted under the 2023 Employee Plan, may also be granted.

The Compensation Committee may grant shares as a bonus, or may grant other awards in lieu of our obligations to pay cash or deliver other property under the 2023 Employee Plan or under other plans or compensatory arrangements, subject to terms as determined by the Compensation Committee in compliance with Section 409A of the Code. Notwithstanding the 2023 Employee Plan minimum vesting provisions, the vesting of other awards may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement.

**Management Objectives.** The 2023 Employee Plan requires that the Compensation Committee establish "management objectives" for purposes of performance shares and performance units. When so determined by the Compensation Committee, stock options, SARs, restricted shares, RSUs, dividend equivalents or other awards under the 2023 Employee Plan may also specify management objectives. Management objectives may be described in terms of company-wide objectives or objectives that are related to the performance of the individual participant or of one or more of the subsidiaries, divisions, departments, regions, functions or other organizational units within the company or its subsidiaries. The management objectives may be made relative to the performance of other companies or subsidiaries, divisions, departments, regions, functions or other organizational units within such other companies, and may be made relative to an index or one or more of the performance criteria themselves.

**Amendments.** Our Board may at any time and from time to time amend the 2023 Employee Plan in whole or in part. However, if an amendment to the 2023 Employee Plan must be approved by our shareholders in order to comply with applicable law or the rules of the NASDAQ Stock Market (or our other applicable securities exchange), then such amendment will be subject to shareholder approval and will not be effective until such approval has been obtained. The Compensation Committee may amend the terms of any awards granted under the 2023 Employee Plan prospectively or retroactively. Except in connection with certain corporate transactions described in the 2023 Employee Plan, no amendment will materially impair the rights of any participant without his or her consent. Our Board may, in its discretion, terminate the 2023 Employee Plan at any time. Termination of the 2023 Employee Plan will not affect the rights of participants or their successors under any outstanding awards and not exercised in full on the date of termination.

**No Repricing of Stock Options or SARs Without Shareholder Approval.** Except in connection with certain corporate transactions described in the 2023 Employee Plan, the terms of outstanding awards may not be amended to reduce the option price of outstanding stock options or the base price of outstanding SARs, or cancel outstanding stock options or SARs in exchange for cash, other awards or stock options or SARs with an option price or base price, as applicable, that is less than the option price of the original stock options or base price of the original SARs, as applicable, without shareholder approval. This restriction is intended to prohibit the repricing of "underwater" stock options and SARs and will not be construed to prohibit the adjustments in connection with certain corporate transactions provided for in the 2023 Employee Plan. This prohibition may not be amended without approval by our shareholders.

**Transferability.** Except as otherwise determined by the Compensation Committee, no stock option, SAR, restricted share, RSU, performance share, performance unit, or other award granted under the 2023 Employee Plan, or dividend equivalents paid with respect to awards made under the 2023 Employee Plan, will be transferable by the participant except pursuant to a domestic relations order (that contains any information required by us to effectuate the transfer) or by will or the laws of descent and distribution, and in no event shall any such award granted under the 2023 Employee Plan be transferred for value. Except as otherwise determined by the Compensation Committee, stock options and SARs will be exercisable during the participant's lifetime only by him or her or, in the event of the participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the participant in a fiduciary capacity under state law and/or court supervision. The Compensation Committee may provide at the date of grant additional restrictions on transfer for certain common shares earned under the 2023 Employee Plan.



**Adjustments.** The Compensation Committee shall make or provide for such adjustments in the numbers of common shares covered by outstanding stock options, SARs, RSUs, performance shares and performance units granted under the 2023 Employee Plan and, if applicable, in the number of common shares covered by other awards, in the option price and base price provided in outstanding stock options and SARs, in the kind of stock covered by such awards and in the other terms, as the Compensation Committee, in its sole discretion, exercised in good faith, shall determine is equitably required to prevent dilution or enlargement of the rights of participants or optionees that otherwise would result from:

- any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of our company;
- any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities; or
- any other corporate transaction or event having an effect similar to these events or transactions.

However, such adjustments shall be made automatically, without the necessity of Compensation Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in out shares. Moreover, in the event of any such transaction or event or in the event of a change in control, the Compensation Committee shall provide in substitution for any or all outstanding awards under the 2023 Employee Plan such alternative consideration (including cash), if any, as it, in good faith, shall determine to be equitable in the circumstances and may require the surrender of all awards so replaced in a manner that complies with Section 409A of the Internal Revenue Code.

In addition, for each stock option or SAR with an option price or base price greater than the consideration offered in connection with any such termination or event or change in control, the Compensation Committee may in its discretion elect to cancel such stock option or SAR without any payment to the person holding such stock option or SAR. The Compensation Committee shall also make or provide for such adjustments in the total number of shares of common shares available under the 2023 Employee Plan, the per-person award limits expressed in shares and any other share limits under the 2023 Employee Plan as the Compensation Committee, in good faith, may determine is appropriate to reflect any transaction or event described above. However, any adjustment to the number of ISOs that may be granted under the 2023 Employee Plan will be made only if and to the extent that such adjustment would not cause any option intended to qualify as an ISO to fail to so qualify. Adjustments do not need to be the same for all awardees.

**Detrimental Activity and Recapture Provisions.** Any award agreement may provide for the cancellation or forfeiture of an award or the forfeiture and repayment of any gain related to an award, or other provisions intended to have a similar effect, upon terms and conditions determined by the Compensation Committee, if a participant, either during (1) his or her employment or other service with us or a subsidiary or (2) within a specific period after termination of employment or service, engages in any “detrimental activity” (as defined in such award agreement). In addition, any award agreement may provide for the cancellation or forfeiture of an award or the forfeiture and repayment to us of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Compensation Committee from time to time or under Section 10D of the Securities Exchange Act of 1934, as amended, or the rules of any national securities exchange or national securities association on which our common shares are traded.

**Withholding Taxes.** To the extent that we are required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a participant or other person under the 2023 Employee Plan, and the amounts available to us for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the participant or such other person make arrangements satisfactory to us for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Compensation Committee) may include relinquishment of a portion of such benefit or the delivery to us of our common shares. In no event shall the market value of the common shares to be withheld and delivered to satisfy applicable withholding taxes in connection with the benefit exceed the maximum amount of taxes required to be withheld.

**Effective Date and Termination.** The 2023 Employee Plan will be effective as of the date the 2023 Employee Plan is approved by our shareholders (which we refer to as the Effective Date). No grants will be made under the 2015 Employee Plan on or after the Effective Date, except that outstanding awards granted under the 2015 Employee Plan will continue unaffected following the Effective Date.

No grant will be made under the 2023 Employee Plan after April 19, 2033, which date is 10 years after the date on which our shareholders will have an opportunity to approve the 2023 Employee Plan, but all grants made on or prior to such date will continue in effect thereafter subject to the terms of the applicable award agreement and the terms of the 2023 Employee Plan.

We will not be required to issue any fractional common shares under the 2023 Employee Plan, but the Compensation Committee can either eliminate fractional common shares for no payment or settle fractional common shares in cash.

**Stock-Based Awards in Substitution for Options or Other Awards Granted by Another Company.** Awards may be granted under the 2023 Employee Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with us or any of our subsidiaries. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Internal Revenue Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of the 2023 Employee Plan, and may account for common shares substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

In the event that a company acquired by us or any of our subsidiaries or with which we or any subsidiary merges has shares available under a pre-existing plan previously approved by shareholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under the 2023 Employee Plan. However, awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not our employees or directors or employees or directors of any of our subsidiaries prior to the acquisition or merger.

#### FEDERAL INCOME TAX CONSEQUENCES

The following is a brief summary of some of the federal income tax consequences of certain transactions under the 2023 Employee Plan based on federal income tax laws in effect. This summary, which is presented for the information of shareholders considering how to vote on this proposal and not for 2023 Employee Plan participants, is not intended to be complete and does not describe federal taxes other than income taxes (such as Medicare and Social Security taxes), or state local or foreign tax consequences.

#### TAX CONSEQUENCES TO PARTICIPANTS

**Non-Qualified Stock Options.** In general: (1) no income will be recognized by an optionee at the time a non-qualified stock option is granted; (2) at the time of exercise of a non-qualified stock option, ordinary income will be recognized by the optionee in an amount equal to the difference between the option price paid for the common shares and the fair market value of the common shares, if unrestricted, on the date of exercise; and (3) at the time of sale of common shares acquired pursuant to the exercise of a non-qualified stock option, appreciation (or depreciation) in value of the common shares after the date of exercise will be treated as either short-term or long-term capital gain (or loss) depending on how long the common shares have been held.

**Incentive Stock Options (ISOs).** No income generally will be recognized by an optionee upon the grant or exercise of an ISO. If common shares are issued to the optionee pursuant to the exercise of an ISO, and if no disqualifying disposition of such common shares is made by such optionee within two years after the date of grant or within one year after the transfer of such common shares to the optionee, then upon sale of such common shares, any amount realized in excess of the option price will be taxed to the optionee as a long-term capital gain and any loss sustained will be a long-term capital loss.

If common shares acquired upon the exercise of an ISO are disposed of prior to the expiration of either holding period described above, the optionee generally will recognize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of such common shares at the time of exercise (or, if less, the amount realized on the disposition of such shares if a sale or exchange) over the option price paid for such common shares. Any further gain (or loss) realized by the participant generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period.

**SARs.** No income will be recognized by a participant in connection with the grant of a tandem SAR or a free-standing SAR. When the SAR is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted common shares received on the exercise.

**Restricted Shares.** The recipient of restricted shares generally will be subject to tax at ordinary income rates on the fair market value of the restricted shares (reduced by any amount paid by the participant for such restricted shares) at such time as the common shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Internal Revenue Code (which we refer to as the Restrictions). However, a recipient may instead elect under Section 83(b) of the Internal Revenue Code within 30 days of the date of transfer of the common shares to have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such common shares (determined without regard to the Restrictions) over the purchase price, if any, of such restricted shares. If a Section 83(b) election has not been made, any dividends received with respect to restricted shares that is subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

**RSUs.** No income generally will be recognized upon the award of RSUs. The recipient of a RSU award generally will be subject to tax at ordinary income rates on the fair market value of unrestricted common shares on the date that such shares are transferred to the participant under the award (reduced by any amount paid by the participant for such RSUs), and the capital gains/loss holding period for such shares will also commence on such date.

**Performance Shares and Performance Units.** No income generally will be recognized upon the grant of performance shares or performance units. Upon payment in respect of the earn-out of performance shares or performance units, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any unrestricted common shares received.

#### **TAX CONSEQUENCES TO US OR OUR SUBSIDIARIES**

To the extent that a participant recognizes ordinary income in the circumstances described above, we or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an “excess parachute payment” within the meaning of Section 280G of the Internal Revenue Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Internal Revenue Code.

#### **NEW PLAN BENEFITS**

It is not possible to determine the specific amounts and types of awards that may be awarded in the future under the 2023 Employee Plan because the grant and actual settlement of awards under the 2023 Employee Plan are subject to the discretion of the plan administrator.

#### **REGISTRATION WITH THE SEC**

We intend to file a Registration Statement on Form S-8 relating to the issuance of common shares under the 2023 Employee Plan with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, as soon as practicable after approval of the 2023 Employee Plan by our shareholders.

#### **MAJORITY VOTE NEEDED**

Approval of Proposal 5 requires the affirmative vote of the holders of a majority of Lincoln Electric common shares present or represented by Proxy at the Annual Meeting and entitled to vote on the matter when a quorum is present. Abstentions will have the effect of a vote “against”. Broker non-votes will not be considered entitled to vote on this item and, therefore, will not be counted in determining the results. Unless otherwise directed, shares represented by proxy will be voted FOR the approval of Proposal 5.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE  
2023 EQUITY AND INCENTIVE COMPENSATION PLAN**



**PROPOSAL 6**

The Board recommends a vote **FOR** this proposal. Our Board recommends that shareholders vote “FOR” the approval of Lincoln Electric’s 2023 Stock Plan for Non-Employee Directors.

To approve Lincoln Electric’s 2023 Stock Plan for Non-Employee Directors

On February 15, 2023, upon the recommendation of the Nominating and Corporate Governance Committee (which we refer to as the Nominating Committee), our Board unanimously approved and adopted the 2023 Stock Plan for Non-Employee Directors (which we refer to as the 2023 Director Plan), subject to the approval of our shareholders at the Annual Meeting. If approved by our shareholders, the 2023 Director Plan will succeed our 2015 Stock Plan for Non-Employee Directors, as amended (which we refer to as the 2015 Director Plan). The 2015 Director Plan has shares remaining available for new awards as of the date of this proxy statement, but if the 2023 Director Plan is approved by our shareholders, no further grants will be made under the 2015 Director Plan. You are being asked to approve the 2023 Director Plan. Our shareholders previously approved our 2015 Director Plan, which currently allows us to grant stock options, restricted shares and restricted stock units to our non-employee directors. Shareholder approval of the 2023 Director Plan would constitute approval of 200,000 common shares for use under the 2023 Director Plan, and we would no longer have available common shares remaining available under the 2015 Director Plan as of the effective date of the 2023 Director Plan, as further described below. The new share request under the 2023 Director Plan is subject to adjustment, including under the 2023 Director Plan share counting rules.

The Board recommends that you vote to approve the 2023 Director Plan. If the 2023 Director Plan is approved by our shareholders at the Annual Meeting, it will be effective as of the date of the Annual Meeting, and no further grants will be made on or after such date under the 2015 Director Plan. Outstanding awards under the 2015 Director Plan will, however, continue in effect in accordance with their terms. In the event that our shareholders do not approve the 2023 Director Plan, then it will not become effective, no awards will be granted under the 2023 Director Plan, and the 2015 Director Plan will continue in accordance with its terms as previously approved by our shareholders.

The following summary of the material provisions of the 2023 Director Plan is not intended to be exhaustive and is qualified in its entirety by the terms of the 2023 Director Plan, a copy of which is set forth as Appendix C to this Proxy Statement.

### WHY WE BELIEVE YOU SHOULD VOTE FOR PROPOSAL 6

The 2023 Director Plan authorizes the Nominating Committee to provide equity-based compensation in the form of option rights (or stock options), stock appreciation rights (or SARs), restricted shares, restricted stock units (or RSUs), dividend equivalents and certain other cash and stock or stock-based awards. The purposes of these awards are to: encourage our non-employee directors to own our stock; align the non-employee directors’ interests with those of our shareholders; provide non-employee directors with a vested interest in our attainment of our financial goals; and provide financial incentives that will help attract and retain the most qualified non-employee directors. Some of the key features of the 2023 Director Plan that reflect our commitment to effective management of equity and incentive compensation are set forth below.

We believe our future success depends in part on our ability to attract, motivate and retain highly qualified non-employee directors. The ability to provide equity-based awards under the 2023 Director Plan is a critical component to achieving this success. We would be at a distinct competitive disadvantage if we could not use equity-based awards to recruit, motivate and retain non-employee directors.

We also believe that equity compensation motivates non-employee directors to appropriately focus on actions that enhance shareholder value because they will share in that value enhancement through improved share price performance. Our equity compensation also effectively retains our non-employee directors and promotes a focus on sustained enhancement of shareholder value because our equity compensation awards can be subject to vesting.

As of February 24, 2023, no more than 186,917 shares remained available for issuance under the 2015 Director Plan (all of which remained available for issuance for restricted stock or RSU awards). All expected grants for our non-employee Directors have already been made under the 2015 Director Plan, and thus no grants with respect to any of these 186,917 shares will be made if the 2023 Director Plan is approved by our shareholders. If the 2023 Director Plan is not approved, we may be compelled to increase the cash component of our non-employee director compensation, which may not necessarily align non-employee director interests with the investment interests of our shareholders as well as the alignment provided by equity-based awards. Replacing equity awards with cash would also increase cash compensation expense and use cash that could potentially be better utilized.

The following includes aggregated information regarding our view of the overhang and dilution associated with the 2015 Director Plan and the potential dilution associated with the 2023 Director Plan. Please note that we also are seeking approval for shares under our 2023 Equity and Incentive Compensation Plan as described above in Proposal 5, and you may want to take the information set forth in Proposal 5 into consideration when evaluating this Proposal 6 to fully determine the consequences of both proposed share requests. The information below is as of February 24, 2023. As of that date, there were approximately 57,607,457 common shares outstanding:

**UNDER THE 2015 DIRECTOR PLAN:**

- Outstanding stock options: covering zero common shares (0% of our outstanding common shares);
- Outstanding full-value awards: 34,492 shares (0.06% of our outstanding shares);
- Total shares subject to outstanding awards, as described above: 34,492 shares (0.06% of our outstanding shares);
- Total shares available for future awards under the 2015 Director Plan: no more than 186,917 shares (0.32% of our outstanding shares); and
- Considering the 2015 Director Plan as described above, the total number of shares subject to outstanding awards under the 2015 Director Plan (34,492 shares) represents a current overhang or dilution to our shareholders of approximately 0.06%. Again, all expected grants for our non-employee Directors have already been made under the 2015 Director Plan, and thus no grants with respect to any of such 186,917 shares available for future awards under the 2015 Director Plan will be made if the 2023 Director Plan is approved by our shareholders.

**UNDER THE 2023 DIRECTOR PLAN:**

- Proposed total shares available for issuance under the 2023 Director Plan: 200,000 shares (which represents a potential overhang or dilution to our shareholders of approximately 0.34%).

**TOTAL POTENTIAL OVERHANG OR DILUTION UNDER 2015 DIRECTOR PLAN AND PROPOSED 2023 DIRECTOR PLAN:**

- The total shares subject to outstanding awards under the 2015 Director Plan, as of February 24, 2023 (34,492 shares), plus zero total shares available for future awards under the 2015 Director Plan as of that date (this number is zero because all expected grants for our non-employee Directors have already been made under the 2015 Director Plan, and thus no grants with respect to any of such 186,917 shares available for future awards under the 2015 Director Plan will be made if the 2023 Director Plan is approved by our shareholders), plus the proposed shares available for issuance under the 2023 Director Plan (200,000 shares), represent a total potential overhang or dilution of 234,492 shares or approximately 0.41%.

Based on the closing price on the NASDAQ Stock Market for our common shares on February 24, 2023 of \$165.91 per share, the aggregate market value as of February 24, 2023 of the 200,000 shares requested for issuance under the 2023 Director Plan was \$33,182,000. In 2020, 2021 and 2022, we granted awards under the 2015 Director Plan covering 12,603 shares, 11,726 shares, and 9,756 shares, respectively. Based on our basic weighted average common shares outstanding for those three years of 59,633,000, 59,309,000 and 58,030,000, respectively, for the three-year period 2020-2022, our average run rate, not taking into account forfeitures, was 0.02% (our individual years' run rates were 0.02% for 2020, 0.02% for 2021 and 0.02% for 2022).

In determining the number of shares to request for approval under the 2023 Director Plan, our management team worked with Willis Towers Watson, our compensation consultant and the Nominating Committee to evaluate a number of factors including our recent share usage and criteria expected to be utilized by certain stakeholders in evaluating our proposal for the 2023 Director Plan.

If the 2023 Director Plan is approved, we intend to utilize the shares authorized under the 2023 Director Plan to continue our practice of incentivizing key individuals through annual or off-cycle equity grants. We currently anticipate that the shares requested in connection with the approval of the 2023 Director Plan will last 10 years, based on our historical grant rates and the approximate current stock price, but could last for a different period of time if actual practice does not match historical rates or our stock price changes materially. As noted in "2023 Director Plan Highlights" and elsewhere below, our Nominating Committee would retain full discretion under the 2023 Director Plan to determine the number and amount of awards to be granted under the 2023 Director Plan, subject to the terms of the 2023 Director Plan, and future benefits that may be received by participants under the 2023 Director Plan are not determinable at this time.

We believe that we have demonstrated a commitment to thoughtful and responsible equity compensation practices. We recognize that equity compensation awards dilute shareholder equity, so we have carefully managed our equity incentive compensation. Our equity compensation practices are intended to be competitive and consistent with market practices, and we believe our historical share usage has been disciplined and mindful of shareholder interests.

In evaluating this Proposal 6, shareholders should consider all of the information in this Proposal 6.

**2023 DIRECTOR PLAN HIGHLIGHTS**

**Administration.** The 2023 Director Plan will in general be administered by the Nominating Committee (or its successor), or any other committee of the Board designated by the Board to administer the 2023 Director Plan. The Nominating Committee may delegate its authority under the 2023 Director Plan to a subcommittee.

**Reasonable 2023 Director Plan Limits.** Subject to adjustment as described in the 2023 Director Plan, total awards under the 2023 Director Plan are limited to 200,000 shares, plus any shares added (or added back) into the 2023 Director Plan as described below. These shares may be shares of original issuance or treasury shares or a combination of the foregoing. If approved by our shareholders, the 2023 Director Plan will become effective and no further awards will be made under the 2015 Director Plan.

The 2023 Director Plan also provides that, subject to adjustment as described in the 2023 Director Plan:

- no participant will be granted common-share based awards, in the aggregate, for more than 13,000 common shares during any calendar year; and
- no participant will be granted cash-based awards having an aggregate maximum value in excess of \$300,000.

**Allowances for Conversion Awards and Assumed Plans.** Subject to the 2023 Director Plan’s share counting rules, common shares covered by awards granted under the 2023 Director Plan will not be counted as used unless and until the shares are actually issued or transferred. However, common shares issued or transferred under awards granted under the 2023 Director Plan in substitution for or conversion of, or in connection with an assumption of, stock options, SARs, restricted shares, RSUs or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with us or any of our subsidiaries will not count against (or be added back to) the aggregate share limit or other 2023 Director Plan limits described above. Additionally, shares available under certain plans that we or our subsidiaries may assume in connection with corporate transactions from another entity may be available for certain awards under the 2023 Director Plan, under circumstances further described in the 2023 Director Plan, but will not count against the aggregate share limit or other 2023 Director Plan limits described above.

**Limited Share Recycling Provisions.** Generally, the aggregate number of common shares available under the 2023 Director Plan will be reduced by one common share for every one common share subject to an award granted under the 2023 Director Plan. Common shares covered by an award granted under the 2023 Director Plan will not be counted as used unless and until they are actually issued and delivered, but the total number of common shares available under the 2023 Director Plan as of a given date will not be reduced by any common shares relating to prior awards that have expired or have been forfeited, cancelled or settled for cash. Upon payment in cash of the benefit provided by any award granted under the 2023 Director Plan, any common shares that were covered by the applicable portion of such award will again be available for issuance or transfer under the 2023 Director Plan. The following common shares will not be added back to the aggregate share limit under the 2023 Director Plan: (1) shares tendered or otherwise used in payment of an option’s exercise price; and (2) shares that are repurchased by us with stock option proceeds. Further, all common shares covered by SARs that are exercised and settled in shares, whether or not all common shares covered by the SARs are actually issued to the participant upon exercise, will be considered issued or transferred pursuant to the 2023 Director Plan. If a participant elects to give up the right to receive compensation in exchange for common shares based on fair market value, such common shares will not count against the aggregate share limit under the 2023 Director Plan.

**Minimum Vesting Periods/Double-Trigger Change in Control.** The 2023 Director Plan provides that, except for awards regarding up to an aggregate of 5% of the maximum number of common shares that may be issued or transferred under the 2023 Director Plan, no award may have a vesting period of less than one year. Further, in the event of a Change in Control (as defined in the 2023 Director Plan), unless otherwise determined by the Compensation Committee or set forth in an award agreement, or as provided for in an individual severance or employment agreement:

- If a Replacement Award (as defined in the 2023 Director Plan) is not provided to replace or adjust an outstanding award, then then outstanding stock options and SARs will become fully vested and exercisable and outstanding restricted shares, RSUs and other stock-based awards will become fully vested; and
- Upon termination of the awardee’s service with us or any successor other than for Cause (as defined in the 2023 Director Plan), or the awardee’s death or disability, at or during the period of two years after the Change in Control, then all Replacement Awards will become fully vested as described in the 2023 Director Plan, and all stock options and SARs held immediately before such termination of service that were held as of the Change in Control or that constitute Replacement Awards will become fully exercisable and will remain exercisable until the expiration of the stated term of such award.

**No Repricing Without Shareholder Approval.** We have never repriced underwater stock options or SARs, and the repricing of options and SARs (outside of certain corporate transactions or adjustment events described in the 2023 Director Plan) is prohibited without shareholder approval under the 2023 Director Plan.

**Change in Control Definition.** The 2023 Director Plan includes a definition of “Change in Control.” Generally, unless otherwise prescribed by the Nominating Committee in an award agreement, a Change in Control will generally be deemed to have occurred if:

- a person or group (excluding certain purchases directly from us or by us or our subsidiaries, by our or our subsidiaries’ employee benefit plans or related trusts, or by any person or group in a transaction that constitutes a “business combination” as described in the second-to-last bullet of this paragraph) acquires beneficial ownership of 30% or more of the combined voting power of our outstanding securities entitled to vote generally in the election of our directors (which we refer to as voting power), and excluding certain inadvertent purchases or ownership levels as described in the definition in the 2023 Director Plan;

- individuals who as of the effective date of the 2023 Director Plan constituted our entire Board (which we refer to as the incumbent Board) cease to constitute at least a majority of our Board, unless their replacements are approved as described in the 2023 Director Plan;
- we consummate a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of our assets, or the acquisition of the stock or assets of another corporation, or other transaction (which we refer to as a business combination) unless generally (1) owners of our voting power before the business combination generally own a majority of the outstanding voting power of the resulting entity, (2) no person or group (excluding certain entities) beneficially owns 30% or more of the outstanding voting power of the resulting entity, and (3) at least a majority of the board of the resulting entity were members of our incumbent Board when the initial agreement for the business combination was signed or our Board approved the business combination, if earlier; or
- our shareholders approve a complete liquidation or dissolution of our company, except pursuant to a business combination discussed in the immediately preceding bullet of this paragraph.

**Exercise and Base Price Not Less Than Fair Market Value.** The 2023 Director Plan also provides that, except with respect to converted, assumed or substituted awards as described in the 2023 Director Plan, no stock options or SARs will be granted with an exercise or base price less than the fair market value of our common shares on the date of grant.

#### SUMMARY OF OTHER MATERIAL TERMS OF THE 2023 DIRECTOR PLAN

**Shares Available Under the 2023 Director Plan.** Subject to adjustment as provided in the 2023 Director Plan and the 2023 Director Plan share counting rules, the number of common shares that may be issued or transferred:

- upon the exercise of stock options or SARs;
- as restricted shares and released from substantial risks of forfeiture;
- in payment of RSUs;
- as stock or other stock-based awards; or
- in payment of dividend equivalents;

will not exceed in the aggregate 200,000 common shares, plus any shares added (or added back) into the 2023 Director Plan as described above. These shares may be shares of original issuance or treasury shares or a combination of the foregoing. As of February 24, 2023, the closing price for our common shares on the NASDAQ Stock Market was \$165.91.

**Eligibility.** Our non-employee directors (9 persons as of February 24, 2023) may be granted awards under the 2023 Director Plan by the Nominating Committee. The basis for participation in the 2023 Director Plan by eligible persons is the selection of such persons for participation by the Nominating Committee (or their proper delegate) in their discretion.

**Option Rights (Stock Options).** The Nominating Committee may grant stock options that entitle the optionee to purchase a specified number of common shares at a price (except with respect to converted, assumed or substituted awards as described in the 2023 Director Plan) not less than market value per share on the date of grant. The option price is payable

- in cash or by check or wire transfer at the time of exercise,
- by the transfer to us of common shares owned by the participant having a value at the time of exercise equal to the option price,
- by a “net exercise” arrangement by which we withhold common shares otherwise issuable upon exercise of the stock option,
- by a combination of such payment methods, or
- by such other method as may be approved by the Nominating Committee.

To the extent permitted by law, the Nominating Committee may permit payment of the exercise price in a broker-assisted process by which the proceeds of a sale through a broker of some or all of the option shares are forwarded to us in payment of the exercise price.

Stock options will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Director Plan, as the Nominating Committee may approve. No stock option may be exercisable more than ten years from the date of grant. Each grant will specify the period of continuous service that is necessary before the stock options become exercisable. Notwithstanding the 2023 Director Plan minimum vesting provisions, the vesting of stock options may be accelerated in the event of the awardee’s retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement. Stock options granted pursuant to the 2023 Director Plan may not provide for any dividends or dividend equivalents thereon.

**SARs.** A SAR is a right, exercisable by the surrender of a related stock option (if granted in tandem with stock options) or by itself (if granted as a free-standing SAR), to receive from us an amount equal to 100%, or such lesser percentage as the Nominating Committee may determine, of the spread between the base price (or option exercise price if a tandem SAR) and the value of our shares on the date of exercise. Any grant may specify that the amount payable on exercise of a SAR may be paid by us in cash, in common shares, or in any combination of the two.

SARs will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Director Plan, as the Nominating Committee may approve. Any grant of a tandem SAR will provide that it may be exercised only at a time when the related stock option is also exercisable, at a time when the spread is positive, and by surrender of the related stock option for cancellation. Successive grants of a tandem SAR may be made to the same participant regardless of whether any tandem SARs previously granted to the participant

remain unexercised. Each grant will specify in respect of each free-standing SAR a base price that, except with respect to converted, assumed or substituted awards as described in the 2023 Director Plan, may not be less than the market value per share of a common share on the date of grant. Successive grants may be made to the same participant regardless of whether any free-standing SARs previously granted to the participant remain unexercised. No free-standing SAR granted under the 2023 Director Plan may be exercised more than ten years from the date of grant. Each grant may specify the period of continuous service with us that is necessary before the SARs become exercisable. Notwithstanding the 2023 Director Plan minimum vesting provisions, the vesting of SARs may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement. SARs granted pursuant to the 2023 Director Plan may not provide for any dividends or dividend equivalents thereon.

**Restricted Shares.** A grant of restricted shares involves the immediate transfer by us to a participant of ownership of a specific number of common shares in consideration of the performance of services. The participant is entitled immediately to voting, dividend and other ownership rights in such common shares, but subject to a substantial risk of forfeiture and restrictions on transfer as described below. The transfer may be made without additional consideration or in consideration of a payment by the participant that is less than current market value at the date of grant, as the Nominating Committee may determine.

Restricted shares must be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Internal Revenue Code for a period as the Nominating Committee may determine. Each such grant or sale of restricted shares will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the restricted shares will be prohibited or restricted in the manner and to the extent prescribed by the Nominating Committee at the date of grant (which restrictions may include, without limitation, rights of repurchase or first refusal or provisions subjecting the restricted shares to a continuing substantial risk of forfeiture in the hands of any transferee). Notwithstanding the 2023 Director Plan minimum vesting provisions, the vesting of restricted shares may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement.

Grants of restricted shares will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Director Plan, as the Nominating Committee may approve. Any grant or sale of restricted shares may require that any or all dividends or other distributions paid with respect to the restricted shares during the period of restriction be automatically deferred and reinvested in additional restricted shares. Dividends and dividend equivalents shall be subject to the same restrictions as the applicable portion of the underlying award.

**Restricted Stock Units (RSUs).** A grant of RSUs constitutes an agreement by us to deliver common shares or cash to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the restriction period as the Nominating Committee may specify. During the applicable restriction period, the participant will have no rights of ownership in the common shares deliverable upon payment of the RSUs and will have no right to vote the common shares. The Nominating Committee may, at the date of grant, authorize the payment of dividend equivalents on RSUs, either in cash or in additional common shares, subject to the same restrictions as the applicable portion of the underlying award.

RSUs will have a restriction period as determined by the Nominating Committee. Notwithstanding the 2023 Director Plan minimum vesting provisions, the vesting of RSUs may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement.

RSUs will be evidenced by an award agreement containing such terms and provisions, consistent with the 2023 Director Plan, as the Nominating Committee may approve. Each grant or sale of RSUs may be made without additional consideration or in consideration of a payment by such participant that is less than the market value per share of common shares at the date of grant. Each grant or sale of RSUs will also specify the time and manner of payment of the RSUs that have been earned and will specify that the amount payable with respect to such grant will be paid by us in common shares or cash, or a combination of the two.

**Other Awards.** The Nominating Committee may, subject to limitations under applicable law, grant to any participant shares or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, common shares or factors that may influence the value of such shares, including, without limitation:

- convertible or exchangeable debt securities;
- other rights convertible or exchangeable into common shares;
- purchase rights for common shares;
- awards with value and payment contingent upon any other factors designated by the Nominating Committee; and
- awards valued by reference to the book value of common shares or other company securities.

The Nominating Committee will determine the terms and conditions of the other awards. Common shares delivered pursuant to an award in the nature of a purchase right will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, common shares, other awards, notes or other property, as the Nominating Committee will determine. Cash awards, as an element of or supplement to any other award granted under the 2023 Director Plan, may also be granted.



The Committee may grant shares as a bonus, or may grant other awards in lieu of our obligations to pay cash or deliver other property under the 2023 Director Plan or under other plans or compensatory arrangements, subject to terms as determined by the Committee in compliance with Section 409A of the Code. Notwithstanding the 2023 Director Plan minimum vesting provisions, the vesting of other awards may be accelerated in the event of the awardee's retirement, death or disability, in connection with a Change in Control or as otherwise provided in the applicable award agreement.

**Administration.** The interpretation and construction by the Nominating Committee of any provision of the 2023 Director Plan or of any agreement, notification or document evidencing the awards and any determination by the Nominating Committee will be final and conclusive. No member of the Nominating Committee will be liable for any such action or determination made in good faith. In addition, the Nominating Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in the 2023 Director Plan, and no authorization in any provision of the 2023 Director Plan is intended or may be deemed to constitute a limitation on the authority of the Nominating Committee.

To the extent permitted by law, the Nominating Committee may delegate to one or more of its members or to one or more of our officers or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Nominating Committee, the subcommittee, or any person to whom duties or powers have been delegated, may employ advisers to render advice with respect to any responsibility the Nominating Committee, the subcommittee or such person may have under the 2023 Director Plan.

**Amendments.** Our Board may at any time and from time to time amend the 2023 Director Plan in whole or in part. However, if an amendment to the 2023 Director Plan must be approved by our shareholders in order to comply with applicable law or the rules of the NASDAQ Stock Market (or our other applicable securities exchange), then such amendment will be subject to shareholder approval and will not be effective until such approval has been obtained.

If permitted by Section 409A of the Internal Revenue Code, but subject to the terms as described below, including in case of termination of service as a non-employee director by reason of death, disability or retirement, or in the case of unforeseeable emergency or other special circumstances or in the event of a change in control, if a participant holds:

- a stock option or SAR not immediately exercisable in full;
- any restricted shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed;
- any RSUs as to which the applicable restriction period has not been completed;
- any other awards subject to any vesting schedule or transfer restriction; or
- common shares subject to any transfer restriction imposed by the 2023 Director Plan;

the Nominating Committee may, in its sole discretion (subject to certain exceptions), accelerate the time at which:

- such stock option or SAR or other award may be exercised;
- such substantial risk of forfeiture or prohibition or restriction on transfer will lapse; or
- such restriction period will end.

The Nominating Committee may also waive any other limitation or requirement under any such award.

The Nominating Committee may generally amend the terms of any awards granted under the 2023 Director Plan prospectively or retroactively. Except in connection with certain corporate transactions described in the 2023 Director Plan, no amendment will impair the rights of any participant without his or her consent.

Our Board may, in its discretion, terminate the 2023 Director Plan at any time. Termination of the 2023 Director Plan will not affect the rights of participants or their successors under any outstanding awards and not exercised in full on the date of termination.

**No Repricing of Stock Options or SARs Without Shareholder Approval.** Except in connection with certain corporate transactions described in the 2023 Director Plan, the terms of outstanding awards may not be amended to reduce the option price of outstanding stock options or the base price of outstanding SARs, or cancel outstanding stock options or SARs in exchange for cash, other awards or stock options or SARs with an option price or base price, as applicable, that is less than the option price of the original stock options or base price of the original SARs, as applicable, without shareholder approval. This restriction is intended to prohibit the repricing of "underwater" stock options and SARs and will not be construed to prohibit the adjustments in connection with certain corporate transactions provided for in the 2023 Director Plan. This prohibition may not be amended without approval by our shareholders.

**Transferability.** Except as otherwise determined by the Nominating Committee, no stock option, SAR, restricted shares, RSU or other awards granted under the 2023 Director Plan, or dividend equivalents paid with respect to awards made under the 2023 Director Plan, will be transferable by the participant except pursuant to a domestic relations order (that contains any information required by us to effectuate the transfer) or by will or the laws of descent and distribution, and in no event shall any such award granted under the 2023 Director Plan be transferred for value. Except as otherwise determined by the Nominating Committee, stock options and SARs will be exercisable during the participant's lifetime only by him or her or, in the event of the participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the participant in a fiduciary capacity under state law and/or court supervision.

The Nominating Committee may provide at the date of grant additional restrictions on transfer for certain common shares earned under the 2023 Director Plan.

**Adjustments.** The Nominating Committee shall make or provide for such adjustments in the numbers of common shares covered by outstanding stock options, SARs, and RSUs granted under the 2023 Director Plan and, if applicable, in the number of common shares covered by other awards, in the option price and base price provided in outstanding stock options and SARs, in the kind of stock covered by such awards and in the other terms as the Nominating Committee, in its sole discretion, exercised in good faith, shall determine is equitably required to prevent dilution or enlargement of the rights of participants or optionees that otherwise would result from:

- any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of our company;
- any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities; or
- any other corporate transaction or event having an effect similar to these events or transactions.

However, such adjustments will be made automatically, without the necessity of Nominating Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in out shares. Moreover, in the event of any such transaction or event or in the event of a change in control, the Nominating Committee shall provide in substitution for any or all outstanding awards under the 2023 Director Plan such alternative consideration (including cash), if any, as it, in good faith, shall determine to be equitable in the circumstances and may require the surrender of all awards so replaced in a manner that complies with Section 409A of the Internal Revenue Code.

In addition, for each stock option or SAR with an option price or base price greater than the consideration offered in connection with any such termination or event or change in control, the Nominating Committee may in its sole discretion elect to cancel such stock option or SAR without any payment to the person holding such stock option or SAR. The Nominating Committee shall also make or provide for such adjustments in the total number of common shares available under the 2023 Director Plan, the per-person award limits expressed in shares and any other share limits under the 2023 Director Plan as the Nominating Committee, in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described above.

**Recapture Provisions.** Any award agreement may provide for the cancellation or forfeiture of an award or the forfeiture and repayment to us of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Nominating Committee from time to time or under Section 10D of the Securities Exchange Act of 1934, as amended, or the rules of any national securities exchange or national securities association on which our common shares are traded.

**Effective Date and Termination.** The 2023 Director Plan will be effective as of the date the 2023 Director Plan is approved by our shareholders (which we refer to as the Effective Date). No grants will be made under the 2015 Director Plan on or after the Effective Date, except that outstanding awards granted under the 2015 Director Plan will continue unaffected following the Effective Date.

No grant will be made under the 2023 Director Plan after April 19, 2033, which date is 10 years after the date on which our shareholders will have an opportunity to approve the 2023 Director Plan, but all grants made on or prior to such date will continue in effect thereafter subject to the terms of the applicable award agreement and the terms of the 2023 Director Plan. We will not be required to issue any fractional common shares under the 2023 Director Plan, but the Nominating Committee can either eliminate fractional common shares for no payment or settle fractional common shares in cash.

**Stock-Based Awards in Substitution for Options or Other Awards Granted by Another Company.** Awards may be granted under the 2023 Director Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with us or any of our subsidiaries. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of the 2023 Director Plan, and may account for common shares substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

In the event that a company acquired by us or any of our subsidiaries or with which we or any subsidiary merges has shares available under a pre-existing plan previously approved by shareholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under the 2023 Director Plan. However, awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not our employees or directors or employees or directors of any of our subsidiaries prior to the acquisition or merger.

Any common shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, ours as described above will not reduce the common shares available for issuance or transfer under the 2023 Director Plan or otherwise count against the limits contained in the 2023 Director Plan. In addition, no common shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, ours as described above will be added to the aggregate plan limit contained in the 2023 Director Plan.

#### FEDERAL INCOME TAX CONSEQUENCES

The following is a brief summary of some of the federal income tax consequences of certain transactions under the 2023 Director Plan based on federal income tax laws in effect. This summary, which is presented for the information of shareholders considering how to vote on this proposal and not for 2023 Director Plan participants, is not intended to be complete and does not describe federal taxes other than income taxes (such as Medicare and Social Security taxes), or state, local or foreign tax consequences.

#### TAX CONSEQUENCES TO PARTICIPANTS

**Non-Qualified Stock Options.** In general: (1) no income will be recognized by an optionee at the time a non-qualified stock option is granted; (2) at the time of exercise of a non-qualified stock option, ordinary income will be recognized by the optionee in an amount equal to the difference between the option price paid for the common shares and the fair market value of the common shares, if unrestricted, on the date of exercise; and (3) at the time of sale of common shares acquired pursuant to the exercise of a non-qualified stock option, appreciation (or depreciation) in value of the common shares after the date of exercise will be treated as either short-term or long-term capital gain (or loss) depending on how long the common shares have been held.

**SARs.** No income will be recognized by a participant in connection with the grant of a tandem SAR or a free-standing SAR. When the SAR is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted common shares received on the exercise.

**Restricted Shares.** The recipient of restricted shares generally will be subject to tax at ordinary income rates on the fair market value of the restricted shares (reduced by any amount paid by the participant for such restricted shares) at such time as the common shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Internal Revenue Code (which we refer to as the Restrictions). However, a recipient may instead elect under Section 83(b) of the Internal Revenue Code within 30 days of the date of transfer of the common shares to have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such common shares (determined without regard to the Restrictions) over the purchase price, if any, of such restricted shares. If a Section 83(b) election has not been made, any dividends received with respect to restricted shares that are subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

**RSUs.** No income generally will be recognized upon the award of RSUs. The recipient of a RSU award generally will be subject to tax at ordinary income rates on the fair market value of unrestricted common shares on the date that such shares are transferred to the participant under the award (reduced by any amount paid by the participant for such RSUs), and the capital gains/loss holding period for such shares will also commence on such date.

#### NEW PLAN BENEFITS

It is not possible to determine the specific amounts and types of awards that may be awarded in the future under the 2023 Director Plan because the grant and actual settlement of awards under the 2023 Director Plan are subject to the discretion of the plan administrator.

#### REGISTRATION WITH THE SEC

We intend to file a Registration Statement on Form S-8 relating to the issuance of common shares under the 2023 Director Plan with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, as soon as practicable after approval of the 2023 Director Plan by our shareholders.

#### MAJORITY VOTE NEEDED

Approval of Proposal 6 requires the affirmative vote of the holders of a majority of Lincoln Electric common shares present or represented by Proxy at the Annual Meeting and entitled to vote on the matter when a quorum is present. Abstentions will have the effect of a vote “against”. Broker non-votes will not be considered entitled to vote on this item and, therefore, will not be counted in determining the results. Unless otherwise directed, shares represented by proxy will be voted FOR the approval of Proposal 6.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE 2023 STOCK PLAN  
FOR NON-EMPLOYEE DIRECTORS.**



# AUDIT COMMITTEE REPORT

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The Audit Committee consists solely of independent Directors within the meaning of the Nasdaq listing standards. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal control over financial reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements in the Annual Report, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee discussed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee by the applicable requirements of the Public Company Accounting Oversight Board (the “PCAOB”) and the SEC. In addition, the Audit Committee has received and has discussed with the independent auditors written disclosures regarding their independence as required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*.

The Audit Committee discussed with our internal and independent auditors the overall scope and plan for their respective audits. The Audit Committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2022 for filing with the SEC. The Audit Committee and the Board have also recommended the selection of Ernst & Young LLP as our independent auditors for the year ending December 31, 2023 and the ratification thereof by the shareholders.

By the Audit Committee:

Patrick P. Goris, Chair

Brian D. Chambers

Curtis E. Espeland

Ben P. Patel

# FAQS

## Who is soliciting proxies and why? Who is paying for the cost of this proxy solicitation?

The Board solicits the proxy and the Company pays the solicitation cost. Certain officers and employees may also solicit proxies, but do not receive compensation for these activities. We also reimburse custodians, nominees and fiduciaries for reasonable expenses incurred to forward and obtain proxy materials from beneficial holders.

## How do we distribute proxy materials to shareholders sharing the same address?

We use “householding” rules to deliver only one set of voting materials (Annual Report and Proxy Statement) to shareholders who share the same address, unless we receive contrary instructions from one or more shareholders at that address. Each shareholder receives a separate proxy card. We will promptly deliver upon request a separate set of proxy materials.

## How do I obtain a separate set of proxy materials at no cost?

Send a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199.

## Who may vote at the Annual Meeting?

Record holders as of the close of business on February 28, 2023 (the record date) are entitled to vote at the Annual Meeting. As of the record date, 57,597,468 shares of our common stock were outstanding and each share is entitled to one vote per proposal brought before the meeting.

## What is required for there to be a quorum at the Annual Meeting?

Holders of at least a majority of the shares of our common stock issued and outstanding on the record date (February 28, 2023) must be present, in person or by proxy, to constitute a quorum.

## How do I attend and participate in the Annual Meeting?

Any shareholder of record as of the record date (February 28, 2023) can attend the Annual Meeting online at [www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023). The webcast will start at 11:00 a.m. ET on April 19, 2023. Shareholders may submit pre-meeting questions online by visiting [www.proxyvote.com](http://www.proxyvote.com). Questions must be submitted by Friday, April 14, 2023 at 5:00 p.m. ET. You will need your 16-digit control number that is printed on your proxy card or on the instructions that accompanied your proxy materials to access the meeting. Instructions on how to attend the Annual Meeting are posted at [www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023). We encourage you to access the meeting prior to the start time to allow ample time to complete the online check-in process.

If you encounter any technical difficulties accessing the virtual meeting during check-in or meeting time, please call the technical support number that will be posted on the Virtual Shareholder Meeting log in page.

## Why is the Annual Meeting a virtual, online meeting?

We believe that hosting a virtual meeting will facilitate shareholder attendance and participation by enabling shareholders to participate from any location around the world and improves our ability to communicate more effectively with our shareholders. We have designed the virtual meeting to provide substantially the same opportunities to participate as you would have at an in-person meeting. We are providing opportunities for shareholders to submit questions prior to the meeting to enable us to address appropriate questions at the Annual Meeting.

## What is the difference between holding shares as a registered shareholder or as a beneficial holder?

- **Registered Shareholders:** If your shares are directly registered in your name with our transfer agent/registrar, you are considered the registered shareholder, or shareholder of record. Proxy materials will be sent directly to you and you may vote during the meeting at [www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023), or by telephone, by Internet or by mail in the envelope provided.
- **Beneficial Holders:** You are a beneficial holder if your shares are held indirectly in a brokerage account, by a trustee, or by another nominee. These entities are considered the shareholder of record and the shares are considered held in “street name.” Proxy materials are sent to the entity and they forward a voting instruction card to you, the beneficial holder. As a beneficial holder, you have the right to direct the entity on how to vote your shares and you may also attend the Annual Meeting. Since you are not the shareholder of record, you may not vote during the meeting unless you obtain a legal proxy from the entity that holds your shares. Please refer to the information your broker, trustee or nominee provided to see what voting options are available to you. If you have not heard from your broker, trustee or nominee, please contact them.

## What shares are included on the proxy card?

Shareholder type:	Registered Shareholder & participant in The Lincoln Electric Company Employee Savings Plan (401(k) Plan)	Beneficial Holder with shares held by a broker, trustee or nominee	Both a Registered Shareholder and a Beneficial Holder of shares
Shares included on the proxy card:	All shares registered in your name will be represented (including 401(k) plan shares)  Note: If you do not have identical names on your accounts, we cannot consolidate your share information.	You will receive a voting instruction form from your broker, trustee or nominee instructing you on how to vote.	You will receive a proxy card from us and a voting instruction form from your broker, trustee or nominee instructing you on how to vote.

## What is a broker non-vote and what effect does it have?

A broker non-vote occurs when a broker or other nominee does not receive voting instructions from the beneficial holder and is then unable to vote the shares. **If you hold your shares beneficially through a broker, trustee or nominee, you must communicate your voting instructions to them to have your shares voted.** Please note that your nominee cannot vote on your behalf on the election of Directors (Proposal 1), the approval, on an advisory basis, of NEO compensation (Proposal 3), the recommendation, on an advisory basis, of the frequency for future advisory votes to approve NEO compensation (Proposal 4), the approval of Lincoln Electric's 2023 Equity and Incentive Compensation Plan (Proposal 5) or the approval of Lincoln Electric's 2023 Stock Plan for Non-Employee Directors (Proposal 6) unless you provide specific voting instructions to them by following the instructions provided to you.

Broker non-votes, as well as abstentions, will be counted to determine whether a quorum is present at the Annual Meeting. Broker non-votes will not be counted when determining votes for a particular proposal (i.e., it will not be considered a vote "cast").

## How do I vote at the Annual Meeting?

### Registered Shareholders

Vote during the meeting at [www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023) or by proxy in any one of four ways outlined in the Proxy Summary section of this Proxy Statement.

### Participants in the 401(k) Plan

The 401(k) Plan's independent Trustee, Fidelity Management Trust Company, will vote your 401(k) Plan shares according to your voting directions, which you can provide by Internet, telephone or mail. As 401(k) Plan shares are held in a qualified plan, you are not able to vote 401(k) Plan shares during the Annual Meeting. If you do not vote, the Trustee will not vote your plan shares.

### Beneficial Holders

If your shares are held by a bank, broker, trustee or some other nominee (in street name), that entity will give you separate voting instructions.

## What happens if I sign, date and return my proxy but do not specify how I want my shares voted on the proposals?

**Registered Shareholders:** Your shares will be voted **FOR** the election of all of the Director nominees, **FOR** the ratification of the appointment of our independent registered public accounting firm, **FOR** the approval, on an advisory basis, of the compensation of our NEOs, for **EVERY YEAR** for the frequency on future advisory votes to approve the compensation of our NEOs, **FOR** the approval of Lincoln Electric's 2023 Equity and Incentive Compensation Plan and **FOR** the approval of Lincoln Electric's 2023 Stock Plan for Non-Employee Directors.

**Beneficial Holders:** Your nominee cannot vote your uninstructed shares on non-routine matters such as Proposal 1 (election of Directors), Proposal 3 (approval, on an advisory basis, of NEO compensation), Proposal 4 (recommendation for the frequency on future advisory votes to approve the compensation of our NEOs), Proposal 5 (approval of Lincoln Electric's 2023 Equity and Incentive Compensation Plan) or Proposal 6 (approval of Lincoln Electric's 2023 Stock Plan for Non-Employee Directors). Your nominee can vote your uninstructed shares on routine matters such as Proposal 2 (ratification of the appointment of our independent registered public accounting firm).

### May I revoke my proxy or change my vote?

**Registered Shareholders:** Yes, you may change or revoke your proxy prior to the closing of the polls in any one of the following FOUR ways:

1. Send a written notice to our Corporate Secretary stating that you want to revoke your proxy;
2. Mail a completed and signed proxy card with a later date, but prior to the cut-off dates prior to the Annual Meeting (which will automatically revoke the earlier proxy);
3. Vote by telephone or Internet at a later date, but prior to the cut-off dates prior to the Annual Meeting (which will automatically revoke the earlier proxy); or
4. Vote during the Annual Meeting at [www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023). Because 401(k) plan shares are held in a qualified plan, you are not able to revoke or change your vote on 401(k) plan shares at the Annual Meeting.

**Beneficial Holders:** Check with your broker, trustee or nominee to determine how to change your vote.

### Who counts the votes?

Broadridge Financial Solutions, Inc. is the independent agent who receives and tabulates the votes. They are also our inspector of elections at the Annual Meeting.

### May I receive future shareholder communications over the Internet?

**Registered Shareholders:** Yes. Please mark the appropriate box on your proxy card, or follow the prompts if voting by telephone or Internet.

**Beneficial Holders:** Refer to the information provided by your nominee on how to select future shareholder communications by Internet.

### When are shareholder proposals due to be considered for inclusion in next year's Annual Meeting in 2024?

In order to have a shareholder proposal included in our proxy materials for the 2024 Annual Meeting, a shareholder proposal must be received in writing by the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199 on or before November 18, 2023.

If shareholders want to present proposals at our 2024 Annual Meeting that are not included in Lincoln Electric's proxy materials, they must comply with the requirements in our Amended and Restated Code of Regulations. These include providing a written notice containing certain information, and such notice must be received no earlier than December 21, 2023 and no later than January 20, 2024. If the Board of Directors chooses to present any information submitted after the applicable deadlines at the 2024 Annual Meeting, then the persons named in proxies solicited by the Board for the 2024 Annual Meeting may exercise discretionary voting power with respect to such information.

### May I submit a nomination for Director?

Yes. To submit a Director nomination, a shareholder must send a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199. The notice must include information about the shareholder and the person he or she intends to nominate, which is required by our Amended and Restated Code of Regulations. For the 2024 Annual Meeting, nominations must be received in the Corporate Secretary's Office no earlier than December 21, 2023 and no later than January 20, 2024.

For the 2023 Annual Meeting, nominations must have been received by the Corporate Secretary's Office no earlier than December 22, 2022 and no later than the close of business on January 21, 2023.

## HOW DO I CONTACT LINCOLN ELECTRIC?

### FOR GENERAL INFORMATION:

Lincoln Electric Holdings, Inc.  
22801 St. Clair Avenue  
Cleveland, Ohio 44117-1199  
Attention: Amanda Butler,  
Vice President, Investor  
Relations & Communications

### TO CONTACT THE DIRECTORS:

Lincoln Electric Holdings, Inc.  
22801 St. Clair Avenue  
Cleveland, Ohio 44117-1199  
Attention: Corporate Secretary

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Please name any specific intended Board recipient(s) in the communication. Prior to forwarding any correspondence, the Corporate Secretary will review the correspondence and, at his or her discretion, may not forward certain items if they are deemed of a frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, some of that correspondence may be forwarded elsewhere within Lincoln Electric for review and possible response.



Please visit our website at [www.lincolnelectric.com](http://www.lincolnelectric.com) for current developments at Lincoln Electric. The information on our website is not incorporated by reference into this Proxy Statement or any of our periodic reports.

# APPENDIX A—DEFINITIONS AND NON-GAAP FINANCIAL MEASURES

The discussion of our results in the CD&A and other sections of this Proxy Statement includes reference to our EBIT, EBITB, Adjusted net income, Adjusted diluted earnings per share, Adjusted EBIT, Adjusted operating income, Adjusted operating income margin, Adjusted effective tax rate, Adjusted Return on Invested Capital (Adjusted ROIC), Average Operating Working Capital to Sales (AOWC/Sales), Total Shareholder Return (TSR), Organic Sales, Cash Conversion and Free Cash Flow (FCF) performance. Some of these metrics are considered Non-GAAP financial measures, as management uses various GAAP and non-GAAP financial measures in assessing and evaluating our underlying operating performance. Non-GAAP financial measures exclude the impact of special items on our reported financial results. Non-GAAP financial measures should be read in conjunction with the generally accepted accounting principles in the United States (“GAAP”), as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. The following defines the financial and non-GAAP financial measures discussed in the CD&A and other sections of this Proxy Statement. Certain reclassifications have been made to prior year financial statements and financial measures to conform to current year classifications.

## **ADJUSTED DILUTED EARNINGS PER SHARE**

Adjusted Diluted Earnings Per Share is defined as reported Diluted Earnings Per Share excluding certain disclosed special items.

## **ADJUSTED EBIT**

Adjusted EBIT is defined as reported EBIT excluding certain disclosed special items.

## **ADJUSTED EFFECTIVE TAX RATE**

Adjusted Effective Tax Rate is defined as reported Effective Tax Rate excluding the tax effect of certain disclosed special items.

## **ADJUSTED NET INCOME**

Adjusted Net Income is defined as reported Net Income excluding certain disclosed special items.

## **ADJUSTED NET INCOME FOR COMPENSATION PURPOSES**

Adjusted Net Income for Compensation Purposes is defined as reported Net Income excluding certain disclosed special items and other adjustments as approved by the Compensation and Executive Development Committee.

## **ADJUSTED OPERATING INCOME**

Adjusted Operating Income is defined as reported Operating Income excluding certain disclosed special items.

## **ADJUSTED OPERATING INCOME MARGIN**

Adjusted Operating Income Margin is defined as Adjusted Operating Income divided by Net sales.

## **ADJUSTED RETURN ON INVESTED CAPITAL (ADJUSTED ROIC)**

Adjusted ROIC is defined as rolling 12 months of Adjusted net income excluding tax-effected interest income and expense divided by invested capital.

## **ADJUSTED REVENUE FOR COMPENSATION PURPOSES (ADJUSTED REVENUE)**

Adjusted Revenue for Compensation Purposes is defined as Net sales calculated at budgeted exchange rates and adjusted for the results of businesses acquired during the year. Additionally, a price collar may be approved by the Committee to limit the impact of pricing on the metric, resulting in growth of the metric focusing primarily on organic sales volumes. For 2022, a +/- 2% price collar was approved by the Compensation and Executive Development Committee for use when calculating this metric. The price collar limits the impact of either price increases or decreases to 2%. Net sales is a representative measure of Adjusted Revenue for Compensation Purposes.

## **AVERAGE OPERATING WORKING CAPITAL TO SALES (AOWC/SALES)**

Average operating working capital to Net Sales (AOWC/Sales) is defined as the sum of Accounts receivable, Inventories and contract assets less Trade accounts payable and contract liabilities as of a period end divided by annualized rolling three months of Net sales.

### AVERAGE OPERATING WORKING CAPITAL TO SALES FOR COMPENSATION PURPOSES (AOWC/SALES FOR COMPENSATION PURPOSES)

Average operating working capital to Net Sales for Compensation Purposes (AOWC/Sales for Compensation Purposes) is defined as the sum of Accounts receivable, Inventories (excluding LIFO inventory reserves) and contract assets less Trade accounts payable and contract liabilities as of a period end divided by annualized rolling three months of Net sales.

### CASH CONVERSION

Cash Conversion is defined as Free Cash Flow divided by Adjusted Net Income.

### EBIT

EBIT is an amount equal to earnings before interest and tax defined as operating income plus Other income (expense).

### EBITB

EBITB is an amount equal to earnings before interest, tax and bonus, calculated at budgeted exchange rates and adjusted for special items as determined by management. The adjustments for special items include such items as rationalization charges, certain asset impairment charges, the gains and losses on certain transactions including the disposal of assets and the results of businesses acquired during the year. Adjusted Operating Income is a representative measure of EBITB.

### FREE CASH FLOW (FCF)

Free Cash Flow is defined as Net cash provided by operating activities less Capital expenditures.

### ORGANIC SALES

Organic Sales is defined as sales excluding the effects of foreign currency and acquisitions.

### RETURN ON INVESTED CAPITAL (ROIC)

Return on invested capital (ROIC) is defined as rolling 12 months of Net income excluding tax-effected interest income and expense divided by invested capital.

### RETURN ON INVESTED CAPITAL (ROIC) FOR COMPENSATION PURPOSES

ROIC for Compensation Purposes is calculated by an independent third-party and is adjusted for certain transactions as approved by the Compensation and Executive Development Committee.

### TOTAL SHAREHOLDER RETURN (TSR)

TSR is an amount equal to the net stock price change for our common stock plus the reinvestment of dividends paid over the prescribed period of time.

### ADJUSTED OPERATING INCOME

The following table presents a reconciliation of Operating income as reported to Adjusted operating income for the years ended December 31, 2020 to 2022:

[\$ in thousand]	Year Ended December 31,		
	2022	2021	2020
Operating income (as reported)	\$612,336	\$461,669	\$282,071
Special items (pre-tax):			
Rationalization and asset impairment charges	11,788	9,827	45,468
Acquisition transaction costs	6,003	1,923	—
Amortization of step up in value of acquired inventories	1,106	5,804	806
Adjusted operating income	\$631,233	\$479,223	\$328,345
Adjusted operating income margin	16.8%	14.8%	12.4%

### ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

The following table presents reconciliations of Net income and Diluted earnings per share as reported to Adjusted net income and Adjusted diluted earnings per share for the years ended December 31, 2020 to 2022:

(\$ in thousands except per share amounts)	Year Ended December 31,		
	2022	2021	2020
Net income [as reported]	\$ 472,224	\$ 276,466	\$ 206,115
Special items:			
Rationalization and asset impairment charges	11,788	9,827	45,468
Pension settlement net charges	[4,273]	126,502	8,119
Acquisition transaction costs	6,003	1,923	—
Amortization of step up in value of acquired inventories	1,106	5,804	806
Tax effect of Special items	[1,192]	[47,188]	[10,594]
Adjusted net income	\$ 485,656	\$ 373,334	\$ 249,914
Diluted earnings per share [as reported]	\$ 8.04	\$ 4.60	\$ 3.42
Special items per share	0.23	1.62	0.73
Adjusted diluted earnings per share	\$ 8.27	\$ 6.22	\$ 4.15

### RETURN ON INVESTED CAPITAL (ROIC)

The following table presents calculations of Reported and Adjusted ROIC for the years ended December 31, 2020 to 2022:

(\$ in thousands)	Year Ended December 31,		
	2022	2021	2020
Net income [as reported]	\$ 472,224	\$ 276,466	\$ 206,115
Plus: Interest expense (after-tax)	23,276	17,794	17,933
Less: Interest income (after-tax)	1,202	1,172	1,486
Net operating profit after taxes	\$ 494,298	\$ 293,088	\$ 222,562
Special Items:			
Rationalization and asset impairment charges	11,788	9,827	45,468
Acquisition transaction costs	6,003	1,923	—
Pension settlement net charges	[4,273]	126,502	8,119
Amortization of step up in value of acquired inventories	1,106	5,804	806
Tax effect of Special Items	[1,192]	[47,188]	[10,594]
Adjusted net operating profit after taxes	\$ 507,730	\$ 389,956	\$ 266,361
Invested Capital	December 31, 2022	December 31, 2021	December 31, 2020
Short-term debt	\$ 93,483	\$ 52,730	\$ 2,734
Long-term debt, less current portion	1,110,396	717,089	715,456
Total debt	1,203,879	769,819	718,190
Total equity	1,034,041	863,909	790,250
Invested capital	\$2,237,920	\$1,633,728	\$1,508,440
ROIC as reported	22.1%	17.9%	14.8%
Adjusted ROIC	22.7%	23.9%	17.7%



**CASH CONVERSION**

The following table presents calculations of Cash Conversion for the years ended December 31, 2020 to 2022:

(\$ in thousands)	Year Ended December 31,		
	2022	2021	2020
Net cash provided by operating activities	\$ 383,386	\$ 365,063	\$ 351,362
Less: Capital expenditures	71,883	62,531	59,201
Free Cash Flow	\$ 311,503	\$ 302,532	\$ 292,161
Adjusted net income	\$ 485,656	\$ 373,334	\$ 249,914
Cash Conversion	64%	81%	117%

# APPENDIX B – LINCOLN ELECTRIC HOLDINGS, INC.

## 2023 EQUITY AND INCENTIVE COMPENSATION PLAN

Set forth below is the text of the 2023 Equity and Incentive Compensation Plan. This plan will be approved if Proposal 5 is adopted.

**1. Purpose.** The purpose of this 2023 Equity and Incentive Compensation Plan is to attract and retain officers, other employees and consultants of the Company and its Subsidiaries and to provide to such persons incentives and rewards for performance.

**2. Definitions.** As used in this Plan:

- (a) "Appreciation Right" means a right granted pursuant to **Section 5** of this Plan, and will include both Free-Standing Appreciation Rights and Tandem Appreciation Rights.
- (b) "Award" means an Option Right, an Appreciation Right, Restricted Shares, Restricted Stock Units, Performance Shares, Performance Units or Other Awards granted in accordance with the terms of the Plan.
- (c) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right or a Tandem Appreciation Right.
- (d) "Board" means the Board of Directors of the Company.
- (e) "Cause" means, for a Participant who is a party to a severance agreement with the Company, "Cause" as defined in such agreement. For all other Participants, "Cause" means that, prior to termination of employment, the Participant shall have: (i) committed a criminal violation involving fraud, embezzlement or theft in connection with the Participant's duties or in the course of the Participant's employment with the Company or any Subsidiary; (ii) committed an intentional violation of the Lincoln Electric Code of Corporate Conduct and Ethics, or any successor document, (A) in effect at the relevant time if such violation occurs prior to a Change in Control, or (B) in effect immediately prior to a Change in Control if such violation occurs on or after a Change in Control; (iii) committed intentional wrongful damage to property of the Company or any Subsidiary; (iv) committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or (v) committed intentional wrongful engagement in any of the activities set forth in any confidentiality, non-competition or non-solicitation arrangement with the Company to which the Participant is a party; and, in each case, any such act shall have been demonstrably and materially harmful (including financially or reputationally harmful) to the Company. For purposes of this Plan, no act or failure to act on the part of the Participant will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company. Before a Change in Control, the Committee shall have the sole discretion to determine whether "Cause" exists, and its determination shall be final. After a Change in Control, any determination as to whether "Cause" exists shall be subject to *de novo review*.
- (f) "Change in Control" has the meaning set forth in **Section 12** of this Plan.
- (g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (h) "Committee" means the Compensation and Executive Development Committee of the Board (or its successor(s)), or any other committee of the Board designated by the Board to administer this Plan pursuant to **Section 10** of this Plan consisting solely of no fewer than two Non-Employee Directors.
- (i) "Common Shares" means the common shares of the Company, without par value, or any security into which such common shares may be changed by reason of any transaction or event of the type referred to in **Section 11** of this Plan.
- (j) "Company" means Lincoln Electric Holdings, Inc., an Ohio corporation, and its successors.
- (k) "Date of Grant" means the date specified by the Committee on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units, or Other Awards, or a grant or sale of Restricted Shares, Restricted Stock Units, or Other Awards, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).
- (l) "Director" means a member of the Board.

- (m) "Effective Date" means the date this Plan is approved by the shareholders of the Company.
- (n) "Evidence of Award" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under the Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.
- (o) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.
- (p) "Free-Standing Appreciation Right" means an Appreciation Right granted pursuant to **Section 5** of this Plan that is not granted in tandem with an Option Right.
- (q) "Good Reason" means, for a Participant who is a party to a severance agreement with the Company, "Good Reason" as defined in such agreement. For all other Participants, "Good Reason" means the occurrence of any of the following events without the Participant's written consent:
  - (i) A material diminution in the Participant's base compensation;
  - (ii) A material diminution in the Participant's authority, duties, or responsibilities;
  - (iii) A material reduction in the Participant's opportunity regarding annual bonus, incentive or other payment of compensation made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company;
  - (iv) A material change in the geographic location at which the Participant must perform the services, which adds fifty (50) miles or more to the Participant's one-way daily commute; and
  - (v) Any other action or inaction that constitutes a material breach by the Company of the Participant's employment agreement, if any, under which the Participant provides services to the Company, or Participant's severance agreement with the Company, if any.

Notwithstanding the foregoing, a termination of employment by the Participant for one of the reasons set forth in clauses (i) through (v) above will not constitute a termination of employment by Participant for "Good Reason" unless the Participant provides, within 90 days of the initial occurrence of such condition or conditions, written notice to the Participant's employer of the existence of such condition or conditions, the Participant's employer has not remedied such condition or conditions within 30 days of the receipt of such notice and Participant terminates employment with the Company within 90 days following expiration of the cure period.

- (r) "Incentive Stock Options" means Option Rights that are intended to qualify as "incentive stock options" under Section 422 of the Code or any successor provision.
- (s) "Management Objectives" means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares, Performance Units or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Shares, Restricted Stock Units, dividend equivalents or other awards pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of one or more of the Subsidiaries, divisions, departments, regions, functions or other organizational units within the Company or its Subsidiaries. The Management Objectives may be made relative to the performance of other companies or subsidiaries, divisions, departments, regions, functions or other organizational units within such other companies, and may be made relative to an index or one or more of the performance objectives themselves.
- (t) "Market Value per Share" means, as of any particular date, the closing price of a Common Share as reported for that date on the NASDAQ Stock Market or, if the Common Shares are not then listed on the NASDAQ Stock Market, on any other national securities exchange on which the Common Shares are listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred. If there is no regular public trading market for the Common Shares, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.
- (u) "Non-Employee Director" means a person who is a "Non-Employee Director" of the Company within the meaning of Rule 16b-3 promulgated under the Exchange Act.
- (v) "Optionee" means the optionee named in an Evidence of Award evidencing an outstanding Option Right.
- (w) "Option Price" means the purchase price payable on exercise of an Option Right.

- (x) "Option Right" means the right to purchase Common Shares upon exercise of an option granted pursuant to **Section 4** of this Plan.
- (y) "Other Award" means an award granted pursuant to **Section 9** of the Plan.
- (z) "Participant" means a person who is selected by the Committee to receive benefits under this Plan and who is at the time (i) an officer, other employee or consultant of the Company or any Subsidiary, or (ii) a person who provides services to the Company or a Subsidiary that are equivalent to those typically provided by an employee (provided that such person or consultant satisfies the Form S-8 definition of an "employee").
- (aa) "Performance Period" means, in respect of a Performance Share or Performance Unit, a period of time established pursuant to **Section 8** of this Plan within which the Management Objectives relating to such Performance Share or Performance Unit are to be achieved.
- (bb) "Performance Share" means a bookkeeping entry that records the equivalent of one Common Share awarded pursuant to **Section 8** of this Plan.
- (cc) "Performance Unit" means a bookkeeping entry awarded pursuant to **Section 8** of this Plan that records a unit equivalent to \$1.00 or such other value as is determined by the Committee.
- (dd) "Plan" means this 2023 Equity and Incentive Compensation Plan.
- (ee) "Predecessor Plan" means the Company's 2015 Equity and Performance Incentive Plan.
- (ff) "Restricted Shares" means Common Shares granted or sold pursuant to **Section 6** of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.
- (gg) "Restricted Stock Units" means an award made pursuant to **Section 7** of this Plan of the right to receive Common Shares or cash at the end of a specified period.
- (hh) "Restriction Period" means the period of time during which Restricted Stock Units are subject to restrictions, as provided in **Section 7** of this Plan.
- (ii) "Spread" means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Option Price or Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.
- (jj) "Subsidiary" means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which at the time the Company owns or controls, directly or indirectly, more than 50 percent of the total combined Voting Power represented by all classes of stock issued by such corporation.
- (kk) "Tandem Appreciation Right" means an Appreciation Right granted pursuant to **Section 5** of this Plan that is granted in tandem with an Option Right.
- (ll) "Voting Power" means at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company, or members of the board of directors or similar body in the case of another entity.

### 3. Shares Available Under the Plan.

- (a) **Maximum Shares Available Under Plan.** Subject to adjustment as provided in **Section 11** of this Plan, the number of Common Shares that may be issued or transferred (A) upon the exercise of Option Rights or Appreciation Rights, (B) as Restricted Shares and released from substantial risks of forfeiture thereof, (C) in payment of Restricted Stock Units, (D) in payment of Performance Shares or Performance Units that have been earned, (E) as Other Awards, or (F) in payment of dividend equivalents paid with respect to awards made under the Plan will not exceed in the aggregate (x) 2,025,000 shares, minus (y) as of the Effective Date, one Common Share for every one Common Share subject to an award granted under the Predecessor Plan between February 24, 2023 and the Effective Date, plus (z) any Common Shares that become available under this Plan as a result of forfeiture, cancellation, expiration, or cash settlement of awards, as provided in **Section 3(b)** below. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(b) Share Counting Rules.

- (i) If any Common Shares issued or transferred pursuant to an award granted under this Plan are forfeited, or an award granted under this Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part), the Common Shares issued or transferred pursuant to, or subject to, such award (as applicable) will, to the extent of such cancellation, forfeiture, expiration, or cash settlement, again be available for issuance or transfer under **Section 3(a)** above.
- (ii) If after February 24, 2023, any Common Shares subject to an award granted under the Predecessor Plan are forfeited, or an award granted under the Predecessor Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part), the Common Shares subject to such award will, to the extent of such cancellation, forfeiture, expiration, or cash settlement, be available for issuance or transfer under **Section 3(a)** above.
- (iii) Notwithstanding anything to the contrary contained in this Section 3, the following Common Shares will not be added to the aggregate number of Common Shares available for issuance or transfer under **Section 3(a)** above: (A) Common Shares tendered or otherwise used in payment of the Option Price of an Option Right (or the option price of an option right granted under the Predecessor Plan); (B) Common Shares withheld or otherwise used by the Company to satisfy a tax withholding obligation; (C) Common Shares subject to an Appreciation Right (or an appreciation right granted under the Predecessor Plan) that are not actually issued in connection with its Common Shares settlement on exercise thereof; and (D) Common Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Option Rights (or option rights granted under the Predecessor Plan). In addition, if, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for Common Shares based on fair market value, such Common Shares will not count against the aggregate plan limit under **Section 3(a)** above.

(c) Limit on Incentive Stock Options. Notwithstanding anything in this **Section 3**, or elsewhere in this Plan, to the contrary and subject to adjustment as provided in **Section 11** of this Plan, the aggregate number of Common Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed **2,025,000** Common Shares.

(d) Individual Participant Limits. Notwithstanding anything in this **Section 3**, or elsewhere in this Plan, to the contrary, and subject to adjustment as provided in **Section 11** of this Plan:

- (i) No Participant will be granted Option Rights and/or Appreciation Rights, in the aggregate, for more than 500,000 Common Shares during any calendar year.
- (ii) No Participant will be granted Restricted Shares, Restricted Stock Units, Performance Shares and/or Other Awards, in the aggregate, for more than 500,000 Common Shares during any calendar year.
- (iii) In no event will any Participant in any calendar year receive Performance Units and/or Other Awards payable in cash having an aggregate maximum value as of their respective Dates of Grant in excess of \$5,000,000.

(e) Minimum Vesting Period. Except for Awards granted with respect to a maximum of five percent (5%) of the Common Shares authorized in **Section 3(a)**, no Award may have a vesting period of less than one year.

**4. Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each grant will specify the number of Common Shares to which it pertains subject to the limitations set forth in **Section 3** of this Plan.
- (b) Each grant will specify an Option Price per share, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant.
- (c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Shares owned by the Optionee (or other consideration authorized pursuant to **Section 4(d)** of this Plan) having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, the Company's withholding of Common Shares otherwise issuable upon exercise of an Option Right pursuant to a "net exercise" arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the Common Shares so withheld will not be treated as issued and acquired by the Company upon such exercise), (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Committee.
- (d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

- (e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.
- (f) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable.
- (g) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.
- (h) Option Rights granted under this Plan may be (i) options, including, without limitation, Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended so to qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of “employees” under Section 3401(c) of the Code.
- (i) The exercise of an Option Right will result in the cancellation on a share-for-share basis of any Tandem Appreciation Right authorized under **Section 5** of this Plan.
- (j) No Option Right will be exercisable more than 10 years from the Date of Grant.
- (k) Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.
- (l) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

#### 5. Appreciation Rights.

- (a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right will be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right will be a right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.
- (b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:
  - (i) Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, Common Shares or any combination thereof.
  - (ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee at the Date of Grant.
  - (iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.
  - (iv) Each grant may specify the period or periods of continuous service by the Participant with the Company or any Subsidiary that is necessary before the Appreciation Rights or installments thereof will become exercisable.
  - (v) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights.
  - (vi) Each grant of Appreciation Rights will be evidenced by an Evidence of Award, which Evidence of Award will describe such Appreciation Rights, identify the related Option Rights (if applicable), and contain such other terms and provisions, consistent with this Plan, as the Committee may approve.
- (c) Any grant of Tandem Appreciation Rights will provide that such Tandem Appreciation Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation. Successive grants of Tandem Appreciation Rights may be made to the same Participant regardless of whether any Tandem Appreciation Rights previously granted to the Participant remain unexercised.
- (d) Appreciation Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(e) Regarding Free-Standing Appreciation Rights only:

- (i) Each grant will specify in respect of each Free-Standing Appreciation Right a Base Price, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant;
- (ii) Successive grants may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and
- (iii) No Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

**6. Restricted Shares.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each such grant or sale will constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and/or restrictions on transfer hereinafter referred to.
- (b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.
- (c) Each such grant or sale will provide that the Restricted Shares covered by such grant or sale that vests upon the passage of time will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant or upon achievement of Management Objectives referred to in subparagraph (e) below.
- (d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares will be prohibited or restricted in the manner and to the extent prescribed by the Committee at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee).
- (e) Any grant of Restricted Shares may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Shares.
- (f) Any such grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying award; provided, however, that dividends or other distributions on Restricted Shares with restrictions that lapse as a result of the achievement of Management Objectives will be deferred until and paid contingent upon the achievement of the applicable Management Objectives.
- (g) Each grant or sale of Restricted Shares will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Shares will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares or (ii) all Restricted Shares will be held at the Company’s transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Shares.

**7. Restricted Stock Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each such grant or sale will constitute the agreement by the Company to deliver Common Shares or cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Committee may specify.
- (b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.
- (c) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the Common Shares deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current or deferred or contingent basis, either in cash or in additional Common Shares; provided, however, that dividend equivalents or other distributions on Common Shares underlying Restricted Stock Units with restrictions that lapse as a result of the achievement of Management Objectives will be deferred until and paid contingent upon the achievement of the applicable Management Objectives.



- (d) Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in Common Shares or cash, or a combination thereof.
- (e) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

**8. Performance Shares and Performance Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of Performance Shares and Performance Units. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each grant will specify the number or amount of Performance Shares or Performance Units, to which it pertains, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.
- (b) The Performance Period with respect to each Performance Share or Performance Unit will be such period of time as will be determined by the Committee at the time of grant.
- (c) Any grant of Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable level or levels of achievement and may set forth a formula for determining the number of Performance Shares or Performance Units that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives.
- (d) Each grant will specify the time and manner of payment of Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in Common Shares, in Restricted Shares or Restricted Stock Units or in any combination thereof.
- (e) Any grant of Performance Shares or Performance Units may specify that the amount payable or the number of Common Shares or Restricted Shares or Restricted Stock Units with respect thereto may not exceed a maximum specified by the Committee at the Date of Grant.
- (f) The Committee may, at the Date of Grant of Performance Shares, provide for the payment of dividend equivalents to the holder thereof either in cash or in additional Common Shares, subject in all cases to deferral and payment on a contingent basis based on the Participant's earning of the Performance Shares with respect to which such dividend equivalents are paid.
- (g) Each grant of Performance Shares or Performance Units will be evidenced by an Evidence of Award and will contain such other terms and provisions, consistent with this Plan, as the Committee may approve.

**9. Other Awards.**

- (a) Subject to applicable law and the limit set forth in **Section 3** of this Plan, the Committee may grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Common Shares, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of the Common Shares or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Committee will determine the terms and conditions of such awards. Common Shares delivered pursuant to an award in the nature of a purchase right granted under this **Section 9** will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, Common Shares, other awards, notes or other property, as the Committee determines.
- (b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this **Section 9**.
- (c) The Committee may grant Common Shares as a bonus, or may grant other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.



## 10. Administration of this Plan.

- (a) This Plan will be administered by the Committee. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.
- (b) The interpretation and construction by the Committee of any provision of this Plan or of any agreement, notification or document evidencing the grant of awards under this Plan and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan Section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.
- (c) To the extent permitted by law, the Committee may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under the Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan; and (ii) determine the size of any such awards; provided, however, that (A) the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer, Director, or more than 10% beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act, or any Covered Employee; (B) the resolution providing for such authorization sets forth the total number of Common Shares such officer(s) may grant; and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.

**11. Adjustments.** The Committee shall make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights, Appreciation Rights, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of Common Shares covered by Other Awards, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, in the kind of shares covered thereby, and in the other terms, as the Committee, in its sole discretion, exercised in good faith, shall determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. However, such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in shares of the Company. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee shall provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, shall determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the numbers of shares specified in **Section 3** of this Plan as the Committee in its sole discretion, exercised in good faith, shall determine is appropriate to reflect any transaction or event described in this **Section 11**; provided, however, that any such adjustment to the number specified in **Section 3(c)** will be made only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail to so qualify. Any adjustment under this **Section 11** need not be the same for all Participants.

## 12. Change in Control.

- (a) For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan, a "Change in Control" will be deemed to have occurred upon the occurrence of any of the following events:
  - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then-outstanding Voting Stock of the Company; provided, however, that:
    - (1) for purposes of this **Section 12(a)(i)**, the following acquisitions will not constitute a Change in Control: (A) any acquisition of Voting Stock of the Company directly from the Company that is approved by a majority of the Incumbent Directors, (B) any acquisition of Voting Stock of the Company by the Company or any Subsidiary, (C) any acquisition of Voting Stock of the

Company by the trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, and (D) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Transaction that complies with clauses (A), (B) and (C) of **Section 12(a)(iii)** below;

- (2) if any Person is or becomes the beneficial owner of 30% or more of combined voting power of the then-outstanding Voting Stock of the Company as a result of a transaction described in clause (A) of **Section 12(a)(i)(1)** above and such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than in an acquisition directly from the Company that is approved by a majority of the Incumbent Directors or as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally, such subsequent acquisition will be treated as a Change in Control;
- (3) a Change in Control will not be deemed to have occurred if a Person is or becomes the beneficial owner of 30% or more of the Voting Stock of the Company as a result of a reduction in the number of shares of Voting Stock of the Company outstanding pursuant to a transaction or series of transactions that is approved by a majority of the Incumbent Directors unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; and
- (4) if at least a majority of the Incumbent Directors determine in good faith that a Person has acquired beneficial ownership of 30% or more of the Voting Stock of the Company inadvertently, and such Person divests as promptly as practicable but no later than the date, if any, set by the Incumbent Board a sufficient number of shares so that such Person beneficially owns less than 30% of the Voting Stock of the Company, then no Change in Control will have occurred as a result of such Person's acquisition; or

(ii) a majority of the Board ceases to be comprised of Incumbent Directors; or

(iii) the consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another corporation, or other transaction (each, a "Business Transaction"), unless, in each case, immediately following such Business Transaction (A) the Voting Stock of the Company outstanding immediately prior to such Business Transaction continues to represent (either by remaining outstanding or by being converted into Voting Stock of the surviving entity or any parent thereof), more than 50% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (other than the Company, such entity resulting from such Business Transaction, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Transaction) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction, and (C) at least a majority of the members of the Board of Directors of the entity resulting from such Business Transaction were Incumbent Directors at the time of the execution of the initial agreement or of the action of the Board providing for such Business Transaction, if earlier; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Transaction that complies with clauses (A), (B) and (C) of **Section 12(a)(iii)**.

(b) Specifically defined terms for purposes of **Section 12(a)**:

(i) "Board" means the Board of Directors of Lincoln Electric Holdings, Inc.

(ii) "Incumbent Directors" means the individuals who, as of the date hereof, are Directors of the Company (each, a "Director") and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(iii) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.

(iv) "Voting Stock" means securities entitled to vote generally in the election of directors.

(c) In the event of a Change in Control, unless otherwise determined by the Committee or set forth in an Evidence of Award, or as provided for in an individual severance or employment agreement between the Company and Participant, the following acceleration, exercisability, and valuation provisions apply:

- (i) Upon a Change in Control, if either (A) an award meeting the requirements of **Section 12(c)(ii)** (a “Replacement Award”) is not provided to the Participant to replace or adjust an outstanding Award (a “Replaced Award”), and the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of the Change in Control, or (B) the Participant was a party to a severance agreement with the Company providing for benefits in connection with a Change in Control (a “Severance Agreement”) at the time of the Participant’s termination of employment, and the Participant’s employment was terminated by the Company (x) other than for Cause or pursuant to an individually negotiated arrangement after the Date of Grant, (y) following the commencement of any discussion with a third person that results in a Change in Control and (z) within twelve months prior to the Change in Control, then outstanding Option Rights and Appreciation Rights will become fully vested and exercisable and outstanding Restricted Shares, Restricted Stock Units, Performance Units, Performance Shares and Other Awards will become fully vested (in the case of Awards that are subject to the achievement of performance criteria, such vesting shall be based on the greater of target and actual performance, with actual performance determined by the Committee based upon (I) actual performance through the most recent date prior to the Change in Control for which achievement of the performance criteria can reasonably be determined and (II) expected performance for the remainder of the applicable performance period (the “COC Payout Level”).
- (ii) An award meets the conditions of this **Section 12(c)(ii)** (and hence qualifies as a Replacement Award) if: (A) it is of the same type as the Replaced Award (in the case of a Replaced Award subject to performance-based vesting, an award subject to performance-based vesting); (B) it has a value at the time of grant or adjustment at least equal to the value of the Replaced Award; (C) it relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (D) if the Participant is subject to U.S. federal income tax under the Code, the tax consequences to the Participant under the Code of the Replacement Award are not less favorable to Participant than the tax consequences of the Replaced Award; and (E) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). For purposes of clause (B) of the preceding sentence, “value” with respect to Option Rights and Appreciation Rights means the Market Value Per Share as determined in connection with the Change in Control over the applicable exercise price, and with respect to an Award subject to the achievement of performance criteria means a value at least equal to the value of the portion of the Award that would vest at the COC Payout Level. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this **Section 12(c)(ii)** are satisfied will be made by the Committee, as constituted immediately before the Change in Control.
- (iii) Upon (A) a termination of Participant’s employment with the Company or any successor for Good Reason or (B) a termination of Participant’s employment by the Company or its successor, other than a termination for Cause, or (C) the Participant’s death or disability, in each case, occurring at or during the period of two years after a Change in Control, (I) all Replacement Awards held by the Participant will become fully vested (with such Replacement Award calculated in a manner which satisfies **Section 12(c)(iii)**), and (II) all Option Rights and Appreciation Rights held by the Participant immediately before such termination of employment that the Participant held as of the date of the Change in Control or that constitute Replacement Awards will become fully exercisable and will remain exercisable until the expiration of the stated term of such Option Right or Appreciation Right.

**13. Detrimental Activity and Recapture Provisions.** Any Evidence of Award may provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either (a) during employment or other service with the Company or a Subsidiary or (b) within a specified period after termination of such employment or service, shall engage in any detrimental activity. In addition, notwithstanding anything in this Plan to the contrary, any Evidence of Award may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded.

**14. Non U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including, without

limitation, sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

#### 15. Transferability.

- (a) Except as otherwise determined by the Committee, no Option Right, Appreciation Right, Restricted Shares, Restricted Stock Unit, Performance Share, Performance Unit, Other Award or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except pursuant to a domestic relations order (that contains any information required by the Company to effectuate the transfer) or by will or the laws of descent and distribution, and in no event will any such award granted under the Plan be transferred for value. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.
- (b) The Committee may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in **Section 6** of this Plan, will be subject to further restrictions on transfer.

**16. Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of Common Shares, and such Participant fails to make arrangements for the payment of tax, then, unless otherwise determined by the Committee, the Company will withhold Common Shares having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income and employment tax laws, the Participant may elect, unless otherwise determined by the Committee, to satisfy the obligation, in whole or in part, by having withheld, from the shares required to be delivered to the Participant, Common Shares having a value equal to the amount required to be withheld or by delivering to the Company other Common Shares held by such Participant. The shares used for tax withholding will be valued at an amount equal to the market value of such Common Shares on the date the benefit is to be included in Participant's income. In no event will the market value of the Common Shares to be withheld and delivered pursuant to this Section to satisfy applicable withholding taxes in connection with the benefit exceed the maximum amount of taxes required to be withheld. Participants will also make such arrangements as the Company may require for the payment of any withholding tax obligation that may arise in connection with the disposition of Common Shares acquired upon the exercise of Option Rights.

#### 17. Compliance with Section 409A of the Code.

- (a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Evidence of Award.
- (b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Subsidiaries.
- (c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant is a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company determines that an amount payable hereunder constitutes deferred compensation

(within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.

- (d) Each payment under any Award shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award.
- (e) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

#### 18. Amendments.

- (a) The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan must be approved by the shareholders of the Company in order to comply with applicable law or the rules of the NASDAQ Stock Market or, if the Common Shares are not traded on the NASDAQ Stock Market, the principal national securities exchange upon which the Common Shares are traded or quoted, then, such amendment will be subject to shareholder approval and will not be effective unless and until such approval has been obtained.
- (b) Except in connection with a corporate transaction or event described in **Section 11** of this Plan, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding Option Rights or Appreciation Rights in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without shareholder approval. This **Section 18(b)** is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in **Section 11** of this Plan. Notwithstanding any provision of this Plan to the contrary, this **Section 18(b)** may not be amended without approval by the Company's shareholders.
- (c) Subject to **Section 18(b)** hereof, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Subject to **Section 11** above, no such amendment will impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

**19. Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Ohio.

**20. Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grants will be made on or after the Effective Date under the Predecessor Plan, except that outstanding awards granted under the Predecessor Plan will continue unaffected following the Effective Date. No grant will be made under this Plan after April 19, 2033, but all grants made on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.

#### 21. Miscellaneous Provisions.

- (a) The Company will not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.
- (b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.
- (c) Except with respect to **Section 21(e)**, to the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.



- (d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.
- (e) Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries will not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder.
- (f) No Participant will have any rights as a shareholder with respect to any shares subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares upon the stock records of the Company.
- (g) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.
- (h) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of Common Share under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.
- (i) If any provision of this Plan is or becomes invalid, illegal or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect.
- (j) Notwithstanding anything to the contrary contained in this Plan, including **Section 3(e)**, the vesting of any Award may be accelerated in the event of the Participant's retirement, death or disability, in connection with a Change in Control pursuant to **Section 12** or as otherwise provided in the applicable Evidence of Award.
- (k) Notwithstanding anything to the contrary in this Plan, any dividends or dividend equivalents credited with respect to any Award shall be subject to the same vesting conditions applicable to such Award.

**22. Stock-Based Awards in Substitution for Option Rights or Awards Granted by Other Company.** Notwithstanding anything in this Plan to the contrary:

- (a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for Common Shares substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.
- (b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by stockholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under the Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.
- (c) Any Common Shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 22(a)** or **22(b)** above will not reduce the Common Shares available for issuance or transfer under the Plan or otherwise count against the limits contained in **Section 3** of the Plan. In addition, no Common Shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 22(a)** or **22(b)** above will be added to the aggregate plan limit contained in **Section 3** of the Plan.

# APPENDIX C – LINCOLN ELECTRIC HOLDINGS, INC.

## 2023 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

Set forth below is the text of the 2023 Stock Plan for Non-Employee Directors. This plan will be approved if Proposal 6 is adopted.

**1. Purposes.** The purposes of this 2023 Stock Plan for Non-Employee Directors are to: (a) encourage the non-employee Directors of the Company to own Common Shares and thereby to align their interests more closely with the interests of the Company's other shareholders; (b) encourage the highest level of Director achievement by providing the Directors with a vested interest in the Company's attainment of its financial goals; and (c) provide financial incentives that will help attract and retain the most qualified non-employee Directors.

**2. Definitions.** As used in this Plan:

- (a) "Appreciation Right" means a right granted pursuant to **Section 5** of this Plan, and will include both Free-Standing Appreciation Rights and Tandem Appreciation Rights.
- (b) "Award" means an Option Right, an Appreciation Right, Restricted Shares, Restricted Stock Units, or Other Awards granted in accordance with the terms of the Plan.
- (c) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right or a Tandem Appreciation Right.
- (d) "Board" means the Board of Directors of the Company.
- (e) "Cause" means that, prior to Termination of Service, the Participant shall have: (i) committed a criminal violation involving fraud, embezzlement or theft in connection with the Participant's duties or in the course of the Participant's service as a Director; (ii) committed an intentional violation of the Lincoln Electric Code of Corporate Conduct and Ethics, or any successor document, (A) in effect at the relevant time if such violation occurs prior to a Change in Control, or (B) in effect immediately prior to a Change in Control if such violation occurs on or after a Change in Control; (iii) committed intentional wrongful damage to property of the Company or any Subsidiary; (iv) committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or (v) committed intentional wrongful engagement in any of the activities set forth in any confidentiality, non-competition or non-solicitation arrangement with the Company to which the Participant is a party; and, in each case, any such act shall have been demonstrably and materially harmful (including financially or reputationally harmful) to the Company. For purposes of this Plan, no act or failure to act on the part of the Participant will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company. Before a Change in Control, the Committee shall have the sole discretion to determine whether "Cause" exists, and its determination shall be final. After a Change in Control, any determination as to whether "Cause" exists shall be subject to de novo review.
- (f) "Change in Control" has the meaning set forth in **Section 11** of this Plan.
- (g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (h) "Committee" means the Nominating and Corporate Governance Committee of the Board (or its successor(s)), or any other committee of the Board designated by the Board to administer this Plan pursuant to **Section 9** of this Plan consisting solely of no fewer than two Non-Employee Directors.
- (i) "Common Shares" means the common shares of the Company, without par value, or any security into which such common shares may be changed by reason of any transaction or event of the type referred to in **Section 10** of this Plan.
- (j) "Company" means Lincoln Electric Holdings, Inc., an Ohio corporation, and its successors.
- (k) "Date of Grant" means the date specified by the Committee on which a grant of Option Rights or Appreciation Rights or Other Awards, or a grant or sale of Restricted Shares, Restricted Stock Units or Other Awards, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

- (l) "Director" means a member of the Board.
- (m) "Disability" means permanent and total disability as defined under the Company's long-term disability program.
- (n) "Effective Date" means the date this Plan is approved by the shareholders of the Company.
- (o) "Eligible Director" means a Director who is not an employee of the Company. For purposes of this Plan, an employee is an individual whose wages are subject to the withholding of federal income tax under Section 3401 and 3402 of the Code.
- (p) "Evidence of Award" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under the Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.
- (q) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.
- (r) "Free-Standing Appreciation Right" means an Appreciation Right granted pursuant to **Section 5** of this Plan that is not granted in tandem with an Option Right.
- (s) "Market Value per Share" means, as of any particular date, the closing price of a Common Share as reported for that date on the NASDAQ Stock Market or, if the Common Shares are not then listed on the NASDAQ Stock Market, on any other national securities exchange on which the Common Shares are listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred. If there is no regular public trading market for the Common Shares, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.
- (t) "Non-Employee Director" means a person who is a "Non-Employee Director" of the Company within the meaning of Rule 16b-3 promulgated under the Exchange Act.
- (u) "Optionee" means the optionee named in an Evidence of Award evidencing an outstanding Option Right.
- (v) "Option Price" means the purchase price payable on exercise of an Option Right.
- (w) "Option Right" means the right to purchase Common Shares upon exercise of an option granted pursuant to **Section 4** of this Plan.
- (x) "Other Award" means an award granted pursuant to **Section 8** of this Plan.
- (y) "Participant" means an Eligible Director who is selected by the Committee to receive benefits under this Plan.
- (z) "Plan" means this 2023 Stock Plan for Non-Employee Directors.
- (aa) "Predecessor Plan" means the Company's 2015 Stock Plan for Non-Employee Directors, as amended.
- (bb) "Restricted Shares" means Common Shares granted or sold pursuant to **Section 6** of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.
- (cc) "Restricted Stock Units" means an award made pursuant to **Section 7** of this Plan of the right to receive Common Shares or cash at the end of a specified period.
- (dd) "Restriction Period" means the period of time during which Restricted Stock Units are subject to restrictions, as provided in **Section 7** of this Plan.
- (ee) "Retirement" means, unless otherwise determined by the Committee, a Termination of Service as a Director at the end of the Director's term occurring as a result of the Director's being unable to stand for reelection under the Company's policy relating to Director retirement.
- (ff) "Spread" means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Option Price or Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.
- (gg) "Tandem Appreciation Right" means an Appreciation Right granted pursuant to **Section 5** of this Plan that is granted in tandem with an Option Right.
- (hh) "Termination of Service" means the time at which the Director ceases to serve as a Director for any reason, with or without cause, which includes termination by resignation, removal, death or retirement.



### 3. Shares Available Under the Plan.

#### (a) Maximum Shares Available Under Plan.

- (i) Subject to adjustment as provided in **Section 10** of this Plan, the number of Common Shares that may be issued or transferred (A) upon the exercise of Option Rights or Appreciation Rights, (B) as Restricted Shares and released from substantial risks of forfeiture thereof, (C) in payment of Restricted Stock Units, (D) as awards contemplated by **Section 8** of this Plan, or (E) in payment of dividend equivalents paid with respect to awards made under this Plan will not exceed in the aggregate 200,000 shares. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.
- (ii) Common Shares covered by an award granted under this Plan will not be counted as used unless and until they are actually issued and delivered to a Participant. If any Common Shares issued or transferred pursuant to an award granted under this Plan are forfeited, or an award granted under this Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part), the Common Shares issued or transferred pursuant to, or subject to, such award (as applicable) will, to the extent of such cancellation, forfeiture, expiration, or cash settlement, again be available for issuance or transfer under **Section 3(a)(i)** above. Without limiting the generality of the foregoing, upon payment in cash of the benefit provided by any award granted under this Plan, any Common Shares that were covered by the applicable portion of such award will be available for issuance or transfer hereunder. Notwithstanding anything to the contrary contained herein: (A) if Common Shares are tendered or otherwise used in payment of the Option Price of an Option Right, the total number of Common Shares covered by the Option Right being exercised will reduce the aggregate plan limit described above; and (B) the number of Common Shares covered by an Appreciation Right, to the extent that it is exercised and settled in Common Shares, and whether or not all Common Shares covered by the Appreciation Right are actually issued to the Participant upon exercise of the Appreciation Right, will be considered issued or transferred pursuant to this Plan. In the event that the Company repurchases Common Shares with Option Right proceeds, such Common Shares will not be added to the aggregate plan limit described above. If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for Common Shares based on fair market value, such Common Shares will not count against the aggregate plan limit described above.

(b) **Individual Participant Limit.** Notwithstanding anything in this **Section 3**, or elsewhere in this Plan to the contrary, and subject to adjustment as provided in **Section 10** of this Plan, in no event will any Participant receive in any calendar year (i) Common Share-based awards under this Plan for, in the aggregate, more than 13,000 Common Shares, and (ii) cash-based awards under this Plan having an aggregate maximum value in excess of \$300,000.

(c) **Minimum Vesting Period.** Except for Awards granted with respect to a maximum of five percent (5%) of the Common Shares authorized in **Section 3(a)(i)**, no Award may have a vesting period of less than one year.

**4. Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each grant will specify the number of Common Shares to which it pertains subject to the limitations set forth in **Section 3** of this Plan.
- (b) Each grant will specify an Option Price per share, which (except with respect to awards under **Section 20** of this Plan) may not be less than the Market Value per Share on the Date of Grant.
- (c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Shares owned by the Optionee (or other consideration authorized pursuant to **Section 4(d)** of this Plan) having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, the Company's withholding of Common Shares otherwise issuable upon exercise of an Option Right pursuant to a "net exercise" arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the Common Shares so withheld will not be treated as issued and acquired by the Company upon such exercise), (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Committee.
- (d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.
- (e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.
- (f) Each grant will specify the period or periods of continuous service by the Optionee with the Company that is necessary before the Option Rights or installments thereof will become exercisable.

- (g) The exercise of an Option Right will result in the cancellation on a share-for-share basis of any Tandem Appreciation Right authorized under **Section 5** of this Plan.
- (h) No Option Right will be exercisable more than 10 years from the Date of Grant.
- (i) Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.
- (j) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

#### 5. Appreciation Rights.

- (a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right will be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right will be a right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.
- (b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:
  - (i) Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, Common Shares or any combination thereof.
  - (ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee at the Date of Grant.
  - (iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.
  - (iv) Each grant may specify the period or periods of continuous service by the Participant with the Company that is necessary before the Appreciation Rights or installments thereof will become exercisable.
  - (v) Each grant of Appreciation Rights will be evidenced by an Evidence of Award, which Evidence of Award will describe such Appreciation Rights, identify the related Option Rights (if applicable), and contain such other terms and provisions, consistent with this Plan, as the Committee may approve.
- (c) Any grant of Tandem Appreciation Rights will provide that such Tandem Appreciation Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation. Successive grants of Tandem Appreciation Rights may be made to the same Participant regardless of whether any Tandem Appreciation Rights previously granted to the Participant remain unexercised.
- (d) Appreciation Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.
- (e) Regarding Free-Standing Appreciation Rights only:
  - (i) Each grant will specify in respect of each Free-Standing Appreciation Right a Base Price, which (except with respect to awards under **Section 20** of this Plan) may not be less than the Market Value per Share on the Date of Grant;
  - (ii) Successive grants may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and
  - (iii) No Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

**6. Restricted Shares.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each such grant or sale will constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and/or restrictions on transfer hereinafter referred to.

- (b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.
- (c) Each such grant or sale will provide that the Restricted Shares covered by such grant or sale that vests upon the passage of time will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant.
- (d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares will be prohibited or restricted in the manner and to the extent prescribed by the Committee at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee).
- (e) Any such grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying award.
- (f) Each grant or sale of Restricted Shares will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Shares will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares or (ii) all Restricted Shares will be held at the Company’s transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Shares.

**7. Restricted Stock Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each such grant or sale will constitute the agreement by the Company to deliver Common Shares or cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the Restriction Period as the Committee may specify.
- (b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.
- (c) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the Common Shares deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current or deferred or contingent basis, either in cash or in additional Common Shares.
- (d) Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in Common Shares or cash, or a combination thereof.
- (e) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

**8. Other Awards.**

- (a) Subject to applicable law and the limit set forth in **Section 3** of this Plan, the Committee may grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Common Shares, awards with value and payment contingent upon any other factors designated by the Committee, and awards valued by reference to the book value of the Common Shares or the value of securities of the Company. The Committee will determine the terms and conditions of such awards. Common Shares delivered pursuant to an award in the nature of a purchase right granted under this **Section 8** will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, Common Shares, other awards, notes or other property, as the Committee determines.

- (b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this **Section 8**.
- (c) The Committee may grant Common Shares as a bonus, or may grant Other Awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

#### 9. Administration of this Plan.

- (a) This Plan will be administered by the Committee. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.
- (b) The interpretation and construction by the Committee of any provision of this Plan or of any agreement, notification or document evidencing the grant of awards under this Plan and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan Section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.
- (c) To the extent permitted by law, the Committee may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under the Plan.

**10. Adjustments.** The Committee shall make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights, Appreciation Rights, and Restricted Stock Units granted hereunder and, if applicable, in the number of Common Shares covered by Other Awards, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, in the kind of shares covered thereby, and in the other terms, as the Committee, in its sole discretion, exercised in good faith, shall determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. However, such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in shares of the Company. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee shall provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, shall determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its sole discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the numbers of shares specified in **Section 3** of this Plan as the Committee in its sole discretion, exercised in good faith, shall determine is appropriate to reflect any transaction or event described in this **Section 10**.

#### 11. Change in Control.

- (a) For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan, a "Change in Control" will be deemed to have occurred upon the occurrence of any of the following events:
  - (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined Voting Power of the then-outstanding Voting Stock of the Company; provided, however, that:
    - (1) for purposes of this **Section 11(a)(i)**, the following acquisitions will not constitute a Change in Control: (A) any acquisition of Voting Stock of the Company directly from the Company that is approved by a majority of the Incumbent Directors, (B) any acquisition of Voting Stock of the Company by the Company or any Subsidiary, (C) any acquisition of Voting Stock of the Company by the trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, and (D) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Transaction that complies with clauses (A), (B) and (C) of **Section 11(a)(iii)** below;

- (2) if any Person is or becomes the beneficial owner of 30% or more of combined Voting Power of the then-outstanding Voting Stock of the Company as a result of a transaction described in clause (A) of **Section 11(a)(i)(1)** above and such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than in an acquisition directly from the Company that is approved by a majority of the Incumbent Directors or as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally, such subsequent acquisition will be treated as a Change in Control;
- (3) a Change in Control will not be deemed to have occurred if a Person is or becomes the beneficial owner of 30% or more of the Voting Stock of the Company as a result of a reduction in the number of shares of Voting Stock of the Company outstanding pursuant to a transaction or series of transactions that is approved by a majority of the Incumbent Directors unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; and
- (4) if at least a majority of the Incumbent Directors determine in good faith that a Person has acquired beneficial ownership of 30% or more of the Voting Stock of the Company inadvertently, and such Person divests as promptly as practicable but no later than the date, if any, set by the Incumbent Board a sufficient number of shares so that such Person beneficially owns less than 30% of the Voting Stock of the Company, then no Change in Control will have occurred as a result of such Person's acquisition; or
- (ii) a majority of the Board ceases to be comprised of Incumbent Directors; or
- (iii) the consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another corporation, or other transaction (each, a "Business Transaction"), unless, in each case, immediately following such Business Transaction (A) the Voting Stock of the Company outstanding immediately prior to such Business Transaction continues to represent (either by remaining outstanding or by being converted into Voting Stock of the surviving entity or any parent thereof), more than 50% of the combined Voting Power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (other than the Company, such entity resulting from such Business Transaction, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Transaction) beneficially owns, directly or indirectly, 30% or more of the combined Voting Power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction, and (C) at least a majority of the members of the Board of Directors of the entity resulting from such Business Transaction were Incumbent Directors at the time of the execution of the initial agreement or of the action of the Board providing for such Business Transaction, if earlier; or
- (iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Transaction that complies with clauses (A), (B) and (C) of **Section 11(a)(iii)**.
- (b) Specifically defined terms for purposes of **Section 11(a)**:
- (i) "Board" means the Board of Directors of Lincoln Electric Holdings, Inc.
- (ii) "Incumbent Directors" means the individuals who, as of the date hereof, are Directors of the Company (each, a "Director") and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
- (iii) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.
- (iv) "Voting Power" means at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company, or members of the board of directors or similar body in the case of another entity.
- (v) "Voting Stock" means securities entitled to vote generally in the election of directors.



- (c) In the event of a Change in Control, unless otherwise determined by the Committee or set forth in an Evidence of Award, or as provided for in an individual agreement between the Company and Participant, the following acceleration, exercisability, and valuation provisions apply:
- (i) Except to the extent that an award meeting the requirements of **Section 11(c)(ii)** (a “Replacement Award”) is provided to the Participant to replace or adjust an outstanding Award (a “Replaced Award”), upon a Change in Control, outstanding Option Rights and Appreciation Rights will become fully vested and exercisable and outstanding Restricted Shares, Restricted Stock Units and Other Awards will become fully vested.
  - (ii) An award meets the conditions of this **Section 11(c)(ii)** (and hence qualifies as a Replacement Award) if: (A) it is of the same type as the Replaced Award; (B) it has a value at the time of grant or adjustment at least equal to the value of the Replaced Award; (C) it relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (D) if the Participant is subject to U.S. federal income tax under the Code, the tax consequences to the Participant under the Code of the Replacement Award are not less favorable to Participant than the tax consequences of the Replaced Award; and (E) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). For purposes of clause (B) of the preceding sentence, “value” with respect to Option Rights and Appreciation Rights means the Market Value Per Share as determined in connection with the Change in Control over the applicable exercise price. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this **Section 11(c)(ii)** are satisfied will be made by the Committee, as constituted immediately before the Change in Control.
  - (iii) Upon a Termination of Service by the Company or its successor other than for Cause, or due to death or disability, at or during the period of two years after a Change in Control, (A) all Replacement Awards held by the Participant will become fully vested (with such Replacement Award calculated in a manner which satisfies **Section 11(c)(ii)**), and (B) all Option Rights and Appreciation Rights held by the Participant immediately before such Termination of Service that the Participant held as of the date of the Change in Control or that constitute Replacement Awards will become fully exercisable and will remain exercisable until the expiration of the stated term of such Option Right or Appreciation Right.

**12. Recapture Provisions.** Notwithstanding anything in this Plan to the contrary, any Evidence of Award may provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded.

**13. Non U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including, without limitation, sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

**14. Transferability.**

- (a) Except as otherwise determined by the Committee, no Option Right, Appreciation Right, Restricted Shares, Restricted Stock Unit, Other Award or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except pursuant to a domestic relations order (that contains any information required by the Company to effectuate the transfer) or by will or the laws of descent and distribution, and in no event will any such award granted under the Plan be transferred for value. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant’s lifetime only by him or her or, in the event of the Participant’s legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

- (b) The Committee may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights or upon the termination of the Restriction Period applicable to Restricted Stock Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in **Section 6** of this Plan, will be subject to further restrictions on transfer.

#### 15. Compliance with Section 409A of the Code.

- (a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
- (b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Subsidiaries.
- (c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant is a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.
- (d) Each payment under any award granted under this Plan shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any award granted under this Plan.
- (e) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

#### 16. Amendments.

- (a) The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan must be approved by the shareholders of the Company in order to comply with applicable law or the rules of the NASDAQ Stock Market or, if the Common Shares are not traded on the NASDAQ Stock Market, the principal national securities exchange upon which the Common Shares are traded or quoted, then, such amendment will be subject to shareholder approval and will not be effective unless and until such approval has been obtained.
- (b) Except in connection with a corporate transaction or event described in **Section 10** of this Plan, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding Option Rights or Appreciation Rights in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without shareholder approval. This **Section 16(b)** is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in **Section 10** of this Plan. Notwithstanding any provision of this Plan to the contrary, this **Section 16(b)** may not be amended without approval by the Company's shareholders.
- (c) If permitted by Section 409A of the Code, but subject to the paragraph that follows, including in the case of termination of service as a non-employee director by reason of death, Disability or Retirement, or in the case of unforeseeable emergency or other special circumstances or in the event of a Change in Control, to the extent a Participant holds an Option Right or Appreciation Right not

immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Other Awards subject to any vesting schedule or transfer restriction, or who holds Common Shares subject to any transfer restriction imposed pursuant to **Section 14(b)** of this Plan, the Committee may, in its sole discretion, accelerate the time at which such Option Right, Appreciation Right or other award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or when such awards will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

Subject to **Section 16(b)** hereof, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Subject to **Section 10** above, no such amendment will impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

**17. Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Ohio.

**18. Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grants will be made on or after the Effective Date under the Predecessor Plan, except that outstanding awards granted under the Predecessor Plan will continue unaffected following the Effective Date. No grant will be made under this Plan after April 19, 2033, but all grants made on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.

**19. Miscellaneous Provisions.**

- (a) The Company will not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.
- (b) This Plan will not confer upon any Participant any right with respect to continuance of service as a Director of the Company, nor will it interfere in any way with any right the Company would otherwise have to terminate such Participant's service at any time.
- (c) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.
- (d) No Participant will have any rights as a shareholder with respect to any shares subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares upon the stock records of the Company.
- (e) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.
- (f) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of Common Share under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.
- (g) If any provision of this Plan is or becomes invalid, illegal or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect.
- (h) Notwithstanding anything to the contrary contained in this Plan, including **Section 3(c)**, the vesting of any Award may be accelerated in the event of the Participant's retirement, death or disability, in connection with a Change in Control pursuant to **Section 11** or as otherwise provided in the applicable Evidence of Award.
- (i) Notwithstanding anything to the contrary contained in this Plan, any dividends or dividend equivalents credited with respect to any Award shall be subject to the same vesting conditions applicable to such Award.



**20. Stock-Based Awards in Substitution for Option Rights or Awards Granted by Other Company.** Notwithstanding anything in this Plan to the contrary:

- (a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for Common Shares substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.
- (b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by stockholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under the Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.
- (c) Any Common Shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 20(a)** or **20(b)** above will not reduce the Common Shares available for issuance or transfer under the Plan or otherwise count against the limits contained in **Section 3** of the Plan. In addition, no Common Shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 20(a)** or **20(b)** above will be added to the aggregate plan limit contained in **Section 3** of the Plan.

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-1402

**LINCOLN ELECTRIC HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

Ohio

34-1860551

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

22801 St. Clair Avenue, Cleveland, Ohio

44117

(Address of principal executive offices)

(Zip Code)

(216) 481-8100

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, without par value	LECO	The NASDAQ Stock Market LLC

**Securities registered pursuant to Section 12(g) of the Act:** None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(c)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the common shares held by non-affiliates as of June 30, 2022 was \$7,021,065,796 (affiliates, for this purpose, have been deemed to be Directors and Executive Officers of the Company and certain significant shareholders).

The number of shares outstanding of the registrant's common shares as of January 31, 2023 was 57,581,543.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement with respect to the registrant's 2023 Annual Meeting of Shareholders.

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## **PART I**

### **ITEM 1. BUSINESS**

#### **General**

As used in this Annual Report on Form 10-K, the term "Company," except as otherwise indicated by the context, means Lincoln Electric Holdings, Inc. and its wholly-owned and majority-owned subsidiaries for which it has a controlling interest. The Lincoln Electric Company began operations in 1895 and was incorporated under the laws of the State of Ohio in 1906. During 1998, The Lincoln Electric Company reorganized into a holding company structure, and Lincoln Electric Holdings, Inc. became the publicly-held parent of Lincoln Electric subsidiaries worldwide, including The Lincoln Electric Company.

The Company is one of only a few worldwide broad-line manufacturers of welding, cutting and brazing products. The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding, brazing and soldering filler metals (consumables), arc welding equipment, plasma and oxyfuel cutting systems, wire feeding systems, fume control equipment, welding accessories, specialty gas regulators, and education solutions; as well as a comprehensive portfolio of automated solutions for joining, cutting, material handling, module assembly, and end of line testing.

The arc welding power sources and wire feeding systems manufactured by the Company range in technology from basic units used for light manufacturing and maintenance to highly sophisticated robotic applications for high volume production welding and fabrication. Three primary types of arc welding consumables are produced: (1) coated manual or stick electrodes; (2) solid wire produced in coil, reel or drum forms for continuous feeding in mechanized welding; and (3) cored wire produced in coil form for continuous feeding in mechanized welding.

The Company has, through wholly-owned subsidiaries, manufacturing facilities located in the United States, Australia, Austria, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Mexico, Poland, Portugal, Romania, Russia, South Korea, Spain, Turkey and the United Kingdom.

The Company's business units are aligned into three operating segments. The operating segments consist of Americas Welding, International Welding and The Harris Products Group. The Americas Welding segment includes welding operations in North and South America. The International Welding segment includes welding operations in Europe, Africa, Asia and Australia. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses, specialty gas equipment, as well as the retail business in the United States.

On December 1, 2022, the Company acquired Fori Automation, LLC ("Fori") for a cash purchase price of \$427,000, subject to customary working capital adjustments. Fori is a leading designer and manufacturer of complex, multi-armed automated welding systems, with an extensive range of automated assembly systems, automated material handling solutions, automated large-scale, industrial guidance vehicles, and end of line testing systems. The Fori acquisition will extend the Company's market presence within the automotive sector as well as its automation footprint in the International Welding segment.

#### **Customers**

The Company's products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and also directly to users of welding products (OEMs, manufacturers and integrators). Outside of the Americas, the Company has an international sales organization comprised of Company employees and agents who sell products from the Company's various manufacturing sites to distributors and product users.

The Company's major end-user markets include:

- general fabrication,
- energy (oil and gas, power generation and process industries),
- heavy industries (heavy fabrication, ship building and maintenance and repair),
- automotive and transportation, and
- construction and infrastructure.

The Company is not dependent on a single customer or a few customers and no individual customer currently accounts for more than ten percent of total Net sales. However, the loss of a large customer could have an adverse effect on the Company's business. The Company's operating results are sensitive to changes in general economic conditions, including an increase in interest rates, inflationary pressures and fluctuations in foreign currency rates. The arc welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for arc welding and cutting products is largely determined by economic cycles and the level of capital spending in manufacturing and other industrial sectors. The Company experiences some variability in reported period-to-period results as historical demand for the Company's products is mildly seasonal with generally higher demand in the second and third quarters. See "Item 1A. Risk Factors" for further discussion regarding risks associated with customers, general economic conditions and demand.

### **Competition**

Conditions in the arc welding and cutting industry are highly competitive. The Company believes it is the world's largest manufacturer of consumables and equipment with relatively few major broad-line competitors worldwide, but numerous smaller competitors in specific geographic markets. The Company continues to pursue strategies to heighten its competitiveness in domestic and international markets, which includes positioning low cost manufacturing facilities in most geographical markets. Competition in the arc welding and cutting industry is based on brand preference, product quality, price, performance, warranty, delivery, service and technical support. The Company believes its performance against these factors has contributed to the Company's position as the leader in the industry.

Most of the Company's products may be classified as standard commercial articles and are manufactured for stock. The Company believes it has a competitive advantage in the marketplace because of its highly trained technical sales force and the support of its welding research and development staff to assist customers in optimizing their welding applications. This allows the Company to introduce its products to new users and to establish and maintain close relationships with its customers. This close relationship between the technical sales force and the direct customers, together with its supportive relationship with its distributors, who are particularly interested in handling the broad range of the Company's products, is an important element of the Company's market success and a valuable asset of the Company.

### **Raw Materials**

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys, robotic components and various chemicals, all of which are normally available for purchase in the open market.

### **Patents and Trademarks**

The Company holds many valuable patents, primarily in arc welding, and actively protects its innovations as research and development has progressed in both the United States and major international jurisdictions. The Company believes its trademarks are an important asset and aggressively pursues brand management.

## **Environmental Regulations**

The Company's facilities are subject to environmental regulations. To date, compliance with these environmental regulations has not had a material adverse effect on the Company's earnings. The Company is ISO 14001 certified at most significant manufacturing facilities in North America and Europe and is progressing towards certification at its remaining facilities worldwide. In addition, the Company is ISO 9001 certified at 42 facilities worldwide.

The Company ensures compliance as well as the continuous improvement of the environmental performance of its products and operations through its global Environmental, Health, Safety and Quality ("EHS&Q") systems. The Company's systems are guided by the Corporate EHS&Q Policy, global directives and corporate standards that establish consistent guidelines for the management, measurement and reporting of environmental, health and safety activities, as well as quality across the Company's global platform. The Company's products support our customers' sustainability initiatives through enhanced worker safety, reduced emissions, improved energy efficiency, reduced waste and regulatory compliance.

## **International Operations**

The Company conducts a significant amount of its business and has a number of operating facilities in countries outside the United States. As a result, the Company is subject to business risks inherent to non-U.S. activities, including political uncertainty, import and export limitations, exchange controls and currency fluctuations.

## **Human Capital Management**

### *Employee Profile*

The Company's employees are its most valuable asset as they represent the foundation of the Company and its future success. The number of persons employed by the Company worldwide at December 31, 2022 was approximately 12,000.

### *Employee Engagement*

The Company strongly believes that employee engagement drives better business results and that a highly engaged workforce can increase innovation, productivity and bottom-line performance while reducing costs. The Company engages employees through individual, small group and town hall meetings, its Advisory Board, global intranet, employee surveys, resource groups, health and safety communications and initiatives, training and development, employee wellness programs, and an ethics hotline, among other vehicles.

### *Talent Management and Development*

In order to ensure the competitiveness of our workforce as well as a strong succession pipeline, the Company provides development opportunities to advance skills, knowledge and expertise. The Company's programs include formal leadership, management and professional development programs, tuition reimbursement for external accredited programs, mentoring, self-guided online courses, instructor-led programs and special project and rotational assignments that can lead to extensive global exposure.

### *Diversity and Inclusion*

The Company has a longstanding commitment to equal opportunity in all aspects of employment—including employee compensation, job placement and promotion regardless of gender, race or other personal characteristics. The Company's culture is underpinned by its core values, including the guiding principles championed by James F. and John C. Lincoln when they founded Lincoln Electric over 125 years ago – The Golden Rule: Treat Others How You Would Like to Be Treated. The Company has implemented several measures that focus on ensuring that accountability exists for making progress in diversity. The CEO and other senior leaders have diversity and inclusion objectives as part of their annual



performance goals. The Company focuses on diverse talent sourcing strategies and partners with external organizations that develop and supply diverse talent. The Company reviews and updates its human resources processes and benchmarks roles and compensation externally on a regular basis to help prevent bias and promote a diverse and inclusive workplace.

### *Compensation*

The Company's compensation program is designed to attract and retain exceptional employees and to maintain a strong pay for performance culture. The Company has designed its compensation system to reflect current best practices, including setting base pay below the competitive market for each position, targeting incentive-based cash compensation above the competitive market and promoting quality corporate governance in compensation decisions.

The Company's annual talent and succession planning process reviews 100% of its global professional staff worldwide to support the development of a talent pipeline for critical roles in general management, engineering and operations. This evaluation includes the Company's CEO, as well as segment business and functional leaders, and focuses on high potential talent, diverse talent and succession within the Company's most critical roles.

The Company believes that the practices outlined above result in sustained increases in shareholder value and reflect its compensation philosophy of aligning long-term pay and performance.

### *Health and Safety*

Health and safety is a priority for the Company, its vision is an accident-free workplace with zero safety incidents. The Company follows a rigorous health and safety program that adheres to stringent safety standards and best practices to ensure its manufacturing operations, related processes and products do not negatively impact the health and welfare of its employees, customers and neighbors.

In addition to Company-led programs and employee engagement in behavior-based safety and wellness committees, the Company actively engages in health and safety standard development committees at key industry organizations such as the American Welding Society, the International Institute of Welding and across various International Standards Organization committees to ensure best practices for its employees and end users.

The Company's standard health and safety programs adhere to stringent safety standards and best practices to ensure that its operations, related processes and products do not negatively impact the health and welfare of its employees, customers or community.

### *Community Engagement*

The Company is an active member in the communities in which it operates and where its employees live. The Company participates in community meetings, local business associations, offers plant visits, provides grants to nonprofit organizations and donates resources and time through in-kind gifts, employee volunteerism and non-profit board service. The Company's partnership with academia includes executive-led lectures and donations of equipment and engineering expertise to support lab and research initiatives. In addition, the Company supports community educational / career programming among secondary and high school students in order to address skills gaps in the industry and maintain awareness of attractive career pathways in manufacturing.

See "Part I, Item 1C" for information regarding the Company's executive officers, which is incorporated herein by reference.

## **Website Access**

The Company's website, [www.lincolnelectric.com](http://www.lincolnelectric.com), is used as a channel for routine dissemination of important information, including news releases and financial information. The Company posts its filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"), including annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K, respectively; proxy statements; and any amendments to those reports or statements. The Company also posts its Code of Corporate Conduct and Ethics on its website. All such postings and filings are available on the Company's website free of charge. In addition, this website allows investors and other interested persons to sign up to automatically receive e-mail alerts when news releases and financial information is posted on the website. The SEC also maintains a website, [www.sec.gov](http://www.sec.gov), that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The content on any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this Annual Report unless expressly noted.

## ***ITEM 1A. RISK FACTORS***

From time to time, information we provide, statements by our employees or information included in our filings with the SEC may contain forward-looking statements that are not historical facts. Those statements are "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "guidance" or words of similar meaning. Actual results may differ materially from such statements due to a variety of factors that could adversely affect the Company's operating results. Forward-looking statements, and our future performance, operating results, financial position and liquidity, are subject to a variety of factors that could materially affect results, including those risks described below. Forward-looking statements made in this report speak only as of the date of the statement, and, except as required by law, we undertake no obligation to update those statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

In the ordinary course of our business, we face various strategic, operating, compliance and financial risks. These risks could have a material impact on our business, financial condition, operating results and cash flows. Our Enterprise Risk Management ("ERM") process seeks to identify and address significant risks. Our ERM process is a company-wide initiative that is designed with the intent of prioritizing risks and allocating appropriate resources to address such risks. We use the integrated risk framework of the Committee of Sponsoring Organizations to assess, manage and monitor risks.

Management has identified and prioritized critical risks based on the severity and likelihood of each risk and assigned an executive to address each major identified risk area and lead action plans to monitor and mitigate risks, where possible. Our Board of Directors provides oversight of the ERM process and systematically reviews identified critical risks. The Audit Committee also reviews major financial risk exposures and the steps management has taken to monitor and control them.

Our goal is to pro-actively manage risks in a structured approach and in conjunction with the strategic planning process, with the intent to preserve and enhance shareholder value. However, these and other risks and uncertainties could cause our results to vary materially from recent results or from our anticipated future results. The risk factors and uncertainties described below, together with information incorporated by reference or otherwise included elsewhere in this Annual Report on Form 10-K, should be carefully considered. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. Additional risks and uncertainties of which we are currently unaware or that we currently believe to be immaterial may also adversely affect our business. Readers should not interpret the disclosure of any risk factor to imply that the risk has not yet already materialized.

## **Risks Related to Economic Conditions**

***General economic, financial and market conditions may adversely affect our financial condition, results of operations and access to capital markets.***

Our operating results are sensitive to changes in general economic conditions. Recessionary economic cycles, global supply chain disruptions, higher logistics costs, higher interest rates, inflation, higher raw materials costs, higher labor costs, trade barriers in the world markets, financial turmoil related to sovereign debt and changes in tax laws or trade laws or other economic factors affecting the countries and industries in which we do business could adversely affect demand for our products. An adverse change in demand could impact our results of operations, collection of accounts receivable and our expected cash flow generation from current and acquired businesses, which may adversely affect our financial condition, results of operations and access to capital markets.

In March 2022, in response to Russia's invasion of Ukraine, the Company announced it had ceased operations in Russia and implemented plans to support its Russian employees. Although the Company's Net sales and Total assets in Russia were less than 1% of consolidated Net sales and Total assets for the year ended December 31, 2022, the Russia-Ukraine conflict and sanctions imposed globally may result in economic and supply chain disruptions, the ultimate financial impact of which cannot be reasonably estimated at this time. The Company continues to monitor the Russia-Ukraine conflict and its potential impacts.

***We conduct our sales and distribution operations on a worldwide basis and maintain manufacturing facilities in a number of foreign countries, which subjects us to risks associated with doing business outside the United States.***

As a growing global enterprise, the share of sales and profits we derive from our international operations and exports from the United States is significant. This trend increases our exposure to the performance of many developing economies in addition to the developed economies outside of the United States. If international economies were to experience significant slowdowns, it could adversely affect our financial condition, results of operations and cash flows. There are a number of risks in doing business internationally, which may impede our ability to achieve our strategic objectives relating to our foreign operations, including:

- Political and economic uncertainty and social turmoil;
- Corporate governance and management challenges in consideration of the numerous U.S. and foreign laws and regulations, including regulations relating to import-export control, technology transfer restrictions, repatriation of earnings and funds, exchange controls, labor regulations, nationalization, tariffs, data protection and privacy requirements, anti-boycott provisions and anti-bribery laws (such as the Foreign Corrupt Practices Act and the Organization for Economic Cooperation and Development Convention);
- International terrorism and hostilities;
- Changes in the global regulatory environment, including revised or newly created laws, regulations or standards relating to the Company, our products or the markets in which we operate; and
- Significant fluctuations in relative currency values; in particular, an increase in the value of the U.S. dollar against foreign currencies could have an adverse effect on our profitability and financial condition, as well as the imposition of exchange controls, currency devaluations and hyperinflation.

***The cyclical nature and maturity of the arc welding and cutting industry in developed markets may adversely affect our performance.***

The arc welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for arc welding and cutting products is largely determined by the level of capital spending in manufacturing and other industrial sectors, and the welding industry has historically

experienced contraction during periods of slowing industrial activity. If economic, business and industry conditions deteriorate, capital spending in those sectors may be substantially decreased, which could reduce demand for our products and have an adverse effect on our revenues and results of operations.

### **Risks Related to Manufacturing and Operations**

***Economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, pandemic, labor disputes, natural disasters could adversely affect our supply chain and distribution channels or result in loss of sales and customers.***

Our facilities and operations, and the facilities and operations of our suppliers and customers, could be disrupted by events beyond our control, such as war, political unrest, pandemics, including the current coronavirus disease (“COVID-19”) pandemic, labor disputes and natural disasters, including events caused by climate change. Any such disruption could cause delays in the production and distribution of our products and the loss of sales and customers. Insurance proceeds may not adequately compensate the Company for the losses.

We continue to experience supply shortages and inflationary pressures for certain components and raw materials due to the effects of the COVID-19 pandemic. We expect these supply chain challenges and cost impacts to continue for the foreseeable future as markets recover. Although we have secured additional supply from existing and alternate suppliers and have taken other mitigating actions to mitigate supply disruptions, we cannot guarantee that we can continue to do so in the future. In this event, our business, results and financial condition could be adversely affected. Maintaining higher inventory levels to service customers may result in excess or obsolete inventory and related charges if demand for these products is lower than our expectations. This may adversely affect financial results.

***Availability of and volatility in energy costs or raw material prices may adversely affect our performance.***

In the normal course of business, we are exposed to market risks related to the availability of and price fluctuations in the purchase of energy and commodities used in the manufacture of our products (primarily steel, brass, copper, silver, aluminum alloys, electronic components, electricity and natural gas). The availability and prices for energy costs and raw materials, including steel, nonferrous metals and chemicals, are subject to volatility and are influenced by worldwide economic conditions, including the current rising inflationary pressure. They are also influenced by import duties and tariffs speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, government trade practices and regulations and other factors.

Increases in the cost of raw materials and components may adversely affect our profitability if we are unable to pass along to our customers these cost increases in the form of price increases or otherwise reduce our cost of goods sold. Although most of the raw materials and components used in our products are commercially available from a number of sources and in adequate supply, any disruption in the availability of such raw materials and components, our inability to timely or otherwise obtain substitutes for such items, or any deterioration in our relationships with or the financial viability of our suppliers could adversely affect our business.

***We are subject to risks relating to our information technology systems.***

The conduct and management of our business relies extensively on information technology systems, which contain confidential information related to our customers, suppliers and employees and other proprietary business information. We maintain some of these systems and are also dependent on a number of critical corporate infrastructure services provided by third parties relating to, among other things, human resources, electronic communication services and finance functions. Like many multinational companies, our systems are subject to regular cyber attacks and other malicious efforts to cause cyber security incidents. To date, these attacks have not had a material impact on our business or operations. However, if as a result of future attacks, our systems are significantly damaged, cease to function properly or are subject to a significant cyber security breach, we may suffer an interruption in our ability to manage and operate the business, and our results of operations and financial condition could be adversely affected. The Company continues

to invest in cyber security, including maintaining and improving cyber security resilience, and the Company's cyber security risks are regularly monitored by the Audit Committee of our Board of Directors. Nevertheless, due to the nature of cyber threats, there can be no assurance that our preventive efforts can fully mitigate the risks of all cyber incidents, and a significant security breach could result in financial loss, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and fines and other sanctions resulting from any related breaches of data privacy regulations. Any of these could have an adverse effect on our results of operations and financial condition.

### **Risks Related to Human Capital**

***Our operations depend on maintaining a skilled workforce, and any interruption in our workforce could negatively impact our results of operations and financial condition.***

Our success depends in part on the efforts and abilities of our management team and key employees. Their skills, experience and industry knowledge significantly benefit our operations and performance. Our future success will also depend on our ability to identify, attract and retain highly qualified managerial and technical (including research and development) personnel. Competition for these individuals is intense and compensation rates are increasing due to lower labor availability. Under these conditions, we may not succeed in identifying, attracting or retaining qualified personnel. With our strategy to expand internationally into developing markets, we may incur additional risks as some developing economies lack a sufficiently trained labor pool.

Any interruption of our workforce, including rationalization efforts related to the integration of acquired businesses, interruptions due to unionization efforts, changes in labor relations or shortages of appropriately skilled individuals could impact our results of operations and financial condition.

### **Risks Related to Business Strategy**

***We may not be able to complete our acquisition or divestiture strategies, successfully integrate acquired businesses and in certain cases we may be required to retain liabilities for certain matters.***

Part of our business strategy is to pursue targeted business acquisition opportunities, including foreign investment opportunities. We cannot be certain that we will be successful in pursuing potential acquisition candidates or that the consequences of any acquisition would be beneficial to us. Future acquisitions may expose us to unexpected liabilities and involve the expenditure of significant funds and management time. Further, we may not be able to successfully integrate an acquired business with our existing businesses or recognize the expected benefits from any completed acquisition. Integration efforts may include significant rationalization activities that could be disruptive to the business. Our current operational cash flow is sufficient to fund our acquisition plans, but a significant acquisition could require access to the capital markets.

Additionally, from time to time we may identify assets for strategic divestitures that would increase capital resources available for other activities and create organizational and operational efficiencies. Various factors could materially affect our ability to dispose of such assets or complete announced divestitures, including the receipt of approvals of governmental agencies or third parties and the availability of purchasers willing to acquire the interests or purchase the assets on terms and at prices acceptable to us.

Sellers typically retain certain liabilities or indemnify buyers for certain matters. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestitures, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a divestiture, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

***If we cannot continue to develop, manufacture and market products that meet customer demands, continue to enforce the intellectual property rights on which our business depends or if third parties assert that we violate their intellectual property rights, our revenues, gross margins and results of operations may suffer.***

Our continued success depends, in part, on our ability to continue to meet our customers' needs for welding and cutting products through the introduction of innovative new products and the enhancement of existing product design and performance characteristics. We must remain committed to product research and development and customer service in order to remain competitive. We cannot be assured that new products or product improvements, once developed, will meet with customer acceptance and contribute positively to our operating results, or that we will be able to continue our product development efforts at a pace to sustain future growth. Further, we may lose customers to our competitors if they demonstrate product design, development or manufacturing capabilities superior to ours.

We rely upon patent, trademark, copyright and trade secret laws in the United States and similar laws in foreign countries, as well as agreements with our employees, customers, suppliers and other third parties, to establish and maintain our intellectual property rights. However, any of our intellectual property rights could be challenged, invalidated or circumvented, or our intellectual property rights may not be sufficient to provide a competitive advantage. Further, the laws and their application in certain foreign countries do not protect our proprietary rights to the same extent as U.S. laws. Accordingly, in certain countries, we may be unable to protect our proprietary rights against unauthorized third-party copying or use, which could impact our competitive position.

Further, third parties may claim that we or our customers are infringing upon their intellectual property rights. Even if we believe that those claims are without merit, defending those claims and contesting the validity of patents can be time consuming and costly. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlements or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from manufacturing, marketing or selling certain of our products.

***The competitive pressures we face could harm our revenue, results of operations and prospects.***

We operate in a highly competitive global environment and compete in each of our businesses with other broad-line manufacturers and numerous smaller competitors specializing in particular products. We compete primarily on the basis of brand, product quality, price, performance, warranty, delivery, service and technical support. We have previously initiated, and may in the future initiate significant rationalization activities to align our business with market conditions and improve our overall competitiveness, including with respect to the integration of acquired businesses. Such rationalization activities could fail to deliver the desired competitive cost structure and could result in disruptions in customer service. If our products, services, support and cost structure do not enable us to compete successfully based on any of the criteria listed above, our revenue, results of operations and prospects could suffer.

Further, in the past decade, the arc welding industry in the United States and other developed countries has been subject to increased levels of foreign competition as low cost imports have become more readily available. Our competitive position could be harmed if new or emerging competitors become more active in the arc welding business. For example, while steel manufacturers traditionally have not been significant competitors in the domestic arc welding industry, some foreign integrated steel producers manufacture selected consumable arc welding products and robotic arm manufacturers compete in the automated welding and cutting space. In addition, in certain markets of the world, distributors manufacture and sell arc welding products. Our sales and results of operations, as well as our plans to expand in some foreign countries, could be adversely affected by this practice.

***We may incur additional restructuring charges as we continue to contemplate rationalization actions in an effort to optimize our cost structure and may not achieve the anticipated savings and benefits of these actions.***

We may take additional actions in the future to further optimize our cost structure and improve the efficiency of our operations, which will reduce our profitability in the periods incurred. As a result of these actions, we will likely continue to incur charges, which may include but are not limited to asset impairments, employee severance costs, charges for pension and other postretirement contractual benefits and pension settlements, any of which could be

significant, and could adversely affect our financial condition and results of operations. In addition, we may not realize anticipated savings or benefits from past or future rationalization plans in full or in part or within the time periods we expect. Failure to realize anticipated savings or benefits from our cost reduction actions could have a material adverse effect on our business, financial condition, liquidity, results of operations and cash flows. For more information regarding rationalization plans, refer to the rationalization and asset impairment related disclosure under Note 7 to the Company's consolidated financial statements.

### **Risks Related to Legal, Compliance and Regulatory Matters**

***We are a co-defendant in litigation alleging asbestos induced illness. Liabilities relating to such litigation could reduce our profitability and impair our financial condition.***

As of December 31, 2022, we were a co-defendant in cases alleging asbestos induced illness involving claims by approximately 1,483 plaintiffs. In each instance, we are one of a large number of defendants. The asbestos claimants allege that exposure to asbestos contained in welding consumables caused the plaintiffs to develop adverse pulmonary diseases, including mesothelioma and other lung cancers.

Since January 1, 1995, we have been a co-defendant in asbestos cases that have been resolved as follows: 56,877 of those claims were dismissed, 23 were tried to defense verdicts, 7 were tried to plaintiff verdicts (which were reversed or resolved after appeal), 1 was resolved by agreement for an immaterial amount and 1,012 were decided in favor of the Company following summary judgment motions.

The long-term impact of the asbestos loss contingency, in the aggregate, on operating results, operating cash flows and access to capital markets is difficult to assess, particularly since claims are in many different stages of development and we benefit significantly from cost-sharing with co-defendants and insurance carriers. While we intend to contest these lawsuits vigorously, and believe we have applicable insurance relating to these claims, there are several risks and uncertainties that may affect our liability for personal injury claims relating to exposure to asbestos, including the future impact of changing cost sharing arrangements or a change in our overall trial experience.

Asbestos use in welding consumables in the U.S. ceased in 1981.

***We may incur material losses and costs as a result of product liability claims that may be brought against us or failure to meet contractual performance commitments.***

Our business exposes us to potential product liability risks that are inherent in the design, manufacture, sale and application of our products and the products of third-party suppliers that we utilize or resell. Our products are used in a variety of applications, including infrastructure projects such as oil and gas pipelines and platforms, buildings, bridges and power generation facilities, the manufacture of transportation and heavy equipment and machinery and various other construction projects. We face risk of exposure to product liability claims in the event that accidents or failures on these projects result, or are alleged to result, in bodily injury or property damage. Further, our products are designed for use in specific applications, and if a product is used inappropriately, personal injury or property damage may result. In certain cases, we design automated welding systems for use in a customer's production facilities (including automotive production facilities), which could expose us to financial losses or professional liability.

The occurrence of defects in or failures of our products, or the misuse of our products in specific applications, could cause termination of customer contracts, increased costs and losses to us, our customers and other end users. We cannot be assured that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend those claims. Further, we cannot be assured that our product liability insurance coverage will be adequate for any liabilities that we may ultimately incur or that product liability insurance will continue to be available on terms acceptable to us. Even if we are successful defending such claims or product liability coverage is adequate, claims of this nature could cause customers to lose confidence in our products and our Company. Warranty claims are not generally covered by insurance and we may incur significant warranty costs in the future for which we would not be reimbursed.

We may incur losses if we do not achieve contractual commitments, including project performance requirements or project schedules. Project performance can be affected by a number of factors, including but not limited to, availability of materials, changes in the project scope of services, environmental conditions or labor disruptions. In addition, our backlog consists of the expected revenue from projects for which we have an executed contract or commitment with a customer. Project cancellations, scope adjustments, deferrals or changes in cost estimates may reduce the dollar amount of revenue and profits that we actually earn.

***Changes in tax rates or exposure to additional income tax liabilities could affect profitability.***

Our business is subject to income taxes in the United States and various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowances of deferred tax assets or changes in tax laws.

The amount of income taxes paid is subject to ongoing audits by the United States federal, state and local tax authorities and by foreign tax authorities. If these audits result in assessments different from amounts reserved, future financial results may include unfavorable adjustments which could have a material adverse effect on our results of operations.

***Our global operations are subject to increasingly complex environmental regulatory requirements.***

We are subject to increasingly complex environmental regulations affecting international manufacturers, including those related to air and water emissions, waste management and climate change. Some environmental laws impose strict, retroactive and joint and several liability for the remediation of the release of hazardous substances, even for conduct that was lawful at the time it occurred, or for the conduct of or conditions caused by prior operators, predecessors or third parties. Failure to comply with environmental laws could expose us to penalties or clean-up costs, civil or criminal liability and sanctions on certain of our activities, as well as damage to property or natural resources. These liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws and regulations could negatively impact our ability to conduct our operations and our financial condition and results of operations. In addition, there can be no assurances that we will not be adversely affected by costs, liabilities or claims with respect to existing or subsequently acquired operations or under present laws and regulations or those that may be adopted or imposed in the future.

Changes in environmental laws or regulations could result in higher expenses and payments, and uncertainty relating to environmental laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental and climate change laws or regulations, including laws relating to greenhouse gas emissions, could subject us to additional costs and restrictions, including increased energy and raw material costs. If environmental laws or regulations are either changed or adopted and impose significant operational restrictions and compliance requirements upon us or our products, they could negatively impact our business, capital expenditures, results of operations, financial condition and competitive position.

It is our policy to apply strict standards for environmental protection to all of our operations inside and outside of the United States, even when we are not subject to local government regulations. We may incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, liabilities resulting from third-party property damage or personal injury claims, or our products could be prohibited from entering certain jurisdictions, if we were to violate or become liable under environmental laws, if our products become non-compliant with environmental laws or if we were to undertake environmental protection actions voluntarily.

We also face increasing complexity in our products design and procurement operations as we adjust to new and future requirements relating to the design, production and labeling of our products that are sold worldwide in multiple jurisdictions. The ultimate costs under environmental laws and the timing of these costs are difficult to predict.



*We may be exposed to certain regulatory and financial risks related to climate change.*

A number of governments and agencies in the U.S. and in foreign jurisdictions have proposed and may continue to introduce regulatory changes to address climate change, including regulations related to greenhouse gas emissions. We may be subject to additional regulations or restrictions in jurisdictions where we operate, including charges to fund additional energy-efficient activities, assessments or fees, and operational restrictions such as reduced emission allowances. Compliance with climate change regulations and restrictions may result in additional costs, including increased production costs and taxes, which could adversely impact our financial position. In addition, climate change regulations and related operating restrictions may unfavorably affect our competitive position with companies who may not be subject to equivalent requirements in their jurisdictions. In addition, negative publicity or public perception of climate change issues associated with us or our industry may cause reputational damage and financial harm to the Company.

***ITEM 1B. UNRESOLVED STAFF COMMENTS***

None.

## ITEM 1C. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

### EXECUTIVE OFFICERS OF THE REGISTRANT

<b>Name</b>	<b>Age</b>	<b>Position</b>
Christopher L. Mapes	61	Chairman of the Board effective December 21, 2013; President and Chief Executive Officer effective December 31, 2012; Chief Operating Officer from September 1, 2011 to December 31, 2012; Director since February 2010.
Gabriel Bruno	55	Executive Vice President, Chief Financial Officer and Treasurer since April 22, 2020; Executive Vice President, Finance from January 1, 2019 to April 22, 2020; Executive Vice President, Chief Human Resources Officer from July 1, 2016 to January 1, 2019; Executive Vice President, Chief Human Resources Officer and Chief Information Officer from February 18, 2016 to July 1, 2016; Executive Vice President, Chief Information Officer and Interim Chief Human Resources Officer from March 7, 2015 to February 18, 2016; Executive Vice President, Chief Information Officer from February 19, 2014 to March 7, 2015; Vice President, Chief Information Officer from May 1, 2012 to February 19, 2014; Vice President, Corporate Controller from 2005 to May 1, 2012.
Jennifer I. Ansberry	49	Executive Vice President, General Counsel and Secretary since April 20, 2017; Vice President, Deputy General Counsel from August 1, 2014 to April 20, 2017; Deputy General Counsel from 2004 to August 1, 2014.
Steven B. Hedlund	56	Executive Vice President, Chief Operating Officer since May 9, 2022; Executive Vice President and President, Americas and International Welding from October 21, 2020 to May 9, 2022; Executive Vice President and President, International Welding from June 1, 2017 to October 21, 2020; Senior Vice President and President, Global Automation from January 22, 2015 to June 1, 2017; Senior Vice President, Strategy & Business Development from February 19, 2014 to January 22, 2015; Vice President, Strategy and Business Development from September 15, 2008 to February 19, 2014.
Michele R. Kuhrt	56	Executive Vice President, Chief Human Resources Officer since February 25, 2019; Executive Vice President, Chief Information Officer from July 1, 2016 to February 25, 2019; Senior Vice President, Tax from 2006 to July 1, 2016.
Lisa A. Dietrich	50	Executive Vice President, Chief Information Officer since May 9, 2022. Senior Vice President and Chief Information Officer, American Greetings Corporation (a global leader in the large and enduring Celebrations marketplace) from March 2018 until April 2022; Vice President of Business Transformation and Executive Director, American Greetings Corporation from January 2011 to March 2018.
Geoffrey P. Allman	52	Senior Vice President, Strategy and Business Development since January 1, 2019; Senior Vice President, Corporate Controller from January 14, 2014 to January 1, 2019; Corporate Controller from July 1, 2012 to January 14, 2014; Director, Regional Finance North America from October 1, 2009 to July 1, 2012.
Michael J. Whitehead	49	Senior Vice President, President, Global Automation, Cutting and Additive Businesses since January 1, 2019; Senior Vice President, Strategy and Business Development from August 1, 2016 to January 1, 2019; President, Lincoln Canada from January 1, 2015 to August 1, 2016; Director, New Product Development, Consumables R&D from January 1, 2012 to January 1, 2015.
Peter M. Pletcher	49	Senior Vice President, President International since August 1, 2022. Senior Vice President, President, International Welding from December 10, 2020 to August 1, 2022; Vice President, President, Europe Welding from April 1, 2019 to December 10, 2020; Vice President, President, Global Automation from January 1, 2018 to April 1, 2019; Director, Business Development, Cutting Products from January 1, 2016 to January 1, 2018.
Gregory Doria	46	Senior Vice President, President, Harris Products Group since October 1, 2021; Senior Vice President, Chief Operating Officer, Harris Products Group from April 21, 2021 to September 30, 2021; Vice President, Marketing from July 1, 2019 to April 20, 2021; Director, Global Industry Segments from March 1, 2017 to June 30, 2019; Regional Sales Manager, West Region from October 6, 2014 to February 28, 2017.

The Company has been advised that there is no arrangement or understanding among any one of the officers listed and any other persons pursuant to which he or she was elected as an officer. The executive officers are elected by the Board of Directors normally for a term of one year and/or until the election of their successors.

## ITEM 2. PROPERTIES

The Company's corporate headquarters and principal United States manufacturing facilities are located in the Cleveland, Ohio area. Total Cleveland area property consists of 244 acres, of which present manufacturing facilities comprise an area of approximately 3,017,090 square feet.

The Company has 71 manufacturing facilities, including operations and joint ventures in 20 countries, the significant locations (grouped by operating segment) of which are as follows:

Americas Welding:

United States	Cleveland, Columbus, Coldwater, Fort Loramie, and Orrville, Ohio; Reno, Nevada; Ladson, South Carolina; Chattanooga, Tennessee; Detroit, Michigan; Fort Collins, Colorado; Bettendorf, Iowa; Churubusco, Indiana.
Brazil	Atibaia; Guarulhos; Sao Paulo.
Canada	Toronto; Mississauga; Hamilton; Montreal; Vankleek Hill.
Colombia	Bogota.
Mexico	Mexico City; Torreon; Saltillo.

International Welding:

Australia	Newcastle; Gladstone.
Austria	Scheifling.
China	Tangshan; Shanghai; Beijing.
France	Grand-Quevilly; Partheny.
Germany	Essen; Eisenberg; Frankfurt; Merzig.
India	Chennai; Pune.
Italy	Corsalone; Due Carrare.
Poland	Bielawa; Dzierzoniow.
Romania	Buzau.
Russia	Mtsensk.
South Korea	Siheung-si.
Spain	Valencia; Zaragoza.
Turkey	Istanbul.
United Kingdom	Sheffield, England; Port Talbot, Wales.

The Harris Products Group:

United States	Mason, Ohio; Gainesville, Georgia; Winston Salem, North Carolina; Gordonsville, Carthage, Tennessee; Florence, Alabama.
Brazil	Maua.
Italy	Verona.
Mexico	Guadalupe.
Poland	Dzierzoniow.
Portugal	Albergaria-a-Velha.

All properties relating to the Company's Cleveland, Ohio headquarters and manufacturing facilities are owned by the Company. Most of the Company's foreign subsidiaries own manufacturing facilities in the country where they are located. The Company believes that its existing properties are in good condition and are suitable for the conduct of its business. In March 2022, in response to Russia's invasion of Ukraine, the Company ceased operations in Russia.

In addition, the Company maintains operating leases for some manufacturing facilities, distribution centers and sales offices throughout the world. Refer to Note 17 to the consolidated financial statements for information regarding the Company's lease commitments.

### **ITEM 3. LEGAL PROCEEDINGS**

The Company is subject, from time to time, to a variety of civil and administrative proceedings arising out of its normal operations, including, without limitation, product liability claims, regulatory claims and health, safety and environmental claims. Among such proceedings are the cases described below.

As of December 31, 2022, the Company was a co-defendant in cases alleging asbestos induced illness involving claims by approximately 1,483 plaintiffs, which is a net decrease of 6 claims from those previously reported. In each instance, the Company is one of a large number of defendants. The asbestos claimants seek compensatory and punitive damages, in most cases for unspecified sums. Since January 1, 1995, the Company has been a co-defendant in other similar cases that have been resolved as follows: 56,877 of those claims were dismissed, 23 were tried to defense verdicts, 7 were tried to plaintiff verdicts (which were reversed or resolved after appeal), 1 was resolved by agreement for an immaterial amount and 1,012 were decided in favor of the Company following summary judgment motions.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **PART II**

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

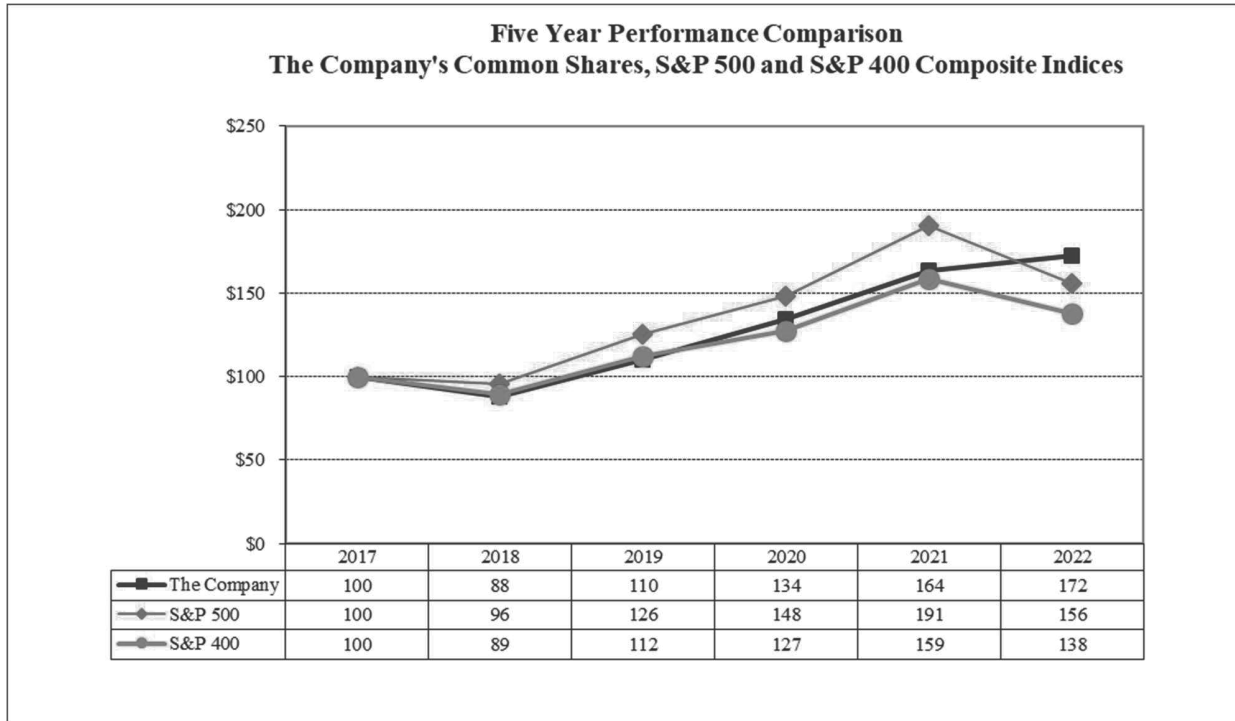
The Company's common shares are traded on The NASDAQ Global Select Market under the symbol "LECO." The number of record holders of common shares at December 31, 2022 was 2,238.

Issuer purchases of equity securities for the fourth quarter 2022 were:

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs <sup>(2) (3)</sup></b>
October 1 - 31, 2022	65,983 <sup>(1)</sup>	\$ 128.36	65,429	9,018,517
November 1 - 30, 2022	57,782 <sup>(1)</sup>	145.39	57,772	8,960,745
December 1 - 31, 2022	56,476 <sup>(1)</sup>	145.31	56,419	8,904,326
<b>Total</b>	<b>180,241</b>	<b>139.13</b>	<b>179,620</b>	

- (1) The above share repurchases include the surrender of the Company's common shares in connection with the vesting of restricted awards.
- (2) On April 20, 2016, the Company announced that the Board of Directors authorized a new share repurchase program, which increased the total number of the Company's common shares authorized to be repurchased to 55 million shares. Total shares purchased through the share repurchase program were 55 million shares at a cost of \$2.5 billion for a weighted average cost of \$44.89 per share through December 31, 2022.
- (3) On February 12, 2020, the Company's Board of Directors authorized a new share repurchase program for up to an additional 10 million shares of the Company's common stock. Total shares purchased through the share repurchase program were 1.1 million shares at a total cost of \$145.3 million for a weighted average cost of \$132.65 per share through December 31, 2022.

The following line graph compares the yearly percentage change in the cumulative total shareholder return on the Company's common stock against the cumulative total return of the S&P Composite 500 Stock Index ("S&P 500") and the S&P 400 MidCap Index ("S&P 400") for the five-year calendar period commencing January 1, 2018 and ending December 31, 2022. This graph assumes that \$100 was invested on December 31, 2017 in each of the Company's common shares, the S&P 500 and the S&P 400. A peer-group index for the welding industry, in general, is not readily available because the industry is comprised of a large number of privately held competitors and competitors that are smaller parts of large publicly traded companies.



**ITEM 6. [RESERVED]**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*(Dollars in thousands, except per share amounts)*

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with the Company's consolidated financial statements and other financial information included elsewhere in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in the forward-looking statements. See "Item 1A. Risk Factors" for more information regarding forward-looking statements.

**General**

The Company is the world's largest designer and manufacturer of arc welding and cutting products, manufacturing a broad line of arc welding equipment, consumable welding products and other welding and cutting products.

The Company is one of only a few worldwide broad-line manufacturers of welding, cutting and brazing products. The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding, brazing and soldering filler metals (consumables), arc welding equipment, plasma and oxyfuel cutting systems, wire feeding systems, fume control equipment, welding accessories, specialty gas regulators, and education solutions; as well as a comprehensive portfolio of automated solutions for joining, cutting, material handling, module assembly, and end of line testing.

The Company invests in the research and development of arc welding products in order to continue its market leading product offering. The Company continues to invest in technologies that improve the quality and productivity of welding products. In addition, the Company actively protects its innovations as research and development has progressed in both the United States and other major international jurisdictions. The Company believes its significant investment in research and development and its highly trained technical sales force coupled with its extensive distributor network provide a competitive advantage in the marketplace.

The Company's products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of the Americas, the Company has an international sales organization comprised of Company employees and agents who sell products from the Company's various manufacturing sites to distributors and product users.

The Company's major end-user markets include:

- general fabrication,
- energy (oil and gas, power generation and process industries),
- heavy industries (heavy fabrication, ship building and maintenance and repair),
- automotive and transportation, and
- construction and infrastructure.

The Company has, through wholly-owned subsidiaries, manufacturing facilities located in the United States, Australia, Austria, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Mexico, Poland, Portugal, Romania, Russia, South Korea, Spain, Turkey and the United Kingdom.

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys, robotic components and various chemicals, all of which are normally available for purchase in the open market.

The Company's facilities are subject to environmental regulations. To date, compliance with these environmental regulations has not had a material adverse effect on the Company's earnings. The Company is ISO 14001 certified at most significant manufacturing facilities in North America and Europe and is progressing towards certification at its remaining facilities worldwide. In addition, the Company is ISO 9001 certified at 42 facilities worldwide.

The Company ensures compliance and the continuous improvement of the environmental performance of its products and operations through its global Environmental, Health, Safety and Quality ("EHS&Q") systems. The Company's systems are guided by the Corporate EHS&Q Policy, global directives and corporate standards that establish consistent guidelines for the management, measurement and reporting of environmental, health and safety activities, as well as quality across the Company's global platform. The Company's products support our customers' sustainable operations through enhanced worker safety, reduced emissions, improved energy efficiency, reduced waste and regulatory compliance.

On December 1, 2022, the Company acquired Fori Automation, LLC (“Fori”) for a cash purchase price of \$427,000, subject to customary working capital adjustments. The Company funded the transaction with available cash on hand and a \$400,000 senior unsecured term loan. Fori is a leading designer and manufacturer of complex, multi-armed automated welding systems, with an extensive range of automated assembly systems, automated material handling solutions, automated large-scale, industrial guidance vehicles, and end of line testing systems. The Fori acquisition will extend the Company’s market presence within the automotive sector as well as its automation footprint in the International Welding segment. Fori’s balance sheet is included in the Company’s Consolidated Balance Sheet as of December 31, 2022.

### **Key Indicators**

Key economic measures relevant to the Company include industrial production trends, steel consumption, purchasing manager indices, capacity utilization within durable goods manufacturers and consumer confidence indicators. Key industries which provide a relative indication of demand drivers to the Company include steel, farm machinery and equipment, construction and transportation, fabricated metals, electrical equipment, ship and boat building, defense, truck manufacturing, energy and railroad equipment. Although these measures provide key information on trends relevant to the Company, the Company does not have available a more direct correlation of leading indicators which can provide a forward-looking view of demand levels in the markets which ultimately use the Company’s welding products.

Key operating measures utilized by the operating units to manage the Company include orders, backlog, sales, inventory and fill-rates, all of which provide key indicators of business trends. These measures are reported on various cycles including daily, weekly and monthly depending on the needs established by operating management.

Key financial measures utilized by the Company’s executive management and operating units in order to evaluate the results of its business and in understanding key variables impacting the current and future results of the Company include: sales; gross profit; selling, general and administrative expenses; operating income; earnings before interest and taxes; earnings before interest, taxes and bonus; net income; adjusted operating income; adjusted earnings before interest and income taxes; adjusted earnings before interest, taxes and bonus; adjusted net income; adjusted diluted earnings per share; operating cash flows; and capital expenditures, as well as applicable ratios such as return on invested capital and average operating working capital to sales. These measures are reviewed at monthly, quarterly and annual intervals and compared with historical periods, as well as objectives established by the Board of Directors of the Company.

The discussion that follows includes a comparison of our results of operations, liquidity and capital resources for fiscal years ended December 31, 2022 and 2021. For a comparison of the Company’s results of operations, liquidity and capital resources for the fiscal years ended December 31, 2021 and 2020, see Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 18, 2022.

## Results of Operations

The following table shows the Company's results of operations:

	Year Ended December 31,					
	2022		2021		Favorable (Unfavorable) 2022 vs. 2021	
	Amount	% of Sales	Amount	% of Sales	\$	%
Net sales (Note 2)	\$ 3,761,211		\$ 3,234,180		\$ 527,031	16.3 %
Cost of goods sold	2,480,451		2,165,575		(314,876)	(14.5)%
Gross profit	1,280,760	34.1 %	1,068,605	33.0 %	212,155	19.9 %
Selling, general & administrative expenses	656,636	17.5 %	597,109	18.5 %	(59,527)	(10.0)%
Rationalization and asset impairment charges (Note 7)	11,788	0.3 %	9,827	0.3 %	(1,961)	(20.0)%
Operating income	612,336	16.3 %	461,669	14.3 %	150,667	32.6 %
Interest expense, net	29,500		22,214		(7,286)	(32.8)%
Other income (expense) (Note 12)	9,991		(114,457)		124,448	108.7 %
Income before income taxes	592,827	15.8 %	324,998	10.0 %	267,829	82.4 %
Income taxes (Note 13)	120,603		48,418		(72,185)	(149.1)%
Effective tax rate (Note 13)	20.3 %		14.9 %		(5.4)%	
Net income including non-controlling interests	472,224		276,580		195,644	70.7 %
Non-controlling interests in subsidiaries' income	—		114		(114)	(100.0)%
Net income	\$ 472,224	12.6 %	\$ 276,466	8.5 %	\$ 195,758	70.8 %
Diluted earnings per share (Note 3)	\$ 8.04		\$ 4.60		\$ 3.43	74.6 %

### Net Sales:

The following table summarizes the impacts of volume, acquisitions, price and foreign currency exchange rates on Net sales for the twelve months ended December 31, 2022 on a consolidated basis:

	Net Sales 2021	Change in Net Sales due to:				Net Sales 2022
		Volume	Acquisitions	Price	Foreign Exchange	
Lincoln Electric Holdings, Inc.	\$ 3,234,180	\$ 160,362	\$ 74,645	\$ 468,925	\$ (176,901)	\$ 3,761,211
<b>% Change</b>						
Lincoln Electric Holdings, Inc.		5.0 %	2.3 %	14.5 %	(5.5)%	16.3 %

Net sales increased primarily as a result of higher demand levels, increased product pricing as a result of higher input costs and the impact of acquisitions, partially offset by unfavorable foreign exchange.

### Gross Profit:

Gross profit for 2022 increased, as a percent of sales, compared to the prior year primarily due to higher volumes, the benefit of profit improvement and cost reduction actions, which offset higher input costs. Last-in, first-out ("LIFO") charges were \$19,733 in the twelve months ended December 31, 2022 as compared with charges of \$38,595 in the prior year.

### Selling, General & Administrative ("SG&A") Expenses:

SG&A expense increased in 2022 as compared to 2021 was primarily due to higher employee costs.



**Other Income (Expense):**

The increase in 2022 as compared to 2021 was primarily due to non-cash pension settlement charges in 2021 related to the termination of a pension plan. Refer to Note 12 to the consolidated financial statements for details.

**Income Taxes:**

The 2022 effective tax rate was higher than 2021 primarily due to a change in the mix of earnings, as well as the impact of the 2021 pension plan termination.

**Segment Results****Net Sales:**

The table below summarizes the impacts of volume, acquisitions, price and foreign currency exchange rates on Net sales for the twelve months ended December 31, 2022:

	Net Sales 2021	Change in Net Sales due to:				Net Sales 2022
		Volume	Acquisitions <sup>(1)</sup>	Price <sup>(2)</sup>	Foreign Exchange <sup>(3)</sup>	
<b>Operating Segments</b>						
Americas Welding	\$ 1,824,481	\$ 156,561	\$ 17,602	\$ 298,928	\$ (8,638)	\$ 2,288,934
International Welding	948,125	(9,019)	17,632	159,130	(161,587)	954,281
The Harris Products Group	461,574	12,820	39,411	10,867	(6,676)	517,996
<b>% Change</b>						
Americas Welding		8.6 %	1.0 %	16.4 %	(0.5)%	25.5 %
International Welding		(1.0)%	1.9 %	16.8 %	(17.0)%	0.6 %
The Harris Products Group		2.8 %	8.5 %	2.4 %	(1.4)%	12.2 %

(1) Increase due to the acquisitions discussed in Note 4.

(2) Increase for all segments reflects increased product pricing taken in response to higher input costs and unfavorable foreign exchange translation.

(3) Decrease for 2022 in International Welding primarily due to the devaluation of the Turkish Lira and Euro.

*Adjusted Earnings Before Interest and Income Taxes (“Adjusted EBIT”):*

Segment performance is measured and resources are allocated based on a number of factors, the primary measure being the Adjusted EBIT profit measure. EBIT is defined as Operating income plus Equity earnings in affiliates and Other income. EBIT is adjusted for special items as determined by management such as the impact of rationalization activities, certain asset impairment charges and gains or losses on disposals of assets.

The following table presents Adjusted EBIT by segment:

	Year Ended December 31,		Favorable (Unfavorable) 2022 vs. 2021	
	2022	2021	\$	%
<i>Americas Welding:</i>				
Net sales	\$ 2,288,934	\$ 1,824,481	\$ 464,453	25.5 %
Inter-segment sales	122,019	140,650	(18,631)	(13.2)%
Total Sales	\$ 2,410,953	\$ 1,965,131	\$ 445,822	22.7 %
Adjusted EBIT <sup>(4)</sup>	\$ 462,819	\$ 329,016	\$ 133,803	40.7 %
As a percent of total sales <sup>(1)</sup>	19.2 %	16.7 %		2.5 %
<i>International Welding:</i>				
Net sales	\$ 954,281	\$ 948,125	\$ 6,156	0.6 %
Inter-segment sales	31,503	26,331	5,172	19.6 %
Total Sales	\$ 985,784	\$ 974,456	\$ 11,328	1.2 %
Adjusted EBIT <sup>(5)</sup>	\$ 120,157	\$ 106,208	\$ 13,949	13.1 %
As a percent of total sales <sup>(2)</sup>	12.2 %	10.9 %		1.3 %
<i>The Harris Products Group:</i>				
Net sales	\$ 517,996	\$ 461,574	\$ 56,422	12.2 %
Inter-segment sales	11,040	8,096	2,944	36.4 %
Total Sales	\$ 529,036	\$ 469,670	\$ 59,366	12.6 %
Adjusted EBIT <sup>(6)</sup>	\$ 64,008	\$ 68,447	\$ (4,439)	(6.5)%
As a percent of total sales <sup>(3)</sup>	12.1 %	14.6 %		(2.5)%
<i>Corporate / Eliminations:</i>				
Inter-segment sales	\$ (164,562)	\$ (175,077)	\$ 10,515	6.0 %
Adjusted EBIT <sup>(7)</sup>	(10,033)	(12,403)	2,370	19.1 %
<i>Consolidated:</i>				
Net sales	\$ 3,761,211	\$ 3,234,180	\$ 527,031	16.3 %
Net income	\$ 472,224	\$ 276,466	\$ 195,758	70.8 %
As a percent of total sales	12.6 %	8.5 %		4.1 %
Adjusted EBIT <sup>(8)</sup>	\$ 636,951	\$ 491,268	\$ 145,683	29.7 %
As a percent of sales	16.9 %	15.2 %		1.7 %

- (1) Increase for 2022 as compared to 2021 primarily driven by higher volumes, the impact of profit improvement initiatives and pricing actions taken to offset higher input costs, partially offset by higher employee costs.
- (2) Increase for 2022 as compared to 2021 primarily driven by profit improvement initiatives including cost reduction activities.
- (3) Decrease for 2022 compared to 2021 primarily driven by acquisition integration activities, unfavorable mix and declining commodity pricing in certain metal offerings.

(4) 2022 excludes a favorable adjustment related to the termination of a pension plan of \$3,735, the amortization of step up in value of acquired inventories of \$1,106 and Rationalization and asset impairment gains of \$431 related to severance and gains or losses on the disposal of assets as discussed in Note 7 to the consolidated financial statements.

2021 excludes non-cash pension settlement charges of \$123,091 as discussed in Note 11 to the consolidated financial statements.

(5) 2022 excludes Rationalization and asset impairment gains of \$11,681 related to impairment charges as discussed in Note 7 to the consolidated financial statements.

2021 excludes Rationalization and asset impairment charges of \$9,804 related to severance and gains or losses on the disposal of assets as discussed in Note 7 to the consolidated financial statements, the amortization of step up in value of acquired inventories of \$4,984 related to an acquisition and pension settlement charges of \$446.

(6) 2021 excludes the amortization of step up in value of acquired inventories of \$820 related to an acquisition and non-cash pension settlement charges of \$2,965 as discussed in Note 11 to the consolidated financial statements.

(7) 2022 excludes acquisition transaction and integration costs of \$6,003 related to the acquisition as discussed in Note 4 to the consolidated financial statements.

2021 excludes acquisition transaction and integration costs of \$1,923 related to the acquisitions as discussed in Note 4 to the consolidated financial statements.

(8) See non-GAAP Financial Measures for a reconciliation of Net income as reported and Adjusted EBIT.

### Non-GAAP Financial Measures

The Company reviews Adjusted operating income, Adjusted EBIT, Adjusted net income, Adjusted effective tax rate, Adjusted diluted earnings per share, Adjusted return on invested capital, and Adjusted net operating profit after taxes, all non-GAAP financial measures, in assessing and evaluating the Company's underlying operating performance. These non-GAAP financial measures exclude the impact of special items on the Company's reported financial results. Non-GAAP financial measures should be read in conjunction with the generally accepted accounting principles in the United States ("GAAP") financial measures, as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. From time to time, management evaluates and discloses to investors the following non-GAAP measures: Free cash flow ("FCF"), defined as Net cash provided by operating activities less Capital expenditures (the Company considers FCF to be a liquidity measure that provides useful information to management and investors about how the amount of cash generated by our business, after the purchase of property and equipment, can be used for debt service, acquisitions, paying dividends and repurchasing our common shares); Cash conversion, defined as FCF divided by Adjusted net income; Organic sales, defined as sales excluding the effects of foreign currency and acquisitions.

The following table presents a reconciliation of Operating income as reported to Adjusted operating income:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating income as reported	\$ 612,336	\$ 461,669
Special items (pre-tax):		
Rationalization and asset impairment charges <sup>(1)</sup>	11,788	9,827
Acquisition transaction costs <sup>(2)</sup>	6,003	1,923
Amortization of step up in value of acquired inventories <sup>(3)</sup>	1,106	5,804
Adjusted operating income	<u>\$ 631,233</u>	<u>\$ 479,223</u>

- (1) Charges primarily consist of employee severance, gains or losses on the disposal of assets and other related costs and non-cash asset impairment charges.
- (2) Costs related to acquisition and included in Selling, general & administrative expenses.
- (3) Costs related to acquisitions and included in Cost of goods sold.

The following table presents the reconciliations of Net income as reported to Adjusted net income and Adjusted EBIT, Effective tax rate as reported to Adjusted effective tax rate and Diluted earnings per share as reported to Adjusted diluted earnings per share:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net income as reported	\$ 472,224	\$ 276,466
Special items:		
Rationalization and asset impairment charges <sup>(1)</sup>	11,788	9,827
Acquisition transaction costs <sup>(2)</sup>	6,003	1,923
Pension settlement net charges <sup>(3)</sup>	(4,273)	126,502
Amortization of step up in value of acquired inventories <sup>(4)</sup>	1,106	5,804
Tax effect of Special items <sup>(5)</sup>	(1,192)	(47,188)
Adjusted net income	\$ 485,656	\$ 373,334
Non-controlling interests in subsidiaries' earnings (loss)	—	114
Interest expense, net	29,500	22,214
Income taxes as reported	120,603	48,418
Tax effect of Special items <sup>(5)</sup>	1,192	47,188
Adjusted EBIT	\$ 636,951	\$ 491,268
Effective tax rate as reported	20.3 %	14.9 %
Net special item tax impact	(0.2)%	5.5 %
Adjusted effective tax rate	20.1 %	20.4 %
Diluted earnings per share as reported	\$ 8.04	\$ 4.60
Special items per share	0.23	1.62
Adjusted diluted earnings per share	\$ 8.27	\$ 6.22

- (1) Charges primarily consist of employee severance, gains or losses on the disposal of assets and other related costs and non-cash asset impairment charges.
- (2) Costs related to acquisitions as discussed in Note 4 to the consolidated financial statements.
- (3) Net charges related to lump sum pension payments and the purchase of a group annuity contract as discussed in Note 11 to the consolidated financial statements.
- (4) Costs related to acquisitions and included in Cost of goods sold.
- (5) Includes the net tax impact of Special items recorded during the respective periods.

The tax effect of Special items impacting pre-tax income was calculated as the pre-tax amount multiplied by the applicable tax rate. The applicable tax rates reflect the taxable jurisdiction and nature of each Special item.

### **Liquidity and Capital Resources**

The Company's cash flow from operations can be cyclical. Operational cash flow is a key driver of liquidity. In assessing liquidity, the Company reviews working capital measurements to define areas for improvement. Management

anticipates the Company will be able to satisfy cash requirements for its ongoing businesses for the foreseeable future primarily with cash generated by operations, existing cash balances, borrowings under its existing credit facilities and raising debt in capital markets.

The Company continues to expand globally and periodically looks at transactions that would involve significant investments. The Company can fund its global expansion plans with operational cash flow, but a significant acquisition may require access to capital markets, in particular, the long-term debt market, as well as the syndicated bank loan market. The Company's financing strategy is to fund itself at the lowest after-tax cost of funding. Where possible, the Company utilizes operational cash flows and raises capital in the most efficient market, usually the United States, and then lends funds to the specific subsidiary that requires funding. If additional acquisitions providing appropriate financial benefits become available, additional expenditures may be made.

The following table reflects changes in key cash flow measures:

	Year Ended December 31,		
	2022	2021	\$ Change
Cash provided by operating activities <sup>(1)</sup>	\$ 383,386	\$ 365,063	\$ 18,323
Cash used by investing activities <sup>(2)</sup>	(504,691)	(205,356)	(299,335)
Capital expenditures	(71,883)	(62,531)	(9,352)
Acquisition of businesses, net of cash acquired	(436,298)	(156,106)	(280,192)
Cash provided by (used by) financing activities <sup>(3)</sup>	133,725	(221,940)	355,665
Proceeds from short-term borrowings	34,351	46,476	(12,125)
Proceeds from (payments on) long-term borrowings	405,444	(508)	405,952
Purchase of shares for treasury	(181,293)	(164,526)	(16,767)
Cash dividends paid to shareholders	(130,724)	(121,851)	(8,873)
Increase (decrease) in Cash and cash equivalents <sup>(4)</sup>	4,192	(64,321)	68,513

- (1) Cash provided by operating activities increased for the twelve months ended December 31, 2022 compared with the twelve months ended December 31, 2021 primarily due to higher company earnings.
- (2) Cash used by investing activities increased for the twelve months ended December 31, 2022 compared with the twelve months ended December 31, 2021 due to cash used in the acquisition of businesses in 2022. The Company currently anticipates capital expenditures of \$80,000 to \$100,000 in 2023. Anticipated capital expenditures include investments to increase capacity and improve operational effectiveness. Management critically evaluates all proposed capital expenditures and expects each project to increase efficiency, reduce costs, promote business growth or improve the overall safety and environmental conditions of the Company's facilities.
- (3) Cash provided by (used by) financing activities increased in the twelve months ended December 31, 2022 compared with the twelve months ended December 31, 2021 due to higher long-term borrowings in 2022 partially offset by an increase in the purchase of shares for treasury.
- (4) Cash and cash equivalents increased 2.2%, or \$4,192, to \$197,950 during the twelve months ended December 31, 2022, from \$192,958 as of December 31, 2021. The increase was predominantly due to higher cash provided by operating activities and an increase in long term borrowings offset by increase in cash used in the purchase of common shares for treasury, dividends paid to shareholders and for the acquisition of businesses in 2022.

The Company paid \$130,724 and \$121,851 in cash dividends to its shareholders in the twelve months ended December 31, 2022 and 2021, respectively. In January 2023, the Company paid a cash dividend of \$0.64 per share, or \$36,879, to shareholders of record on December 31, 2022, which reflects a 14.3% increase in the Company's dividend payout rate.

### Working Capital Ratios

	2022 <sup>(3)</sup>	2021
Average operating working capital to Net sales <sup>(1) (2)</sup>	20.9 %	16.3 %
Days sales in Inventories <sup>(2)</sup>	132.5	121.0
Days sales in Accounts receivable	57.0	50.3
Average days in Trade accounts payable	57.0	59.8

- (1) Average operating working capital to Net sales is defined as the sum of Accounts receivable, Inventories and contract assets less Trade accounts payable and contract liabilities as of period end divided by annualized rolling three months of Net sales.
- (2) In order to minimize potential supply chain disruptions in serving customers due to the continued impacts of the COVID-19 pandemic, the Company increased inventories relative to expected Net sales resulting in higher Days sales in Inventories.
- (3) Average operating working capital excluding Fori would have been 18.6% as a percent of Net sales.

### Rationalization and Asset Impairments

Refer to Note 7 to the consolidated financial statements for a discussion of the Company's rationalization plans. The Company believes the rationalization actions will positively impact future results of operations and will not have a material effect on liquidity and sources and uses of capital.

### Acquisitions

Refer to Note 4 to the consolidated financial statements for a discussion of the Company's recent acquisitions.

### Debt

At December 31, 2022 and 2021, the total amount of debt outstanding was \$1,203,879 and \$769,819, respectively, while the fair value of long-term debt, including the current portion, was approximately \$1,009,020 and \$776,655, respectively, which was determined using available market information and methodologies requiring judgment. The carrying value of this debt at such dates was \$1,121,435 and \$717,855, respectively. Since judgment is required in interpreting market information, the fair value of the debt is not necessarily the amount which could be realized in a current market exchange.

### Senior Unsecured Notes

On April 1, 2015 and October 20, 2016, the Company entered into separate Note Purchase Agreements pursuant to which it issued senior unsecured notes (the "Notes") through a private placement. The Notes each have an aggregate principal amount of \$350,000. Interest on the Notes are payable semi-annually. The proceeds of the Notes were used for general corporate purposes. The Notes contain certain affirmative and negative covenants. As of December 31, 2022, the Company was in compliance with all of its debt covenants relating to the Notes.

The Company's total weighted average effective interest rate and remaining weighted average term, inclusive of the 2015 Notes and 2016 Notes, is 3.3% and 11.4 years, respectively.

### *Revolving Credit Agreements*

On April 23, 2021, the Company amended and restated the agreement governing its line of credit by entering into the Second Amended and Restated Credit Agreement ("Credit Agreement"). The Credit Agreement has a line of credit totaling \$500,000, has a term of 5 years with a maturity date of April 23, 2026 and may be increased, subject to certain conditions including the consent of its lenders, by an additional amount up to \$150,000. The interest rate on borrowings is based on LIBOR plus a spread based on the Company's net leverage ratio. The Credit Agreement contains customary representations and warranties, as well as customary affirmative, negative and financial covenants for credit facilities of this type (subject to negotiated baskets and exceptions), including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets and transactions with affiliates. As of December 31, 2022, the Company was in compliance with all of its covenants and had \$45,000 of outstanding borrowings under the Credit Agreement.

The Company has other lines of credit and debt agreements totaling \$92,078. As of December 31, 2022, the Company was in compliance with all of its covenants and had \$37,444 outstanding at December 31, 2022.

### Term Loan

On November 29, 2022, the Company entered into a term loan in the aggregate principal amount of \$400,000 (the "Term Loan"), which was borrowed in full. The Term Loan matures on November 29, 2025. The Term Loan bears an interest at a rate based on Term SOFR, plus a margin ranging from 0.75% to 1.75% based on the Company's consolidated net leverage ratio. The proceeds of the Term Loan were used to pay a portion of the purchase price in connection with the acquisition of Fori.

The agreement governing the Term Loan (the "Term Loan Credit Agreement") contains representations and warranties, as well as customary affirmative, negative and financial covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets and transactions with affiliates. The Term Loan Credit Agreement requires the Company to maintain a minimum consolidated fixed charges coverage ratio and maximum consolidated net leverage ratio. As of December 31, 2022, the Company was in compliance with all of its covenants.

### *Shelf Agreements*

On November 27, 2018, the Company entered into seven uncommitted master note facilities (the "Shelf Agreements") that allow borrowings up to \$700,000 in the aggregate. The Shelf Agreements have a five-year term and the average life of borrowings cannot exceed 15 years. The Company is required to comply with covenants similar to those contained in the 2015 Notes and 2016 Notes. As of December 31, 2022, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

### **Return on Invested Capital**

The Company reviews return on invested capital ("ROIC") in assessing and evaluating the Company's underlying operating performance. Adjusted ROIC is a non-GAAP financial measure that the Company believes is a meaningful metric to investors in evaluating the Company's financial performance and may be different than the method used by other companies to calculate ROIC. Adjusted ROIC is defined as rolling 12 months of Adjusted net income excluding tax-effected interest income and expense divided by invested capital. Invested capital is defined as total debt, which includes Amounts due banks, Current portion of long-term debt and Long-term debt, less current portions, plus Total equity.

The following table presents the reconciliation of ROIC and Adjusted ROIC to net income:

<b>Return on Invested Capital</b>	<b>2022</b>	<b>2021</b>
Net income as reported	\$ 472,224	\$ 276,466
Plus: Interest expense (after-tax)	23,276	17,794
Less: Interest income (after-tax)	1,202	1,172
Net operating profit after taxes	\$ 494,298	\$ 293,088
<b>Special items:</b>		
Rationalization and asset impairment charges	11,788	9,827
Acquisition transaction costs	6,003	1,923
Pension settlement net charges	(4,273)	126,502
Amortization of step up in value of acquired inventories	1,106	5,804
Tax effect of Special items <sup>(1)</sup>	(1,192)	(47,188)
Adjusted net operating profit after taxes	<u>\$ 507,730</u>	<u>\$ 389,956</u>
<b>Invested Capital</b>		
Short-term debt	\$ 93,483	\$ 52,730
Long-term debt, less current portion	1,110,396	717,089
Total debt	1,203,879	769,819
Total equity	1,034,041	863,909
Invested capital	<u>\$ 2,237,920</u>	<u>\$ 1,633,728</u>
Return on invested capital as reported <sup>(2)</sup>	22.1 %	17.9 %
Adjusted return on invested capital <sup>(2)</sup>	<u>22.7 %</u>	<u>23.9 %</u>

(1) Includes the net tax impact of Special items recorded during the respective periods.

The tax effect of Special items impacting pre-tax income was calculated as the pre-tax amount multiplied by the applicable tax rate. The applicable tax rate reflects the taxable jurisdiction and nature of each Special item.

(2) Return on invested capital and Adjusted return on invested capital excluding Fori would have been 27.9% and 28.6%, respectively.

### Contractual and Other Obligations

The Company's cash requirements for contractual and other obligations as of December 31, 2022 are as follows:

	<b>Payments Due By Period</b>				
	<b>Total</b>	<b>2023</b>	<b>2024 to 2025</b>	<b>2026 to 2027</b>	<b>2028 and Beyond</b>
Long-term debt, including current portion (Note 9)	\$ 1,118,336	\$ 11,039	\$ 507,297	\$ —	\$ 600,000
Interest on long-term debt (Note 9)	345,782	45,448	88,157	39,970	172,207
Amounts due banks (Note 9)	82,444	82,444	—	—	—
Operating leases (Note 17)	51,798	11,342	16,588	9,310	14,558
Purchase commitments <sup>(1)</sup>	2,003,872	1,999,751	3,579	355	187
Transition Tax <sup>(2)</sup>	11,459	—	11,459	—	—
<b>Total</b>	<u>\$ 3,613,691</u>	<u>\$ 2,150,024</u>	<u>\$ 627,080</u>	<u>\$ 49,635</u>	<u>\$ 786,952</u>

(1) Purchase commitments include contractual obligations for raw materials and services.

(2) Federal income taxes on the Company's transition tax pursuant to the U.S. Tax Act is payable over eight years. Amounts reflect the utilization of 2017 overpayments and foreign tax credits.



As of December 31, 2022, there were \$17,424 of tax liabilities related to unrecognized tax benefits and a \$39,090 liability for deferred compensation. Because of the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities, the Company is unable to estimate the years in which settlement will occur.

### **Stock-Based Compensation**

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an additional 5,400,000 of the Company's common shares. In addition, on April 23, 2015, the shareholders of the Company approved the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The 2015 Director Plan provides for the granting of options, restricted shares and restricted stock units up to an additional 300,000 of the Company's common shares. At December 31, 2022, there were 1,381,427 common shares available for future grant under all plans.

Under these plans, options, restricted shares and restricted stock units granted were 284,946 in 2022 and 313,547 in 2021. The Company issued common shares from treasury upon all exercises of stock options, vesting of restricted stock units and the granting of restricted stock awards in 2022 and 2021.

Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2022 and 2021 was \$25,276 and \$23,787, respectively, with a related tax benefit of \$6,363 and \$5,988, respectively. As of December 31, 2022, total unrecognized stock-based compensation expense related to non-vested stock options and restricted stock units was \$17,610, which is expected to be recognized over a weighted average period of approximately 1.3 years.

The aggregate intrinsic value of options outstanding and exercisable, which would have been received by the optionees, had all awards been exercised at December 31, 2022 was \$58,282 and \$49,024, respectively. The total intrinsic value of awards exercised during 2022 and 2021 was \$7,082 and \$20,442, respectively.

### **Product Liability Costs**

Product liability costs incurred can be volatile and are largely related to trial activity. The costs associated with these claims are predominantly defense costs which are recognized in the periods incurred.

The long-term impact of product liability contingencies, in the aggregate, on operating results, operating cash flows and access to capital markets is difficult to assess, particularly since claims are in many different stages of development and the Company benefits significantly from cost sharing with co-defendants and insurance carriers. Moreover, the Company has been largely successful to date in its defense of these claims.

### **Off-Balance Sheet Arrangements**

The Company utilizes letters of credit to back certain payment and performance obligations. Letters of credit are subject to limits based on amounts outstanding under the Company's Credit Agreement.

### **New Accounting Pronouncements**

Refer to Note 1 to the consolidated financial statements for a discussion of new accounting pronouncements.

### **Critical Accounting Policies and Estimates**

The Company's consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make estimates and assumptions. These estimates and assumptions are reviewed periodically by management and compared to historical trends to determine the accuracy of estimates and assumptions used. If warranted, these estimates and assumptions may be changed as current trends are assessed and updated. Historically, the Company's estimates have been determined to be reasonable. No material changes to the Company's

accounting policies were made during 2022. The Company believes the following accounting policies are some of the more critical judgment areas affecting its financial condition and results of operations.

#### *Legal and Tax Contingencies*

The Company, like other manufacturers, is subject from time to time to a variety of civil and administrative proceedings arising in the ordinary course of business. Such claims and litigation include, without limitation, product liability claims, administrative claims, regulatory claims and health, safety and environmental claims, some of which relate to cases alleging asbestos induced illnesses. The costs associated with these claims are predominantly defense costs, which are recognized in the periods incurred. Insurance reimbursements mitigate these costs and, where reimbursements are probable, they are recognized in the applicable period. With respect to costs other than defense costs (i.e., for liability and/or settlement or other resolution), reserves are recorded when it is probable that the contingencies will have an unfavorable outcome. The Company accrues its best estimate of the probable costs after a review of the facts with management and counsel and taking into account past experience. If an unfavorable outcome is determined to be reasonably possible but not probable, or if the amount of loss cannot be reasonably estimated, disclosure would be provided for material claims or litigation. Many of the current cases are in differing procedural stages and information on the circumstances of each claimant, which forms the basis for judgments as to the validity or ultimate disposition of such actions, varies greatly. Therefore, in many situations a range of possible losses cannot be made. Reserves are adjusted as facts and circumstances change and related management assessments of the underlying merits and the likelihood of outcomes change. Moreover, reserves only cover identified and/or asserted claims. Future claims could, therefore, give rise to increases to such reserves.

The Company is subject to taxation from U.S. federal, state, municipal and international jurisdictions. The calculation of current income tax expense is based on the best information available and involves significant management judgment. The actual income tax liability for each jurisdiction in any year can in some instances be ultimately determined several years after the financial statements are published.

The Company maintains liabilities for unrecognized tax benefits related to uncertain income tax positions in various jurisdictions. The Company uses judgment in determining whether the technical merits of tax positions are more-likely-than-not to be sustained. Judgment is also used in measuring the related amount of tax benefit that qualifies for recognition, including the interpretation of applicable tax law, regulation and tax ruling.

Liabilities are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Liabilities can be affected by changes in applicable tax law, regulations, tax rulings or such other factors, which may cause management to believe a revision of past estimates is appropriate. Management believes that an appropriate liability has been established for uncertain income tax positions; however, actual results may materially differ from these estimates. Refer to Note 13 to the consolidated financial statements for further discussion of uncertain income tax positions.

#### *Deferred Income Taxes*

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the GAAP and income tax basis of assets and liabilities and operating loss and tax credit carry-forwards. The Company repatriates earnings for certain non-U.S. subsidiaries, which are subject to foreign withholding taxes. The Company considers remaining earnings in all other non-U.S. subsidiaries to be indefinitely reinvested and has not recorded any deferred taxes as such estimate is not practicable.

At December 31, 2022, the Company had approximately \$142,430 of gross deferred tax assets related to deductible temporary differences and tax loss and credit carry-forwards, which may reduce taxable income in future years. In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. At December 31, 2022, a valuation allowance of \$44,627 was recorded against certain deferred tax assets based on this assessment. The

Company believes it is more-likely-than-not that the tax benefit of the remaining net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be increased or reduced in the future if the Company's assessment of future taxable income or tax planning strategies changes.

### *Pensions*

The Company maintains a number of defined benefit ("Pension") and defined contribution plans to provide retirement benefits for employees. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the Board of Directors. The plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for a domestic non-qualified pension plan for certain key employees and certain foreign plans.

A significant element in determining the Company's pension expense is the discount rate for plan liabilities. To develop the discount rate assumption, the Company refers to the yield derived from matching projected pension payments with maturities of a portfolio of available non-callable bonds rated AA or an equivalent quality. The Company determined this rate to be 4.3% at December 31, 2022 and 1.8% at December 31, 2021. A 10 basis point change in the discount rate would not have a significant impact to pension expense.

The Company's defined benefit plan (income) expense was \$(2,280) and \$124,929 in 2022 and 2021, respectively. Pension expense includes \$367 and \$126,013 in settlement charges in 2022 and 2021, respectively. The Company's defined contribution plan expense was \$29,569 and \$26,281 in 2022 and 2021, respectively. The Company expects total 2023 expense related to retirement plans to increase by a range of approximately \$500 to \$1,500, excluding settlement charges. Refer to Note 11 to the consolidated financial statements for additional information.

The Accumulated other comprehensive loss, excluding tax effects, recognized on the Consolidated Balance Sheet was \$3,759 as of December 31, 2022 and \$16,173 as of December 31, 2021. The decrease is primarily the result of a pension plan termination described below.

In March 2020, the Company approved an amendment to terminate the Lincoln Electric Company Retirement Annuity Program ("RAP") plan effective as of December 31, 2020. The Company provided notice to participants of the intent to terminate the plan and applied and received a determination letter. During 2021, pension obligations were distributed through a combination of lump sum payments to eligible plan participants and through the purchase of a group annuity contract in October 2021. The lump sum payments and annuity purchase resulted in pre-tax settlement charges of \$126,056 in the twelve months ended December 31, 2021. The remaining surplus assets of \$68,458 at December 31, 2021 were transferred to a suspense account in January 2022 and are being used to fund employer matching contributions in a qualified employee savings plan. The surplus assets as of December 31, 2022 were \$56,418 and are recorded in Other current assets and Other assets in the Company's Consolidated Balance Sheets.

### *Inventories*

Inventories are valued at the lower of cost or net realizable value. Fixed manufacturing overhead costs are allocated to inventory based on normal production capacity and abnormal manufacturing costs are recognized as period costs. Cost for a substantial portion of U.S. inventories is determined on a LIFO basis. LIFO was used for 38% and 36% of total inventories at December 31, 2022 and 2021, respectively. Cost of other inventories is determined by costing methods that approximate a FIFO basis. The valuation of LIFO inventories is made at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Actual year-end inventory levels and costs may differ from interim LIFO inventory valuations. The excess of current cost over LIFO cost was \$133,909 at December 31, 2022 and \$114,176 at December 31, 2021.

The Company reviews the net realizable value of inventory on an on-going basis with consideration given to deterioration, obsolescence and other factors. If actual market conditions differ from those projected by management,

and the Company's estimates prove to be inaccurate, write-downs of inventory values and adjustments to Cost of goods sold may be required. Historically, the Company's reserves have approximated actual experience.

#### *Long-Lived Assets*

The Company periodically evaluates whether current facts or circumstances indicate that the carrying value of its depreciable long-lived assets, including leases and intangible assets that do not have indefinite lives, to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, a loss is recognized to the extent that carrying value exceeds fair value. Fair value is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows.

#### *Goodwill and Intangibles*

The Company performs an annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter using the same date each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment.

The fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. For goodwill, the Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the quantitative goodwill impairment test. The quantitative test is only required if the Company concludes that it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. The Company may also perform a quantitative test in instances where the more-likely-than-not threshold has not been met, including when general macroeconomic conditions or changes to the reporting unit warrant a refresh of the baseline used in a qualitative test. For quantitative testing, the Company compares the fair value of each reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Fair values are determined using established business valuation techniques and models developed by the Company, estimates of market participant assumptions of future cash flows, future growth rates and discount rates to value estimated cash flows. Changes in economic and operating conditions, actual growth below the assumed market participant assumptions or an increase in the discount rate could result in an impairment charge in a future period.

#### *Acquisitions*

Upon acquisition of a business, the Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Fair value estimates are based on a series of judgments about future events and uncertainties and rely on estimates and assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, customer attrition rates and royalty rates). Acquired inventories are marked to fair value. For certain items, the pre-acquisition carrying value is determined to be a reasonable approximation of fair value based on information available to the Company. Refer to Note 4 to the consolidated financial statements for additional details.

### *Revenue Recognition*

Revenue is recognized when obligations under the terms of a contract are satisfied and control is transferred to the customer. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for goods or services. Substantially all of the Company's sales arrangements are short-term in nature involving a single performance obligation. The Company recognizes revenue when the performance obligation is satisfied and control of the product is transferred to the customer based upon shipping terms. In addition, certain customized automation performance obligations are accounted for over time. Under this method, revenue recognition is primarily based upon the ratio of costs incurred to date compared with estimated total costs to complete. The cumulative impact of revisions to total estimated costs is reflected in the period of the change, including anticipated losses. Less than 10% of the Company's Net sales are recognized over time.

The Company recognizes any discounts, credits, returns, rebates and incentive programs based on reasonable estimates as a reduction of sales to arrive at Net sales at the same time the related revenue is recorded. Taxes collected by the Company, including sales tax and value added tax, are excluded from Net sales. The Company recognizes freight billed as a component of Net sales and shipping costs as a component of Cost of goods sold when control transfers to the customer. Sales commissions are expensed when incurred because the amortization period is generally one year or less. These costs are recorded within Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

Refer to Note 2 to the consolidated financial statements for additional details.

### ***ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

The Company's primary financial market risks include fluctuations in currency exchange rates, commodity prices and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes.

Included below is a sensitivity analysis based upon a hypothetical 10% weakening or strengthening in the U.S. dollar compared to foreign currency exchange rates at December 31, 2022, a 10% change in pricing of commodity contracts and a 100 basis point increase in effective interest rates at December 31, 2022. The derivative, borrowing and investment arrangements in effect at December 31, 2022 were compared to the hypothetical foreign exchange or interest rates in the sensitivity analysis to determine the effect on the Company's current period consolidated financial statements.

#### *Foreign Currency Exchange Risk*

The Company enters into forward foreign exchange contracts principally to hedge the currency fluctuations in transactions denominated in foreign currencies, thereby limiting the Company's risk that would otherwise result from changes in exchange rates.

At December 31, 2022, the Company hedged certain third-party and intercompany purchases and sales. The gross notional dollar amount of these foreign exchange contracts at December 31, 2022 was \$66,296. At December 31, 2022, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$284.

The Company enters into forward foreign exchange contracts to hedge transaction exposures or significant cross-border intercompany loans by either purchasing or selling specified amounts of foreign currency at a specified date. The gross notional dollar amount of these foreign exchange contracts at December 31, 2022 was \$380,443. A hypothetical 10% change in the year-end exchange rates would have resulted in an increase or decrease to Income before income taxes of \$12,936 related to these positions. However, any loss (or gain) resulting from a hypothetical 10% change would be offset by the associated gain (or loss) on the underlying balance sheet exposure and would ultimately not materially affect the Company's financial statements. The Company also has a foreign currency forward contract hedge designated as a net

investment hedge with a notional dollar amount of \$88,843 at December 31, 2022. At December 31, 2022, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$8,758.

#### *Commodity Price Risk*

From time to time, the Company uses various hedging arrangements to manage exposures to price risk from commodity purchases. These hedging arrangements have the effect of fixing for specified periods the prices the Company will pay for the volume to which the hedge relates. The notional amount of these contracts was 875,000 pounds at December 31, 2022. At December 31, 2022, a hypothetical 10% change in the price would have resulted in an increase or decrease to the value of the contracts by \$319.

#### *Interest Rate Risk*

In anticipation of future debt issuance associated with the Notes referenced in Note 9 to the consolidated financial statements, the Company has interest rate forward starting swap agreements to hedge the variability of future changes in interest rates. The gross notional dollar value of these contracts was \$100,000 at December 31, 2022. At December 31, 2022, a hypothetical 100 basis point increase to effective interest rates would have changed Accumulated other comprehensive income (loss) by \$7,584. At December 31, 2022, a hypothetical 100 basis point increase to variable interest rates would have changed Interest expense by approximately \$5,600.

The fair value of the Company's cash and cash equivalents at December 31, 2022 approximated cost due to the short-term duration. These financial instruments are subject to concentrations of credit risk. The Company has minimized this risk by entering into investments with a number of major banks and financial institutions and investing in high-quality instruments. The Company does not expect any counter-parties to fail to meet their obligations.

### ***ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The response to this item is submitted in a separate section of this Annual Report on Form 10-K following the signature page.

### ***ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES***

None.

### ***ITEM 9A. CONTROLS AND PROCEDURES***

#### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Exchange Act. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

#### **Management's Report on Internal Control Over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2022 based on the 2013 framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring

Organizations of the Treadway Commission. Based on the Company's evaluation under such framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2022.

During 2022, the Company completed the acquisition of Fori. Fori's assets are included in the Company's Consolidated Balance Sheet from the date of the acquisition and constituted approximately 14.6% of total assets as of December 31, 2022. As permitted by guidance issued by the Securities and Exchange Commission, the Company has elected to exclude Fori from our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2022.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included elsewhere in this Annual Report on Form 10-K.

### **Changes in Internal Control Over Financial Reporting**

In December 2022, the Company acquired Fori. The acquired business operated under its own set of systems and internal controls and the Company is currently maintaining those systems and much of that control environment until it is able to incorporate its processes into the Company's own systems and control environment. The Company expects to complete the incorporation of the acquired business' operations into the Company's systems and control environment in 2023.

Except for changes in connection with the Company's acquisition of Fori business noted above, there have been no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2022 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### ***ITEM 9B. OTHER INFORMATION***

None.

### ***ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS***

None.

## **PART III**

### ***ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

The Company is expected to file its 2023 proxy statement pursuant to Regulation 14A of the Exchange Act within 120 days after December 31, 2022.

Except for the information set forth within Part I, Item 1C section of this Annual Report on Form 10-K concerning our Executive Officers, the information required by this item is incorporated by reference from the 2023 proxy statement.

### ***ITEM 11. EXECUTIVE COMPENSATION***

The information required by this item is incorporated by reference from the 2023 proxy statement.

### ***ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

The information required by this item is incorporated by reference from the 2023 proxy statement.

For further information on the Company's equity compensation plans, see Note 1 and Note 10 to the Company's consolidated financial statements.

***ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE***

The information required by this item is incorporated by reference from the 2023 proxy statement.

***ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES***

The information required by this item is incorporated by reference from the 2023 proxy statement.

**PART IV**

***ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***

**(a)(1) Financial Statements**

The following reports and consolidated financial statements of the Company are included in a separate section of this report following the signature page and certifications:

Report of Independent Registered Public Accounting Firm (PCAOB ID 42)

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Consolidated Statements of Income – Years ended December 31, 2022, 2021 and 2020

Consolidated Statements of Comprehensive Income – Years ended December 31, 2022, 2021 and 2020

Consolidated Balance Sheets – December 31, 2022 and 2021

Consolidated Statements of Equity – Years ended December 31, 2022, 2021 and 2020

Consolidated Statements of Cash Flows – Years ended December 31, 2022, 2021 and 2020

Notes to Consolidated Financial Statements

**(a)(2) Financial Statement Schedules**

The following consolidated financial statement schedule of the Company is included in a separate section of this report following the signature page:

Schedule II – Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange.

Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.



**(a)(3) Exhibits**

Exhibit	Description
3.1	Amended and Restated Articles of Incorporation of Lincoln Electric Holdings, Inc., as amended on October 19, 2021 (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on October 22, 2021, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
3.2	Amended and Restated Code of Regulations of Lincoln Electric Holdings, Inc., as amended on February 15, 2023 (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 17, 2023, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
4.1	Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4.1 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.1	Second Amended and Restated Credit Agreement, dated as of April 23, 2021, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Electric Automation, Inc., Lincoln Global, Inc., the Lenders and KeyBank National Association (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2021, SEC File No. 0-1402, and incorporated herein by reference
10.2	Credit Agreement, dated as of November 29, 2022, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Electric Automation, Inc., Lincoln Global, Inc., the Lenders and PNC Bank, National Association (filed as Exhibit 10.1 to form 8-K of Lincoln Electric Holdings, Inc. filed on December 1, 2022, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.3	Note Purchase Agreement, dated as of April 1, 2015, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc. and the purchasers party thereto (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on April 2, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.4	Amendment No. 1 to Note Purchase Agreement, dated as of April 1, 2015, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc. and the purchasers party thereto, dated July 30, 2019 (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.5	Note Purchase Agreement, dated as of October 20, 2016, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Techalloy, Inc. and Wayne Trail Technologies, Inc. and the purchaser party thereto (filed as Exhibit 10.4 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2016, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.6	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., MetLife Investment Advisors, LLC and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.7	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Voya Retirement Insurance and Annuity Company and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part

10.8	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., State Farm Life Insurance Company and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.3 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.9	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., AIG Asset Management (U.S.), LLC and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.4 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.10	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., John Hancock Life Insurance Company (U.S.A.) and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.5 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.11	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Thrivent Financial for Lutherans and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.6 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.12	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Allianz Life Insurance Company of North America and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.7 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.13*	Supplemental Executive Retirement Plan (Amended and Restated as of December 31, 2008) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on January 7, 2009, SEC File No. 0-1402, and incorporated herein by reference and made part hereof).
10.14*	Amendment No. 1 to Supplemental Executive Retirement Plan (As Amended and Restated as of December 31, 2008) (filed as Exhibit 10.6 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2016, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.15*	Amendment No. 2 to Supplemental Executive Retirement Plan (As Amended and Restated as of December 31, 2008) (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.16*	Deferred Compensation Plan for Certain Retention Agreements and Other Contractual Arrangements (Amended and Restated as of January 1, 2004) (filed as Exhibit 10(i) to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2003, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.17*	Non-Employee Directors' Deferred Compensation Plan (Amended and Restated as of January 1, 2021) (filed as Exhibit 10.18 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.18*	2005 Deferred Compensation Plan for Executives (Amended and Restated as of January 1, 2021) (filed as Exhibit 10.21 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).

10.19*	The Lincoln Electric Company Restoration Plan (filed as Exhibit 4.3 to Form S-8 of Lincoln Electric Holdings, Inc. filed on December 19, 2016, SEC File No. 333-215168, and incorporated herein by reference and made a part hereof).
10.20*	Amendment No. 1 to The Lincoln Electric Company Restoration Plan (filed as Exhibit 10.3 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.21*	The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 15, 2021 (filed as Exhibit 10.20 to Form 10 K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2021, SEC File No. 0 1402, and incorporated herein by reference and made a part
10.22*	Amendment No. 1 to The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 15, 2021 (filed as Exhibit 10.21 to Form 10 K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2021, SEC File No. 0 1402, and incorporated herein by reference and made a part hereof).
10.23*	Amendment No. 2 to The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 15, 2021 (filed as Exhibit 10.22 to Form 10 K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2021, SEC File No. 0 1402, and incorporated herein by reference and made a part hereof).
10.24*	Form of Change in Control Severance Agreement (as entered into by the Company and its executive officers) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 21, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.25*	Amendment No. 1 to Form of Change in Control Severance Agreement (as entered into by the Company and its executive officers) (filed as Exhibit 10.5 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.26*	2006 Equity and Performance Incentive Plan (Restated as of March 3, 2011) (filed as Annex A to Lincoln Electric Holdings, Inc. proxy statement filed on March 18, 2011, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.27*	2015 Equity and Incentive Compensation Plan (filed as Appendix B to Lincoln Electric Holdings, Inc. definitive proxy statement filed on March 18, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.28*	2015 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. definitive proxy statement filed on March 18, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.29*	Amendment No. 1 to the 2015 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. proxy statement dated March 20, 2017, SEC File No. 0-1402, and incorporated by reference and made a part hereof).
10.30*	Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed as Exhibit 10.30 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2021, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.31*	Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed herewith).
10.32*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2010, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.33*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.37 to Form 10-K of the Lincoln Electric Holdings, Inc. for the year ended December 31, 2010, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.34*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.27 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).

10.35*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.28 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.36*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.37 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.37*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.38 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.38*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2021, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.39*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2022, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.40*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.33 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2013, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.41*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.21 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.42*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.41 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.43*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.43 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.44*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.2 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2021, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
10.45*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.2 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2022, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
10.46*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.44 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.47*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.47 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.48*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.3 to Form 10-Q of Lincoln Electric Holdings, Inc., for the quarter ended March 31, 2021, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
10.49*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.3 to Form 10-Q of Lincoln Electric Holdings, Inc., for the quarter ended March 31, 2022, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
10.50*	Form of Officer Indemnification Agreement (effective February 23, 2012) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 29, 2012, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10.51*	Form of Director Indemnification Agreement (effective February 23, 2012) (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 29, 2012, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).

21	Subsidiaries of the Registrant (filed herewith).
23	Consent of Independent Registered Public Accounting Firm (filed herewith).
24	Powers of Attorney (filed herewith).
31.1	Certification by the Chairman, President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification by the Executive Vice President, Chief Financial Officer and Treasurer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.IN	Inline XBRL Instance Document
101.SC	Inline XBRL Taxonomy Extension Schema Document
101.CA	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LA	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PR	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DE	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

\* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this report.

**ITEM 16. FORM 10-K SUMMARY**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINCOLN ELECTRIC HOLDINGS, INC.

By: /s/ Gabriel Bruno

Gabriel Bruno  
Executive Vice President, Chief Financial Officer and  
Treasurer  
(principal financial and accounting officer)  
February 21, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Christopher L. Mapes

Christopher L. Mapes,  
Chairman, President and Chief Executive Officer  
(principal executive officer)  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno,  
Executive Vice President, Chief Financial Officer and  
Treasurer  
(principal financial and accounting officer)  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Brian D. Chambers, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Curtis E. Espeland, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Patrick P. Goris, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Michael F. Hilton, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Kathryn Jo Lincoln, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Phillip J. Mason, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Ben P. Patel, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Hellene S. Runtagh, Director  
February 21, 2023

/s/ Gabriel Bruno

Gabriel Bruno as  
Attorney-in-Fact for  
Kellye L. Walker, Director  
February 21, 2023

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Lincoln Electric Holdings, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Lincoln Electric Holdings, Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 21, 2023 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

***Goodwill impairment evaluation – Reporting Unit within International Welding Segment***

*Description of the Matter*

As disclosed in Note 5 to the consolidated financial statements, at December 31, 2022, the Company's total goodwill was \$665.3 million, of that, \$129.9 million relates to the International Welding segment. As disclosed in Note 1 to the consolidated financial statements, goodwill is tested for impairment in the fourth quarter using the same date each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment. The Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount and whether it is necessary to perform a quantitative goodwill impairment test. The Company may perform a quantitative test in instances where the more-likely-than-not threshold has not been met, including when general macroeconomic conditions or changes to the reporting unit warrant a refresh of the baseline used in a qualitative test. The Company performed a quantitative assessment for a reporting unit within the International Welding segment and determined that the fair value of the reporting unit was in excess of the carrying value.

Auditing the annual goodwill impairment test for the aforementioned reporting unit under the quantitative assessment was complex and judgmental due to the significant estimation required in determining the fair value of the reporting unit. In particular, the fair value estimate using the income approach was sensitive to significant assumptions such as the weighted average cost of capital and the terminal period revenue growth rate. Elements of these significant assumptions are forward-looking and could be affected by future economic conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment evaluation, including controls over the significant assumptions mentioned above.

To test the estimated fair value used in the Company's annual goodwill impairment test for the reporting unit within the International Welding segment, our audit procedures included, among others, assessing the valuation methodology, testing the significant assumptions discussed above, and testing the completeness and accuracy of the underlying data used by the Company in its analysis. As it pertains to the terminal period revenue growth rate, we compared the significant assumptions used by management to third party industry data and economic trends, changes to the Company's business model, customer base or product mix, as applicable. We involved valuation specialists to assist with our evaluation of the methodology applied and the reasonableness of certain assumptions selected by management, including, the weighted average cost of capital. Specifically, we evaluated the components of the weighted average cost of capital assumptions used by performing an independent corroborative analysis with involvement of valuation specialists. We performed sensitivity analyses of assumptions to evaluate the changes in the fair value of the reporting unit that would result from changes in the significant assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since at least 1923, but we are unable to determine the specific year.

Cleveland, OH  
February 21, 2023



## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Lincoln Electric Holdings, Inc.

### **Opinion on Internal Control Over Financial Reporting**

We have audited Lincoln Electric Holdings, Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Lincoln Electric Holdings, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Fori Automation, LLC (Fori), which is included in the 2022 consolidated financial statements of the Company and constituted 14.6% of total assets as of December 31, 2022. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Fori.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2022 consolidated financial statements of the Company and our report dated February 21, 2023 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Cleveland, Ohio  
February 21, 2023

**LINCOLN ELECTRIC HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
*(In thousands, except per share amounts)*

	Year Ended December 31,		
	2022	2021	2020
Net sales (Note 2)	\$ 3,761,211	\$ 3,234,180	\$ 2,655,400
Cost of goods sold	2,480,451	2,165,575	1,784,059
Gross profit	1,280,760	1,068,605	871,341
Selling, general & administrative expenses	656,636	597,109	543,802
Rationalization and asset impairment charges (Note 7)	11,788	9,827	45,468
Operating income	612,336	461,669	282,071
Interest expense, net	29,500	22,214	21,973
Other income (expense) (Note 12)	9,991	(114,457)	3,942
Income before income taxes	592,827	324,998	264,040
Income taxes (Note 13)	120,603	48,418	57,896
Net income including non-controlling interests	472,224	276,580	206,144
Non-controlling interests in subsidiaries' income	—	114	29
Net income	<u>\$ 472,224</u>	<u>\$ 276,466</u>	<u>\$ 206,115</u>
Basic earnings per share (Note 3)	<u>\$ 8.14</u>	<u>\$ 4.66</u>	<u>\$ 3.46</u>
Diluted earnings per share (Note 3)	<u>\$ 8.04</u>	<u>\$ 4.60</u>	<u>\$ 3.42</u>
Cash dividends declared per share	<u>\$ 2.32</u>	<u>\$ 2.09</u>	<u>\$ 1.98</u>

See notes to these consolidated financial statements.

**LINCOLN ELECTRIC HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
*(In thousands)*

	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net income including non-controlling interests	\$ 472,224	\$ 276,580	\$ 206,144
Other comprehensive income (loss), net of tax:			
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax of \$3,099 in 2022; \$1,523 in 2021; \$605 in 2020	5,815	5,607	861
Defined pension plan activity, net of tax of \$964 in 2022; \$33,214 in 2021; \$(10,622) in 2020	11,450	88,539	(31,224)
Currency translation adjustment	(35,084)	(49,745)	4,068
Other comprehensive (loss) income:	(17,819)	44,401	(26,295)
Comprehensive income	454,405	320,981	179,849
Comprehensive income (loss) attributable to non-controlling interests	94	(289)	74
Comprehensive income attributable to shareholders	\$ 454,311	\$ 321,270	\$ 179,775

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.

**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

	December 31,	
	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 197,150	\$ 192,958
Accounts receivable (less allowance for doubtful accounts of \$12,556 in 2022; \$11,105 in 2021)	541,529	429,074
Inventories (Note 16)	665,451	539,919
Other current assets	153,660	127,642
<b>Total Current Assets</b>	<b>1,557,790</b>	<b>1,289,593</b>
Property, plant and equipment, net (Note 1)	544,871	511,744
Intangibles, net (Note 5)	202,706	149,393
Goodwill (Note 5)	665,257	430,162
Deferred income taxes (Note 13)	22,811	18,318
Other assets	187,111	193,097
<b>TOTAL ASSETS</b>	<b>\$ 3,180,546</b>	<b>\$ 2,592,307</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Amounts due banks (Note 9)	\$ 82,444	\$ 51,964
Trade accounts payable	352,079	330,230
Accrued employee compensation and benefits	109,369	108,562
Dividends payable	36,879	32,921
Other current liabilities	261,087	231,462
Current portion of long-term debt (Note 9)	11,039	766
<b>Total Current Liabilities</b>	<b>852,897</b>	<b>755,905</b>
Long-term debt, less current portion (Note 9)	1,110,396	717,089
Deferred income taxes (Note 13)	17,022	56,718
Other liabilities	166,190	198,686
<b>Total Liabilities</b>	<b>2,146,505</b>	<b>1,728,398</b>
<b>Shareholders' Equity</b>		
Preferred shares, without par value - at stated capital amount; authorized - 5,000,000 shares; issued and outstanding - none	—	—
Common shares, without par value - at stated capital amount; authorized - 240,000,000 shares; issued - 98,581,434 shares in 2022 and 2021; outstanding - 57,623,539 shares in 2022 and 58,786,776 shares in 2021	9,858	9,858
Additional paid-in capital	481,857	451,268
Retained earnings	3,306,500	2,970,303
Accumulated other comprehensive loss (Note 8)	(275,299)	(257,386)
Treasury shares, at cost - 40,957,895 shares in 2022 and 39,794,658 shares in 2021	(2,488,776)	(2,309,941)
<b>Total Shareholders' Equity</b>	<b>1,034,140</b>	<b>864,102</b>
Non-controlling interests	(99)	(193)
<b>Total Equity</b>	<b>1,034,041</b>	<b>863,909</b>
<b>TOTAL LIABILITIES AND TOTAL EQUITY</b>	<b>\$ 3,180,546</b>	<b>\$ 2,592,307</b>

See notes to these consolidated financial statements.

**LINCOLN ELECTRIC HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF EQUITY**  
*(In thousands, except per share amounts)*

	Common Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- Controlling Interests	Total
Balance at December 31, 2019	60,592	\$ 9,858	\$ 389,446	\$ 2,736,481	\$ (275,850)	\$ (2,041,763)	\$ 905	\$ 819,077
Net income				206,115			29	206,144
Unrecognized amounts from defined benefit pension plans, net of tax					(31,224)			(31,224)
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					861			861
Currency translation adjustment					4,023		45	4,068
Cash dividends declared – \$1.98 per share				(118,423)				(118,423)
Stock-based compensation activity	457		27,076			5,504		32,580
Purchase of shares for treasury	(1,408)					(113,455)		(113,455)
Other			(6,564)	(2,814)				(9,378)
Balance at December 31, 2020	59,641	9,858	409,958	2,821,359	(302,190)	(2,149,714)	979	790,250
Net income				276,466			114	276,580
Unrecognized amounts from defined benefit pension plans, net of tax					88,539			88,539
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					5,607			5,607
Currency translation adjustment					(49,342)		(403)	(49,745)
Cash dividends declared – \$2.09 per share				(124,669)				(124,669)
Stock-based compensation activity	393		38,720			4,299		43,019
Purchase of shares for treasury	(1,247)					(164,526)		(164,526)
Other			2,590	(2,853)			(883)	(1,146)
Balance at December 31, 2021	58,787	9,858	451,268	2,970,303	(257,386)	(2,309,941)	(193)	863,909
Net income				472,224				472,224
Unrecognized amounts from defined benefit pension plans, net of tax					11,450			11,450
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					5,815			5,815
Currency translation adjustment					(35,178)		94	(35,084)
Cash dividends declared – \$2.32 per share				(134,931)				(134,931)
Stock-based compensation activity	211		29,194			2,458		31,652
Purchase of shares for treasury	(1,374)					(181,293)		(181,293)
Other			1,395	(1,096)				299
Balance at December 31, 2022	57,624	\$ 9,858	\$ 481,857	\$ 3,306,500	\$ (275,299)	\$ (2,488,776)	\$ (99)	\$ 1,034,041

See notes to these consolidated financial statements.

**LINCOLN ELECTRIC HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(In thousands)*

	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 472,224	\$ 276,466	\$ 206,115
Non-controlling interests in subsidiaries' income (loss)	—	114	29
Net income including non-controlling interests	472,224	276,580	206,144
Adjustments to reconcile Net income including non-controlling interests to Net cash provided by operating activities:			
Rationalization and asset impairment net charges (gains) (Note 7)	8,100	(1,054)	21,835
Depreciation and amortization	78,059	81,146	80,492
Equity earnings in affiliates, net	80	(499)	(408)
Deferred income taxes (Note 13)	(48,207)	(28,556)	(2,948)
Stock-based compensation	25,267	23,787	15,388
Pension settlement charges	—	126,502	8,119
Other, net	11,902	(16,975)	(18,115)
Changes in operating assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in accounts receivable	(65,010)	(65,844)	3,582
(Increase) decrease in inventories	(81,188)	(154,347)	22,751
(Increase) decrease in other current assets	(18,297)	(23,913)	14,711
Increase (decrease) in trade accounts payable	16,852	82,394	(17,919)
(Decrease) increase in other current liabilities	(8,199)	68,292	22,310
Net change in other assets and liabilities	(8,197)	(2,450)	(4,580)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>383,386</b>	<b>365,063</b>	<b>351,362</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures	(71,883)	(62,531)	(59,201)
Acquisition of businesses, net of cash acquired (Note 4)	(436,298)	(156,106)	—
Proceeds from sale of property, plant and equipment	3,331	6,781	7,667
Other investing activities	159	6,500	2,321
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(504,691)</b>	<b>(205,356)</b>	<b>(49,213)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from (payments on) short-term borrowings	34,351	46,476	(31,760)
Proceeds from (payments on) long-term borrowings	405,444	(508)	—
Proceeds from exercise of stock options	6,385	19,232	17,192
Purchase of shares for treasury	(181,293)	(164,526)	(113,455)
Cash dividends paid to shareholders	(130,724)	(121,851)	(118,118)
Other financing activities	(438)	(763)	—
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>133,725</b>	<b>(221,940)</b>	<b>(246,141)</b>
Effect of exchange rate changes on Cash and cash equivalents	(8,228)	(2,088)	1,708
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,192</b>	<b>(64,321)</b>	<b>57,716</b>
Cash and cash equivalents at beginning of period	192,958	257,279	199,563
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 197,150</b>	<b>\$ 192,958</b>	<b>\$ 257,279</b>

See notes to these consolidated financial statements.

## LINCOLN ELECTRIC HOLDINGS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Dollars in thousands, except share and per share amounts)

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

##### Principles of Consolidation

The consolidated financial statements include the accounts of Lincoln Electric Holdings, Inc. and its wholly-owned and majority-owned subsidiaries for which it has a controlling interest (the "Company") after elimination of all inter-company accounts, transactions and profits.

##### General Information

The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding, brazing and soldering filler metals (consumables), arc welding equipment, plasma and oxyfuel cutting systems, wire feeding systems, fume control equipment, welding accessories, specialty gas regulators, and education solutions; as well as a comprehensive portfolio of automated solutions for joining, cutting, material handling, module assembly, and end of line testing.

In March 2022, in response to Russia's invasion of Ukraine, the Company announced it was ceasing operations in Russia and implementing plans to support its Russian employees. Although the Company's Net sales and Total assets in Russia are less than 1% of consolidated Net sales and Total assets as of December 31, 2022, the Russia-Ukraine conflict and sanctions imposed globally may result in economic and supply chain disruptions, the ultimate financial impact of which cannot be reasonably estimated at this time. The Company continues to monitor the Russia-Ukraine conflict and its potential impacts.

##### Translation of Foreign Currencies

Asset and liability accounts are translated into U.S. dollars using exchange rates in effect at the dates of the Consolidated Balance Sheets; revenue and expense accounts are translated at average monthly exchange rates. Translation adjustments are reflected as a component of Total equity. For subsidiaries operating in highly inflationary economies, both historical and current exchange rates are used in translating balance sheet accounts and translation adjustments are included in Net income. An economy is considered highly inflationary under GAAP if the cumulative inflation rate for a three-year period meets or exceeds 100 percent. The Turkish economy exceeded the three-year cumulative inflation rate of 100 percent during the second quarter of 2022. As a result, the financial statements of the Company's Turkish operation are reported under highly inflationary accounting rules as of April 1, 2022. Under highly inflationary accounting, the financial statements of the Company's Turkish operation have been remeasured into the Company's reporting currency (U.S. dollar). Beginning April 1, 2022, the exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in current earnings, rather than "Accumulated other comprehensive loss" on the balance sheet. For the year ended December 31, 2022, this impact was not significant to the Company's results.

The translation of assets and liabilities originally denominated in foreign currencies into U.S. dollars is for consolidation purposes, and does not necessarily indicate that the Company could realize or settle the reported value of those assets and liabilities in U.S. dollars. Additionally, such a translation does not necessarily indicate that the Company could return or distribute the reported U.S. dollar value of the net equity of its foreign operations to shareholders.

Foreign currency transaction gains and losses are included in Selling, general & administrative expenses and were gains of \$3,633, \$1,332 and \$4,229 in 2022, 2021 and 2020, respectively.



## Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

## Inventories

Inventories are valued at the lower of cost or net realizable value. Fixed manufacturing overhead costs are allocated to inventory based on normal production capacity and abnormal manufacturing costs are recognized as period costs. Cost for a substantial portion of U.S. inventories is determined on a last-in, first-out (“LIFO”) basis. At December 31, 2022 and 2021, approximately 38% and 36% of total inventories, respectively, were valued using the LIFO method. Cost of other inventories is determined by costing methods that approximate a first-in, first-out (“FIFO”) basis. Refer to Note 16 to the consolidated financial statements for additional details.

Reserves are maintained for estimated obsolescence or excess inventory equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. The reserve for excess and obsolete inventory was \$30,164 and \$23,087 at December 31, 2022 and 2021, respectively.

## Long-lived Assets

### *Property, Plant and Equipment*

Property, plant and equipment are stated at cost and include improvements which significantly increase capacities or extend the useful lives of existing plant and equipment. Depreciation and amortization are computed using a straight-line method over useful lives ranging from 3 years to 20 years for machinery, tools and equipment, and up to 40 years for buildings. Net gains or losses related to asset dispositions are recognized in earnings in the period in which dispositions occur.

Routine maintenance, repairs and replacements are expensed as incurred. The Company capitalizes interest costs associated with long-term construction in progress.

Property, plant and equipment, net in the Consolidated Balance Sheet is comprised of the following components:

	December 31,	
	2022	2021
Land	\$ 71,446	\$ 67,897
Buildings	447,098	426,165
Machinery and equipment	916,870	885,718
	<u>1,435,414</u>	<u>1,379,780</u>
Less accumulated depreciation	890,543	868,036
Total	<u>\$ 544,871</u>	<u>\$ 511,744</u>

### *Leases*

The Company determines if an agreement is a lease at inception. The Company records a right-of-use asset on its Consolidated Balance Sheets to represent its right to use an underlying asset for the lease term. The Company records a lease liability on its Consolidated Balance Sheets to represent its obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the Company’s operating leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at commencement date to present value the lease payments.

The Company has operating leases for sales offices, manufacturing facilities, warehouses and distribution centers, transportation equipment, office equipment and information technology equipment. Some of these leases are noncancelable. Variable or short-term lease costs contained within the Company's operating leases are not material. Most leases include one or more options to renew, which can extend the lease term from 1 to 11 years or more. The exercise of lease renewal options is at the Company's sole discretion. Certain leases also include options to purchase the leased property. Leases with an initial term of 12 months or less are not recorded on the Company's Consolidated Balance sheets. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company periodically evaluates whether current facts or circumstances indicate that the carrying value of its depreciable long-lived assets, including right-of-use assets and finite-lived intangible assets, to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, a loss is recognized to the extent that carrying value exceeds fair value. Fair value is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. Refer to Notes 5, 7 and 17 to the consolidated financial statements for additional details.

### **Goodwill and Intangibles**

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Intangible assets other than goodwill are recorded at fair value at the time acquired or at cost, if applicable. Intangible assets that do not have indefinite lives are amortized in line with the pattern in which the economic benefits of the intangible asset are consumed. If the pattern of economic benefit cannot be reliably determined, the intangible assets are amortized on a straight-line basis over the shorter of the legal or estimated life. These types of assets are assessed for impairment in a manner consistent with long-lived assets described above. Goodwill and indefinite-lived intangible assets are not amortized, but are tested for impairment in the fourth quarter using the same date each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment.

In performing the annual impairment test, the fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. For goodwill, the Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the quantitative goodwill impairment test. The quantitative test is only required if the Company concludes that it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. The Company may also perform a quantitative test in instances where the more-likely-than-not threshold has not been met, including when general macroeconomic conditions or changes to the reporting unit warrant a refresh of the baseline used in a qualitative test. For quantitative testing, the Company compares the fair value of each reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Fair values are determined using established business valuation techniques and models developed by the Company, estimates of market participant assumptions of future cash flows, future growth rates and discount rates to value estimated cash flows. Changes in economic and operating conditions, actual growth below the assumed market participant assumptions or an increase in the discount rate could result in an impairment charge in a future period. Refer to Note 5 to the consolidated financial statements for additional details.

## **Fair Value Measurements**

Financial assets and liabilities, such as the Company's defined benefit pension plan assets and derivative contracts, are valued at fair value using the market and income valuation approaches. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The following hierarchy is used to classify the inputs that measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Refer to Notes 11 and 15 to the consolidated financial statements for additional details.

## **Revenue Recognition**

Revenue is recognized when obligations under the terms of a contract are satisfied and control is transferred to the customer. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for goods or services. Substantially all of the Company's sales arrangements are short-term in nature involving a single performance obligation. The Company recognizes revenue when the performance obligation is satisfied and control of the product is transferred to the customer generally based upon shipping terms. In addition, certain customized automation performance obligations are accounted for over time. Under this method, revenue recognition is primarily based upon the ratio of costs incurred to date compared with estimated total costs to complete. The cumulative impact of revisions to total estimated costs is reflected in the period of the change, including anticipated losses. Less than 10% of the Company's Net sales are recognized over time.

The Company recognizes any discounts, credits, returns, rebates and incentive programs based on reasonable estimates as a reduction of sales to arrive at Net sales at the same time the related revenue is recorded. Taxes collected by the Company, including sales tax and value added tax, are excluded from Net sales. The Company recognizes freight billed as a component of Net sales and shipping costs as a component of Cost of goods sold when control transfers to the customer. Sales commissions are expensed when incurred because the amortization period is generally one year or less. These costs are recorded within Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

The Company's payment terms vary by the type and location of the customer and the products or services offered. The Company does not offer any payment terms that would meet the requirements for consideration as a financing component under Topic 606.

Refer to Note 2 to the consolidated financial statements for additional details.

## **Distribution Costs**

Distribution costs, including warehousing and freight related to product shipments, are included in Cost of goods sold.

## **Stock-Based Compensation**

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares or restricted stock units ultimately forfeited because the recipients fail to meet vesting requirements.

Common stock issuable upon the exercise of employee stock options is excluded from the calculation of diluted earnings per share when the calculation of option equivalent shares is anti-dilutive. Refer to Note 10 to the consolidated financial statements for additional details.

## **Financial Instruments**

The Company uses derivative instruments to manage exposures to interest rates, commodity prices and currency exchange rate fluctuations on certain purchase and sales transactions, balance sheet and net investment exposures. Derivative contracts to hedge currency and commodity exposures are generally written on a short-term basis, but may cover exposures for up to 3 years while interest rate contracts may cover longer periods consistent with the terms of the underlying debt. The Company does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized at fair value on the Company's Consolidated Balance Sheets. The accounting for gains and losses resulting from changes in fair value depends on the use of the derivative and whether it is designated and qualifies for hedge accounting. The Company formally documents the relationship of the hedge with the hedged item as well as the risk-management strategy for all designated hedges. Both at inception and on an ongoing basis, the hedging instrument is assessed as to its effectiveness, when applicable. If and when a derivative is determined not to be highly effective as a hedge, the underlying hedged transaction is no longer likely to occur, or the derivative is terminated, hedge accounting is discontinued. The cash flows from settled derivative contracts are recognized in Net cash provided by operating activities in the Company's Consolidated Statements of Cash Flows.

The Company is subject to the credit risk of the counterparties to derivative instruments. Counterparties include a number of major banks and financial institutions. The Company manages individual counterparty exposure by monitoring the credit rating of the counterparty and the size of financial commitments and exposures between the Company and the counterparty.

### *Cash flow hedges*

Certain foreign currency forward contracts and commodity contracts are qualified and designated as cash flow hedges. The effective portion of the fair value unrealized gain or loss on cash flow hedges are reported as a component of Accumulated other comprehensive income ("AOCI") with offsetting amounts recorded as Other current assets, Other assets, Other current liabilities or Other liabilities depending on the position and the duration of the contract. At settlement, the realized gain or loss is recorded in Cost of goods sold or Net sales for hedges of purchases and sales, respectively, in the same period or periods during which the hedged transaction affects earnings. The ineffective portion on cash flow hedges is recognized in current earnings.

In anticipation of future debt issuance associated with the Notes referenced in Note 9, the Company has interest rate forward starting swap agreements to hedge the variability of future changes in interest rates. The forward starting swap agreements were qualified and designated as a cash flow hedge. The changes in fair value are recorded as part of AOCI, and upon completion of debt issuance and termination of the swaps, are amortized to interest expense over the life of the underlying debt.

### *Fair value hedges*

Certain interest rate swap agreements were qualified and designated as fair value hedges. The interest rate swap agreements designated as fair value hedges meet the shortcut method requirements under accounting standards for derivatives and hedging. Accordingly, changes in the fair value of these agreements are considered to exactly offset

changes in the fair value of the underlying long-term debt. Changes in fair value are recorded in Other assets or Other liabilities with offsetting amounts recorded as a fair value adjustment to the carrying value of Long-term debt, less current portion.

#### *Net investment hedges*

For derivative instruments that qualify as a net investment hedge, the effective portion of the fair value gains or losses are recognized in AOCI with offsetting amounts recorded as Other current assets, Other assets, Other current liabilities or Other liabilities depending on the position and the duration of the contract. The gains or losses are subsequently reclassified to Selling, general and administrative expenses, as the underlying hedged investment is liquidated.

#### *Derivatives not designated as hedging instruments*

The Company has certain foreign exchange forward contracts which are not designated as hedges. These derivatives are held as hedges of certain balance sheet exposures. The gains or losses on these contracts are recognized in Selling, general and administrative expenses, offsetting the losses or gains on the exposures being hedged.

Refer to Note 14 to the consolidated financial statements for additional details.

### **Research and Development**

Research and development costs are charged to Selling, general & administrative expenses as incurred and totaled \$63,207, \$55,969 and \$51,414 in 2022, 2021 and 2020, respectively.

### **Bonus**

The Company's discretionary employee bonus programs, which for certain U.S.-based employees are net of medical costs, are included in Selling, general & administrative expenses. Bonus costs were \$159,281, \$120,686 and \$87,407 in 2022, 2021 and 2020, respectively.

### **Income Taxes**

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the GAAP and income tax basis of assets and liabilities and operating loss and tax credit carry-forwards. In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized.

The Company maintains liabilities for unrecognized tax benefits related to uncertain income tax positions in various jurisdictions. The Company uses judgment in determining whether the technical merits of tax positions are more-likely-than-not to be sustained. Judgment is also used in measuring the related amount of tax benefit that qualifies for recognition, including the interpretation of applicable tax law, regulations and tax rulings.

The Company elects to treat any Global Intangible Low Taxed Income inclusion as a period expense in the year incurred.

Refer to Note 13 to the consolidated financial statements for additional details.

### **Acquisitions**

Upon acquisition of a business, the Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant

assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Fair value estimates are based on a series of judgments about future events and uncertainties and rely on estimates and assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, customer attrition rates, and royalty rates). Acquired inventories are marked to fair value. For certain items, the pre-acquisition carrying value is determined to be a reasonable approximation of fair value based on information available to the Company. Refer to Note 4 to the consolidated financial statements for additional details.

### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

### New Accounting Pronouncements

The following section provides a description of new Accounting Standards Updates (“ASU”) issued by the Financial Accounting Standards Board (“FASB”) that are applicable to the Company.

The following ASUs were adopted as of January 1, 2022 and did not have a significant financial impact on the Company’s consolidated financial statements unless otherwise described within the table below:

Standard	Description
ASU No. 2022-06, <i>Reference Rate Reform (Topic 848)</i> , issued December 2022.	The U.S. dollar LIBOR rates will no longer be published and regulators have identified alternative reference rates that are more observable or transparent-based and less susceptible to manipulation. This ASU provides optional relief in accounting for the impact of reference rate reform by deferring the sunset date of Topic 848 from December 31, 2022 to December 31, 2024.

The Company is currently evaluating the impact on its financial statements of the following ASUs:

Standard	Description
ASU No. 2022-04, <i>Liabilities-Supplier Finance Programs (Subtopic 405-50)</i> , issued September 2022.	Requires disclosure about a company’s supplier finance program, including key terms, amount outstanding, assets pledged as applicable, presentation on the balance sheet and a period-over-period balance roll forward. Except for the roll forward requirement, the ASU is effective for interim and annual periods beginning January 1, 2023 and should be applied retrospectively. The roll forward requirement is effective January 1, 2024 and should be applied prospectively. Early adoption of the roll forward requirement is permitted.

## NOTE 2 — REVENUE RECOGNITION

The following table presents the Company's Net sales disaggregated by product line:

	Year Ended December 31,		
	2022	2021	2020
Consumables	\$ 2,183,019	\$ 1,856,880	\$ 1,509,509
Equipment	1,578,192	1,377,300	1,145,891
Net sales	<u>\$ 3,761,211</u>	<u>\$ 3,234,180</u>	<u>\$ 2,655,400</u>

Consumable sales consist of brazing and soldering filler metals. Equipment sales consist of arc welding, welding accessories, arc welding equipment, wire feeding systems, fume control equipment, plasma and oxy-fuel cutting systems, specialty gas regulators, and education solutions; as well as a comprehensive portfolio of automated solutions for joining, cutting, material handling, module assembly, and end of line testing. Consumable and Equipment products are sold within each of the Company's operating segments.

Within the Equipment product line, there are certain customer contracts related to automation products that may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines the standalone selling price based on the prices charged to customers or using expected cost plus margin.

At December 31, 2022, the Company recorded \$78,756 related to advance customer payments and \$34,771 related to billings in excess of revenue recognized. These contract liabilities are included in Other current liabilities in the Consolidated Balance Sheets. At December 31, 2021, the balances related to advance customer payments and billings in excess of revenue recognized were \$72,047 and \$40,450, respectively. Substantially all of the Company's contract liabilities are recognized within twelve months based on contract duration. The Company records an asset for contracts where it has recognized revenue, but has not yet invoiced the customer for goods or services. At December 31, 2022 and 2021, \$35,252 and \$25,300, respectively, related to these future customer receivables was included in Other current assets in the Consolidated Balance Sheets. Contract asset amounts are expected to be billed within the next twelve months.

## NOTE 3 - EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended December 31,		
	2022	2021	2020
Numerator:			
Net income	\$ 472,224	\$ 276,466	\$ 206,115
Denominator (shares in 000's):			
Basic weighted average shares outstanding	58,030	59,309	59,633
Effect of dilutive securities - Stock options and awards	719	753	615
Diluted weighted average shares outstanding	<u>58,749</u>	<u>60,062</u>	<u>60,248</u>
Basic earnings per share	<u>\$ 8.14</u>	<u>\$ 4.66</u>	<u>\$ 3.46</u>
Diluted earnings per share	<u>\$ 8.04</u>	<u>\$ 4.60</u>	<u>\$ 3.42</u>

For the years ended December 31, 2022, 2021 and 2020, common shares subject to equity-based awards of 127,358, 2,949 and 615,302, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

## NOTE 4 – ACQUISITIONS

On December 1, 2022, the Company acquired 100% ownership of Fori Automation, LLC (“Fori”) for an agreed upon purchase price of \$427,000, which was adjusted for certain debt like obligations, for total purchase price consideration of \$465,598 or \$413,268 net of cash acquired. Fori is a leading designer and manufacturer of complex, multi-armed automated welding systems, with an extensive range of automated assembly systems, automated material handling solutions, automated large-scale, industrial guidance vehicles, and end of line testing systems. The acquisition of Fori will extend the Company’s market presence within the automotive sector as well as its automation footprint in the International Welding segment. In 2022, Fori generated sales of approximately \$200,000 (unaudited).

The acquisition of Fori has been accounted for as a business combination which requires the assets and liabilities assumed be recognized at their respective fair values as of the acquisition date. The process of estimating the fair values of certain tangible assets, identifiable intangible assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. The table below summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed on the acquisition date. These preliminary estimates are based on available information and may be revised during the measurement period, not to exceed 12 months from the acquisition date, as third-party valuations are finalized, further information becomes available and additional analyses are performed. The Company does not expect any such revisions to have a material impact on the Company's preliminary purchase price allocation. The preliminary purchase price allocation is expected to be finalized within the allowable measurement period.

<u>Assets Acquired and Liabilities Assumed</u>	<u>Preliminary Purchase Price Allocation</u>
Cash and cash equivalents	\$ 52,330
Accounts receivable	64,654
Inventory	63,304
Property, plant and equipment <sup>(1)</sup>	36,863
Intangible assets <sup>(2)</sup>	69,850
Accounts payable	17,996
Net other assets and liabilities <sup>(3)</sup>	196,593
Total purchase price consideration	<u>\$ 465,598</u>

- (1) Property, plant and equipment acquired includes a number of manufacturing and distribution sites, including the related facilities, land and leased sites, and machinery and equipment for use in manufacturing operations.
- (2) Intangible asset balances of \$22,000 and \$18,700, respectively, were assigned to trade names and customer relationships (15 year weighted average useful life). Of the remaining amount, \$24,900 was assigned to technology know-how (10 year weighted average useful life) and \$4,250 was assigned to restrictive covenants (4 year weighted average life).
- (3) Consists primarily of goodwill of \$237,445.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the anticipated synergies of acquiring Fori. A portion of the goodwill is deductible for tax purposes. See Note 5 for additional information about goodwill and other intangible assets.

Acquisition-related transaction costs totaled \$6,003 in 2022. These costs were expensed as incurred and are included in “Selling, general, and administrative expenses” in the Consolidated Statements of Income.

On March 1, 2022, the Company acquired 100% ownership of Kestra Universal Soldas, Industria e Comercio, Importacao e Exportacao Ltda. (“Kestra”), a privately held manufacturer headquartered in Atibaia, Sao Paulo State, Brazil. The net purchase price was \$22,294, net of cash acquired and accounted for as a business combination. In 2021, Kestra generated sales of approximately \$15,000 (unaudited). Beginning March 1, 2022, the Company’s Consolidated Statements of Income include the results of Kestra, including Net sales of \$17,602 through December 31, 2022 and the impact on net income for the year ended December 31, 2022 was not material. Kestra manufactures and provides



specialty welding consumables, wear plates and maintenance and repair services for alloy and wear-resistant products commonly used in mining, steel, agricultural and industrial mill applications. The acquisition broadens the Company's specialty alloys portfolio and services.

On July 28, 2021, the Company acquired 100% ownership of Overstreet-Hughes Company, Inc. and Shoals Tubular, Inc. ("FTP"). The net purchase price was \$71,716, net of cash acquired and accounted for as a business combination. The Company recognized \$346 in acquisition transaction costs in 2021 which were expensed as incurred and are included in "Selling, general, and administrative expenses" in the Consolidated Statements of Income. In 2020, FTP generated sales of approximately \$50,000 (unaudited). Beginning July 28, 2021, the Company's Consolidated Statements of Income include the results of FTP, including Net sales of \$24,953 through December 31, 2021 and the impact on net income for the year ended December 31, 2021 was not material. FTP manufactures copper and aluminum headers, distributor assemblies and manifolds in the United States and Mexico for the heating, ventilation, and air conditioning sector ("HVAC"). The acquisition further differentiated The Harris Products Group's competitive position serving HVAC original equipment manufacturers with a comprehensive portfolio of solutions for the fabrication of HVAC coils and accelerates growth in this market.

On April 1, 2021, the Company acquired 100% ownership of Zeman Bauelemente Produktionsgesellschaft m.b.H. ("Zeman"), a division of the Zeman Group. The net purchase price was \$84,390, net of cash acquired and accounted for as a business combination. The Company recognized \$1,577 in acquisition transaction costs in 2021, which were expensed as incurred and are included in "Selling, general, and administrative expenses" in the Consolidated Statements of Income. In 2020, Zeman generated sales of approximately \$40,000 (unaudited). Beginning April 1, 2021, the Company's Consolidated Statements of Income include the results of Zeman, including Net sales of \$24,473 through December 31, 2021 and the impact on net income for the year ended December 31, 2021 was not material. Zeman, based in Vienna, Austria, is a leading designer and manufacturer of robotic assembly and arc welding systems that automate the tacking and welding of steel beams. The acquisition expanded the Company's international automation capabilities to serve customers in the structural steel and infrastructure sectors.

The acquired companies discussed above are not material individually, or in the aggregate, to the actual or pro forma Consolidated Statements of Income or Consolidated Statements of Cash Flows; as such, pro forma information related to these acquisitions have not been presented.

## NOTE 5 – GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill by reportable segments for the years ended December 31, 2022 and 2021 were as follows:

	Americas Welding	International Welding	The Harris Products Group	Consolidated
Balance as of December 31, 2020	\$ 279,810	\$ 39,060	\$ 16,723	\$ 335,593
Additions and adjustments <sup>(1)</sup>	—	77,317	26,519	103,836
Foreign currency translation	173	(9,284)	(156)	(9,267)
Balance as of December 31, 2021	279,983	107,093	43,086	430,162
Additions and adjustments <sup>(2)</sup>	215,617	31,288	(159)	246,746
Foreign currency translation	(3,413)	(8,462)	224	(11,651)
Balance as of December 31, 2022	\$ 492,187	\$ 129,919	\$ 43,151	\$ 665,257

- (1) Additions to International Welding reflect goodwill recognized in the acquisition of Zeman in 2021. Additions to The Harris Products Group reflect goodwill recognized in the acquisition of FTP in 2021.
- (2) Additions to Americas Welding reflect goodwill recognized in the acquisition of Fori and Kestra in 2022. International Welding reflect goodwill recognized in the acquisition of Fori in 2022.

Gross carrying values and accumulated amortization of intangible assets other than goodwill by asset class were as follows:

	December 31, 2022		December 31, 2021	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<b>Intangible assets not subject to amortization</b>				
Trademarks and trade names	\$ 15,963		\$ 15,828	
<b>Intangible assets subject to amortization</b>				
Trademarks and trade names	\$ 93,424	\$ 47,969	\$ 72,755	\$ 44,623
Customer relationships	170,231	95,385	154,634	92,404
Patents	23,603	15,113	24,734	15,058
Other	112,404	54,452	83,223	49,696
<b>Total intangible assets subject to amortization</b>	<b>\$ 399,662</b>	<b>\$ 212,919</b>	<b>\$ 335,346</b>	<b>\$ 201,781</b>

During 2022, the Company acquired intangible assets either individually or as part of a group of assets, with an initial purchase price allocation and weighted-average as follows:

	Year Ended December 31, 2022	
	Purchase Price Allocation	Weighted Average Life
<b>Acquired intangible assets subject to amortization</b>		
Trademarks and trade names	\$ 23,770	13
Customer relationships	24,243	13
Other	30,661	9
<b>Total acquired intangible assets subject to amortization</b>	<b>\$ 78,674</b>	

Aggregate amortization expense was \$21,908, \$21,155 and \$20,363 for 2022, 2021 and 2020, respectively. During 2020 and 2022, the Company determined that for certain intangible assets, the carrying value of the assets exceeded the fair value resulting in an impairment. The Company recognized non-cash impairment charges of \$1,018 and \$45,468 in 2022 and 2020, respectively, which are recorded in Rationalization and asset impairment charges in the Company's Consolidated Statements of Income. During 2022, the Company Estimated annual amortization expense for intangible assets for each of the next five years is \$25,327 in 2023, \$23,728 in 2024, \$22,823 in 2025, \$21,372 in 2026 and \$19,302 in 2027.

## NOTE 6 – SEGMENT INFORMATION

The Company's primary business is the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding, brazing and soldering filler metals (consumables), arc welding equipment, plasma and oxyfuel cutting systems, wire feeding systems, fume control equipment, welding accessories, specialty gas regulators, and education solutions; as well as a comprehensive portfolio of automated solutions for joining, cutting, material handling, module assembly, and end of line testing.

The Company has aligned its organizational and leadership structure into three operating segments to support growth strategies and enhance the utilization of the Company's worldwide resources and global sourcing initiatives. The operating segments consist of Americas Welding, International Welding and The Harris Products Group. The Americas Welding segment includes welding operations in North and South America. The International Welding segment includes welding operations in Europe, Africa, Asia and Australia. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses, specialty gas equipment, as well as its retail business in the United States.

Segment performance is measured and resources are allocated based on a number of factors, the primary measure being the adjusted earnings before interest and income taxes ("Adjusted EBIT") profit measure. EBIT is defined as Operating income plus Equity earnings in affiliates and Other income. Segment EBIT is adjusted for special items as determined by management such as the impact of rationalization activities, certain asset impairment charges and gains or losses on disposals of assets. The accounting principles applied at the operating segment level are generally the same as those applied at the consolidated financial statement level with the exception of LIFO. Segment assets include inventories measured on a FIFO basis while consolidated inventories include inventories reported on a LIFO basis. Segment and consolidated income before interest and income taxes include the effect of inventories reported on a LIFO basis. At December 31, 2022, 2021 and 2020 approximately 38%, 36% and 35%, respectively, of total inventories were valued using the LIFO method. LIFO is used for a substantial portion of U.S. inventories included in Americas Welding. Inter-segment sales are recorded at agreed upon prices that approximate arm's length prices and are eliminated in consolidation. Corporate-level expenses are allocated to the operating segments.

Financial information for the reportable segments follows:

	Americas Welding <sup>(1)</sup>	International Welding <sup>(2)</sup>	The Harris Products Group <sup>(3)</sup>	Corporate / Eliminations <sup>(4)</sup>	Consolidated
<b>For the Year Ended December 31, 2022</b>					
Net sales	\$ 2,288,934	\$ 954,281	\$ 517,996	\$ —	\$ 3,761,211
Inter-segment sales	122,019	31,503	11,040	(164,562)	—
Total	\$ 2,410,953	\$ 985,784	\$ 529,036	\$ (164,562)	\$ 3,761,211
Adjusted EBIT	\$ 462,819	\$ 120,157	\$ 64,008	\$ (10,033)	\$ 636,951
Special items charge (gain)	(3,060)	11,681	—	6,003	14,624
EBIT	\$ 465,879	\$ 108,476	\$ 64,008	\$ (16,036)	\$ 622,327
Interest income					1,607
Interest expense					(31,107)
Income before income taxes					\$ 592,827
Total assets	\$ 2,122,729	\$ 994,905	\$ 361,989	\$ (299,077)	\$ 3,180,546
Equity investments in affiliates	5,101	—	—	—	5,101
Capital expenditures	43,003	17,955	10,925	—	71,883
Depreciation and amortization	47,291	20,949	9,819	—	78,059
<b>For the Year Ended December 31, 2021</b>					
Net sales	\$ 1,824,481	\$ 948,125	\$ 461,574	\$ —	\$ 3,234,180
Inter-segment sales	140,650	26,331	8,096	(175,077)	—
Total	\$ 1,965,131	\$ 974,456	\$ 469,670	\$ (175,077)	\$ 3,234,180
Adjusted EBIT	\$ 329,016	\$ 106,208	\$ 68,447	\$ (12,403)	\$ 491,268
Special items charge (gain)	123,114	15,234	3,785	1,923	144,056
EBIT	\$ 205,902	\$ 90,974	\$ 64,662	\$ (14,326)	\$ 347,212
Interest income					1,567
Interest expense					(23,781)
Income before income taxes					\$ 324,998
Total assets	\$ 1,521,083	\$ 938,061	\$ 330,678	\$ (197,515)	\$ 2,592,307
Equity investments in affiliates	5,181	—	—	—	5,181
Capital expenditures	37,717	16,916	7,898	—	62,531
Depreciation and amortization	49,510	24,998	6,795	(157)	81,146
<b>For the Year Ended December 31, 2020</b>					
Net sales	\$ 1,509,870	\$ 786,809	\$ 358,721	\$ —	\$ 2,655,400
Inter-segment sales	109,378	18,494	7,034	(134,906)	—
Total	\$ 1,619,248	\$ 805,303	\$ 365,755	\$ (134,906)	\$ 2,655,400
Adjusted EBIT	\$ 245,728	\$ 44,979	\$ 55,154	\$ (5,455)	\$ 340,406
Special items charge	34,989	19,404	—	—	54,393
EBIT	\$ 210,739	\$ 25,575	\$ 55,154	\$ (5,455)	\$ 286,013
Interest income					1,986
Interest expense					(23,959)
Income before income taxes					\$ 264,040
Total assets	\$ 1,423,393	\$ 807,407	\$ 225,959	\$ (142,306)	\$ 2,314,453
Equity investments in affiliates	4,682	—	—	—	4,682
Capital expenditures	30,811	21,819	6,571	—	59,201
Depreciation and amortization	51,744	23,859	4,982	(93)	80,492

(1) 2022 special items reflect Rationalization and asset impairment gains of \$431, final settlement gains related to the termination of a pension plan of \$3,735 and amortization of step up in value of acquired inventories of \$1,106.

2021 special items reflect pension settlement charges of \$123,091.

2020 special items reflect Rationalization and asset impairment charges of \$26,870 and pension settlement charges of \$8,119

(2) 2022 special items reflect Rationalization and asset impairment charges of \$11,681.

2021 special items reflect Rationalization and asset impairment charges of \$9,804, pension settlement charges of \$446 and amortization of step up in value of acquired inventories of \$4,984.

2020 special items reflect Rationalization and asset impairment charges of \$18,598 and amortization of step up in value of acquired inventories of \$806.

- (3) 2021 special items reflect pension settlement charges of \$2,965 and amortization of step up in value of acquired inventories of \$820.
- (4) 2022 special items reflect acquisition transaction and integration costs of \$6,003 related acquisitions as discussed in Note 4 to the consolidated financial statements.

2021 special items reflect acquisition transaction and integration costs of \$1,923 related acquisitions as discussed in Note 4 to the consolidated financial statements.

Export sales (excluding inter-company sales) from the United States were \$173,033 in 2022, \$149,110 in 2021 and \$132,637 in 2020. No individual customer comprised more than 10% of the Company's total revenues for any of the three years ended December 31, 2022.

The geographic split of the Company's Net sales, based on the location of the customer, and property, plant and equipment were as follows:

	Year Ended December 31,		
	2022	2021	2020
<b>Net sales:</b>			
United States	\$ 2,128,457	\$ 1,726,498	\$ 1,431,859
Foreign countries	1,632,754	1,507,682	1,223,541
Total	<u>\$ 3,761,211</u>	<u>\$ 3,234,180</u>	<u>\$ 2,655,400</u>
	December 31,		
	2022	2021	2020
<b>Property, plant and equipment, net:</b>			
United States	\$ 267,654	\$ 262,247	\$ 247,931
Foreign countries	277,217	249,497	274,214
Eliminations	—	—	(53)
Total	<u>\$ 544,871</u>	<u>\$ 511,744</u>	<u>\$ 522,092</u>

## NOTE 7 – RATIONALIZATION AND ASSET IMPAIRMENTS

During 2020 and 2021, the Company initiated rationalization plans within the Americas Welding and International Welding segments. The plans include headcount restructuring and the consolidation of manufacturing facilities to better align the cost structure with economic conditions and operating needs. At December 31, 2022, liabilities of \$2,207 for International Welding were recognized in Other current liabilities in the Company's Consolidated Balance Sheet. The Company does not anticipate significant additional charges related to the completion of these plans.

The Company recorded rationalization and asset impairment net charges of \$11,788, \$9,827 and \$45,468 for the years ended December 31, 2022, 2021 and 2020, respectively, related to these plans. The charges are primarily related to employee severance, asset impairments and gains or losses on the disposal of assets.

The Company believes the rationalization actions will positively impact future results of operations and will not have a material effect on liquidity and sources and uses of capital. The Company continues to evaluate its cost structure and additional rationalization actions may result in charges in future periods.

The following table summarizes the activity related to the rationalization liabilities:

	<b>International Welding</b>	<b>Consolidated</b>
Balance at December 31, 2020	\$ 13,597	\$ 13,622
Payments and other adjustments	(21,488)	(21,513)
Charged to expense	10,881	10,881
Balance at December 31, 2021	\$ 2,990	\$ 2,990
Payments and other adjustments	(4,471)	(4,471)
Charged to expense	3,688	3,688
Balance at December 31, 2022	\$ 2,207	\$ 2,207

#### NOTE 8 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

The following tables set forth the total changes in accumulated other comprehensive income (loss) ("AOCI") by component, net of taxes:

	<b>Year Ended December 31, 2022</b>			
	<b>Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges</b>	<b>Defined benefit pension plan activity</b>	<b>Currency translation adjustment</b>	<b>Total</b>
Balance at December 31, 2020	\$ 2,487	\$ (101,770)	\$ (202,907)	\$ (302,190)
Other comprehensive income (loss) before reclassification	6,753	6,279	(49,342)	(36,310)
Amounts reclassified from AOCI	(1,146) <sup>1</sup>	82,260 <sup>2</sup>	—	81,114
Net current-period other comprehensive income (loss)	5,607	88,539	(49,342)	44,804
Balance at December 31, 2021	\$ 8,094	\$ (13,231)	\$ (252,249)	\$ (257,386)
Other comprehensive income (loss) before reclassification	7,866	13,911	(35,178)	(13,401)
Amounts reclassified from AOCI	(2,051) <sup>1</sup>	(2,461) <sup>2</sup>	—	(4,512)
Net current-period other comprehensive income (loss)	5,815	11,450	(35,178)	(17,913)
Balance at December 31, 2022	\$ 13,909	\$ (1,781)	\$ (287,427)	\$ (275,299)

- (1) During 2022, this AOCI reclassification is a component of Net sales of \$665 (net of tax of \$297) and Cost of goods sold of \$(1,386) (net of tax of \$(351)); during 2021, the reclassification is a component of Net sales of \$1,553 (net of tax of \$671) and Cost of goods sold of \$407 (net of tax of \$179). Refer to Note 14 to the consolidated financial statements for additional details.
- (2) This AOCI component is included in the computation of net periodic pension costs (net of tax of \$(476) and \$46,609 during the years ended December 31, 2022 and 2021, respectively). Refer to Note 11 to the consolidated financial statements for additional details.

- (3) The Other comprehensive income before reclassifications excludes \$94 and \$(403) attributable to Non-controlling interests in the years ended December 31, 2022 and 2021, respectively. The reclassified AOCI component is included in the computation of Non-controlling interests. Refer to the Consolidated Statements of Equity for additional details.
- (4) Includes a gain of \$9,440 from derivatives designated as net investment hedges.

## NOTE 9 – DEBT

At December 31, 2022 and 2021, debt consisted of the following:

	December 31,	
	2022	2021
<i>Long-term debt</i>		
Senior Unsecured Notes due through 2045, interest at 2.8% to 4.0% (net of debt issuance costs of \$1,585 and \$1,074 at December 31, 2022 and 2021, respectively)	\$ 703,124	\$ 704,313
Term Loan due through 2025	400,000	—
Other borrowings due through 2030, interest up to 16.0%	18,311	13,542
	<u>1,121,435</u>	<u>717,855</u>
Less current portion	11,039	766
Long-term debt, less current portion	<u>1,110,396</u>	<u>717,089</u>
<i>Short-term debt</i>		
Amounts due banks, weighted average interest at 4.0% in 2022 and 1.8% in 2021	82,444	51,964
Current portion long-term debt	11,039	766
Total short-term debt	<u>93,483</u>	<u>52,730</u>
Total debt	<u>\$ 1,203,879</u>	<u>\$ 769,819</u>

At December 31, 2022 and 2021, the fair value of long-term debt, including the current portion, was approximately \$1,009,020 and \$776,655, respectively, which was determined using available market information and methodologies requiring judgment. The carrying value of this debt at such dates was \$1,121,435 and \$717,855, respectively. Since judgment is required in interpreting market information, the fair value of the debt is not necessarily the amount which could be realized in a current market exchange.

### Senior Unsecured Notes

On April 1, 2015 and October 20, 2016, the Company entered into separate Note Purchase Agreements pursuant to which it issued senior unsecured notes (the "Notes") through a private placement. Interest on the Notes is paid semi-annually. The proceeds of the Notes were used for general corporate purposes. The Notes contain certain affirmative and negative covenants. As of December 31, 2022, the Company was in compliance with all of its debt covenants relating to the Notes.

The maturity and interest rates of the 2015 Notes and 2016 Notes are as follows:

	Amount	Maturity Date	Interest Rate
<b>2015 Notes</b>			
Series A	\$ 100,000	August 20, 2025	3.15 %
Series B	100,000	August 20, 2030	3.35 %
Series C	50,000	April 1, 2035	3.61 %
Series D	100,000	April 1, 2045	4.02 %
<b>2016 Notes</b>			
Series A	\$ 100,000	October 20, 2028	2.75 %
Series B	100,000	October 20, 2033	3.03 %
Series C	100,000	October 20, 2037	3.27 %
Series D	50,000	October 20, 2041	3.52 %

The Company's total weighted average effective interest rate and remaining weighted average term, inclusive of the 2015 Notes and 2016 Notes, is 3.3% and 11.4 years, respectively.

#### *Revolving Credit Agreement*

On April 23, 2021, the Company amended and restated the agreement governing its line of credit by entering into the Second Amended and Restated Credit Agreement ("Credit Agreement"). The Credit Agreement has a line of credit totaling \$500,000, has a term of 5 years with a maturity date of April 23, 2026 and may be increased, subject to certain conditions including the consent of its lenders, by an additional amount up to \$150,000. The interest rate on borrowings is based on LIBOR plus a spread based on the Company's net leverage ratio. The Credit Agreement contains customary representations and warranties, as well as customary affirmative, negative and financial covenants for credit facilities of this type (subject to negotiated baskets and exceptions), including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets and transactions with affiliates. As of December 31, 2022, the Company was in compliance with all of its covenants and had \$45,000 of outstanding borrowings under the Credit Agreement.

The Company has other lines of credit and debt agreements totaling \$92,078. As of December 31, 2022 the Company was in compliance with all of its covenants and had \$37,444 outstanding at December 31, 2022.

#### *Shelf Agreements*

On November 27, 2018, the Company entered into seven uncommitted master note facilities (the "Shelf Agreements") that allow borrowings up to \$700,000 in the aggregate. The Shelf Agreements have a term of 5 years and the average life of borrowings cannot exceed 15 years. The Company is required to comply with covenants similar to those contained in the 2015 Notes and 2016 Notes. As of December 31, 2022, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

#### *Term Loan*

On November 29, 2022, the Company entered into a term loan in the aggregate principal amount of \$400,000 (the "Term Loan"), which was borrowed in full. The Term Loan matures on November 29, 2025. The Term Loan bears an interest at a rate based on SOFR, plus a margin ranging from 0.75% to 1.75% based on the Company's consolidated net leverage ratio. The proceeds of the Term Loan were used to pay a portion of the purchase price in connection with the acquisition of Fori.

The agreement governing the Term Loan (the "Term Loan Credit Agreement") contains representations and warranties, as well as customary affirmative, negative and financial covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets and transactions with affiliates. The Term Loan Credit Agreement requires the Company to maintain a minimum consolidated fixed charges coverage ratio and maximum consolidated net leverage ratio. As of December 31, 2022, the Company was in compliance with all of its covenants.

#### *Other*

Maturities of long-term debt, including payments for amounts due banks, for the five years succeeding December 31, 2022 are \$93,483 in 2023, \$5 in 2024, \$507,292 in 2025, \$0 in 2026, \$0 in 2027 and \$600,000 thereafter. Total interest paid was \$23,547 in 2022, \$23,752 in 2021 and \$26,332 in 2020. The difference between interest paid and interest expense is due to the accrual of interest associated with the Senior Unsecured Notes and interest rate derivative contracts discussed in Note 14 to the consolidated financial statements.



## NOTE 10 – STOCK PLANS

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an additional 5,400,000 of the Company's common shares. In addition, on April 23, 2015, the shareholders of the Company approved the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The 2015 Director Plan provides for the granting of options, restricted shares and restricted stock units up to an additional 300,000 of the Company's common shares. At December 31, 2022, there were 1,381,427 common shares available for future grant under all plans.

### *Stock Options*

The following table summarizes stock option activity for the year ended December 31, 2022 under all Plans:

	Number of Options	Weighted Average Exercise Price
Balance at beginning of year	1,068,224	\$ 86.28
Options granted	145,213	128.19
Options exercised	(94,234)	75.16
Options canceled	(591)	47.91
Options forfeited	(1,253)	89.63
Balance at end of year	<u>1,117,359</u>	93.31
Exercisable at end of year	800,353	84.22

Options granted under both the Employee Plan and its predecessor plans may be outstanding for a maximum of 10 years from the date of grant. The majority of options granted vest ratably over a period of 3 years from the grant date. The exercise prices of all options were equal to the quoted market price of the Company's common shares at the date of grant. The Company issued shares of common stock from treasury upon all exercises of stock options in 2022. In 2022, all options issued were under the Employee Plan.

The Company uses the Black-Scholes option pricing model for estimating fair values of options. In estimating the fair value of options granted, the expected option life is based on the Company's historical experience. The expected volatility is based on historical volatility. The weighted average assumptions for each of the three years ended December 31 were as follows:

	2022	2021	2020
Expected volatility	27.14 %	28.01 %	25.80 %
Dividend yield	1.84 %	2.17 %	2.51 %
Risk-free interest rate	1.94 %	0.55 %	1.41 %
Expected option life (years)	4.7	4.7	4.6
Weighted average fair value per option granted during the year	\$ 27.42	\$ 21.70	\$ 15.97

The following table summarizes non-vested stock options for the year ended December 31, 2022:

	Number of Options	Weighted Average Fair Value at Grant Date
Balance at beginning of year	341,253	\$ 19.11
Granted	145,213	27.42
Vested	(167,616)	18.41
Canceled	(591)	15.91
Forfeited	(1,253)	15.97
Balance at end of year	<u>317,006</u>	13.93

The aggregate intrinsic value of options outstanding and exercisable which would have been received by the optionees had all awards been exercised at December 31, 2022 was \$58,282 and \$49,024, respectively. The total intrinsic value of awards exercised during 2022, 2021 and 2020 was \$7,082, \$20,442 and \$13,269, respectively. The total fair value of options that vested during 2022, 2021 and 2020 was \$3,086, \$2,983 and \$3,564, respectively.

The following table summarizes information about awards outstanding as of December 31, 2022:

Exercise Price Range	Outstanding			Exercisable		
	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Under \$49.99	—	\$ —	—	—	\$ —	—
\$50.00 - \$59.99	119,681	58.13	3.10	119,681	58.13	3.10
Over \$60.00	997,678	97.53	6.30	680,672	88.80	5.40
	<u>1,117,359</u>		6.00	<u>800,353</u>		5.00

#### *Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs")*

The following table summarizes RSU and PSU activity for the year ended December 31, 2022 under all Plans:

	Number of Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	403,826	\$ 98.65
Units granted	139,733	129.75
Units vested	(140,013)	91.70
Units forfeited	(12,474)	109.59
Balance at end of year	<u>391,072</u>	111.90

RSUs are valued at the quoted market price on the grant date. The majority of RSUs vest over a period of 3 years. The Company issues shares of common stock from treasury upon the vesting of RSUs and any earned dividend equivalents. Conversion of 24,404 RSUs and PSUs to common shares in 2022 were deferred as part of the 2005 Deferred Compensation Plan for Executives (the "2005 Plan"). As of December 31, 2022, 130,674 RSUs and PSUs, including related dividend equivalents, have been deferred under the 2005 Plan. These units are reflected within dilutive shares in the calculation of earnings per share. In 2022, 106,170 RSUs were issued under the Employee Plan and the 2015 Director Plan. The remaining weighted average vesting period of all non-vested RSUs is 1.2 years as of December 31, 2022.

PSUs are valued at the quoted market price on the grant date. PSUs vest over a period of 3 years and are based on the Company's performance relative to pre-established performance goals. The Company issues common stock from treasury upon the vesting of PSUs and any earned dividend equivalents. In 2022, the Company issued 33,563 PSU's and has 86,892 PSUs outstanding under the Employee Plan at a weighted average fair value of \$110.93 per share. The remaining weighted average vesting period of all non-vested PSUs is 1.1 years as of December 31, 2022.

#### *Stock-Based Compensation Expense*

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares, RSUs or PSUs ultimately forfeited because recipients fail to meet vesting requirements. Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2022, 2021 and 2020 was \$25,276, \$23,787 and \$15,388, respectively. The related tax benefit for 2022, 2021 and 2020 was \$6,363, \$5,988 and \$3,874, respectively. As of December 31, 2022, total unrecognized stock-based compensation expense related to non-vested stock options, RSUs and PSUs was \$17,610, which is expected to be recognized over a weighted average period of approximately 1.3 years.

#### *Lincoln Stock Purchase Plan*

The 1995 Lincoln Stock Purchase Plan provides employees the ability to purchase open market shares on a commission-free basis up to a limit of ten thousand dollars annually. Under this plan, 800,000 shares have been authorized to be purchased. There were no shares purchased in 2022, 9,070 in 2021 and 13,667 in 2020.

### **NOTE 11 – RETIREMENT ANNUITY AND GUARANTEED CONTINUOUS EMPLOYMENT PLANS**

The Company maintains a number of defined benefit and defined contribution plans to provide retirement benefits for employees. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the Board of Directors. The plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for a domestic non-qualified pension plan for certain key employees and certain foreign plans. The Company uses a December 31 measurement date for its plans.

The Company does not have, and does not provide for, any postretirement or postemployment benefits other than pensions and certain non-U.S. statutory termination benefits.

## Defined Benefit Plans

Contributions are made in amounts sufficient to fund current service costs on a current basis and to fund past service costs, if any, over various amortization periods.

### Obligations and Funded Status

	December 31,			
	2022		2021	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
<i>Change in benefit obligations</i>				
Benefit obligations at beginning of year	\$ 10,930	\$ 164,005	\$ 557,946	\$ 190,141
Service cost	199	1,077	194	1,413
Interest cost	262	2,644	8,926	2,567
Plan participants' contributions	—	54	—	84
Acquisitions & other adjustments	2,689	(341)	—	(115)
Actuarial (gain) loss <sup>(1)</sup>	(4,706)	(30,229)	(7,774)	(10,759)
Benefits paid	—	(7,066)	(10,118)	(9,586)
Settlements/curtailments <sup>(2)</sup>	—	(398)	(538,244)	(4,466)
Currency translation	—	(11,257)	—	(5,274)
Benefit obligations at end of year	9,374	118,489	10,930	164,005
<i>Change in plan assets</i>				
Fair value of plan assets at beginning of year	68,458	114,557	618,024	117,058
Actual return on plan assets	59	(16,319)	(2,058)	4,694
Employer contributions	—	1,634	—	2,097
Plan participants' contributions	—	54	—	84
Acquisitions & other adjustments	(68,517)	(195)	—	—
Benefits paid	—	(4,757)	(9,264)	(6,864)
Settlements <sup>(2)</sup>	—	—	(538,244)	(1,072)
Currency translation	—	(8,431)	—	(1,440)
Fair value of plan assets at end of year	—	86,543	68,458	114,557
Funded status at end of year	(9,374)	(31,946)	57,528	(49,448)
Unrecognized actuarial net loss	1,734	2,073	2,897	13,274
Unrecognized prior service cost	—	(73)	—	(23)
Unrecognized transition assets, net	—	25	—	25
Net amount recognized	<u>\$ (7,640)</u>	<u>\$ (29,921)</u>	<u>\$ 60,425</u>	<u>\$ (36,172)</u>

(1) Actuarial gains in 2022 were primarily the result of an increase in the Company's pension plan discount rates.

(2) Settlements in 2022 and 2021 resulting from lump sum pension payments and the purchase of a group annuity contract in October 2021 related to the termination of a pension plan.

The after-tax amounts of unrecognized actuarial net loss, prior service costs and transition assets included in Accumulated other comprehensive loss at December 31, 2022 were \$1,815, \$(51) and \$17, respectively. The actuarial loss represents changes in the estimated obligation not yet recognized in the Consolidated Income Statement.

In March 2020, the Company approved an amendment to terminate the Lincoln Electric Company Retirement Annuity Program ("RAP") plan effective as of December 31, 2020. The Company provided notice to participants of the intent to terminate the plan and applied and received a determination letter. During 2021, pension obligations were distributed through a combination of lump sum payments to eligible plan participants and through the purchase of a group annuity

contract in October 2021. The lump sum payments and annuity purchase resulted in pre-tax settlement charges of \$126,056 in the twelve months ended December 31, 2021. The remaining surplus assets of \$68,458 at December 31, 2021 were transferred to a suspense account in January 2022 and are being used to fund employer matching contributions in the Company's Savings Plan. The surplus assets as of December 31, 2022 were \$56,418 and are recorded in Other current assets and Other assets in the Company's Consolidated Balance Sheets.

Amounts Recognized in Consolidated Balance Sheets

	December 31,			
	2022		2021	
	U.S. pension plans	Non-U.S. Pension plans	U.S. pension plans	Non-U.S. pension plans
Prepaid pensions <sup>(1)</sup>	\$ —	\$ 1,603	\$ 68,458	\$ 2,425
Accrued pension liability, current <sup>(2)</sup>	(2,403)	(523)	(690)	(2,546)
Accrued pension liability, long-term <sup>(3)</sup>	(6,971)	(33,026)	(10,240)	(49,327)
Accumulated other comprehensive loss, excluding tax effects	1,734	2,025	2,897	13,276
Net amount recognized in the balance sheets	<u>\$ (7,640)</u>	<u>\$ (29,921)</u>	<u>\$ 60,425</u>	<u>\$ (36,172)</u>

- (1) Included in Other assets. In 2021, U.S. pension plans include \$9,776 in Other current assets and \$58,682 in Other assets.
- (2) Included in Other current liabilities.
- (3) Included in Other liabilities.

Components of Pension Cost for Defined Benefit Plans

	Year Ended December 31,					
	2022		2021		2020	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Service cost	\$ 199	\$ 1,077	\$ 194	\$ 1,413	\$ 156	\$ 3,140
Interest cost	262	2,644	8,926	2,567	14,670	2,755
Expected return on plan assets	—	(3,525)	(13,050)	(3,990)	(23,377)	(4,217)
Amortization of prior service cost	—	—	—	8	—	57
Amortization of net loss	132	299	1,966	882	1,346	1,986
Settlement and curtailment charges (gains) <sup>(1)</sup>	(3,735)	367	126,055	(42)	8,118	237
Defined benefit plans	<u>\$ (3,142)</u>	<u>\$ 862</u>	<u>\$ 124,091</u>	<u>\$ 838</u>	<u>\$ 913</u>	<u>\$ 3,958</u>

- (1) Pension settlement net charges resulting from lump sum pension payments and the purchase of a group annuity contract in 2021.

The components of Pension cost for defined benefit plans, other than service cost, are included in Other income (expense) in the Company's Consolidated Statements of Income.

Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets

	December 31,			
	2022		2021	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Projected benefit obligation	\$ 9,331	\$ 82,378	\$ 10,886	\$ 121,894
Accumulated benefit obligation	8,937	80,444	10,372	120,037
Fair value of plan assets	—	48,974	—	70,199

The total accumulated benefit obligation for all plans was \$125,031 as of December 31, 2022 and \$171,755 as of December 31, 2021.

Benefit Payments for Plans

Benefits expected to be paid for the plans are as follows:

	U.S. pension Plans	Non-U.S. pension plans
<b>Estimated Payments</b>		
2023	\$ 2,575	\$ 7,173
2024	851	35,957
2025	1,160	7,196
2026	1,172	6,335
2027	1,147	5,684
2028 through 2032	5,546	31,065

Assumptions

Weighted average assumptions used to measure the benefit obligation for the Company's significant defined benefit plans as of December 31, 2022 and 2021 were as follows:

	December 31,			
	2022		2021	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Discount Rate	5.8 %	4.2 %	2.5 %	1.8 %
Rate of increase in compensation	3.0 %	3.7 %	3.0 %	3.1 %

Weighted average assumptions used to measure the net periodic benefit cost for the Company's significant defined benefit plans for each of the three years ended December 31 were as follows:

	December 31,					
	2022		2021		2020	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Discount rate	2.5 %	1.8 %	2.2 %	1.3 %	3.4 %	1.7 %
Rate of increase in compensation	3.0 %	3.1 %	2.5 %	2.7 %	2.5 %	2.6 %
Expected return on plan assets	—	3.4 %	3.0 %	3.3 %	4.0 %	4.1 %

To develop the discount rate assumptions, the Company refers to the yield derived from matching projected pension payments with maturities of bonds rated AA or an equivalent quality. The expected long-term rate of return assumption is based on the weighted average expected return of the various asset classes in the plans' portfolio and the targeted allocation of plan assets. The asset class return is developed using historical asset return performance as well as current market conditions such as inflation, interest rates and equity market performance. The rate of compensation increase is determined by the Company based upon annual reviews.

Pension Plans' Assets

The primary objective of the pension plans' investment policy is to ensure sufficient assets are available to provide benefit obligations when such obligations mature. Investment management practices must comply with ERISA or any other applicable regulations and rulings. The overall investment strategy for the defined benefit pension plans' assets is to achieve a rate of return over a normal business cycle relative to an acceptable level of risk that is consistent with the

long-term objectives of the portfolio. Excluding the RAP plan assets, the target allocation for plan assets is 30% to 40% equity securities and 60% to 70% debt and other securities.

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2022:

	<b>Pension Plans' Assets at Fair Value as of December 31, 2022</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$ 16,694	\$ —	\$ —	\$ 16,694
Fixed income securities <sup>(1)</sup>				
Corporate debt and other obligations	—	4,912	—	4,912
Investments measured at NAV <sup>(2)</sup>				
Common trusts and 103-12 investments <sup>(3)</sup>	—	—	—	64,937
<b>Total investments at fair value</b>	<b>\$ 16,694</b>	<b>\$ 4,912</b>	<b>\$ —</b>	<b>\$ 86,543</b>

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2021:

	<b>Pension Plans' Assets at Fair Value as of December 31, 2021</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$ 71,199	\$ —	\$ —	\$ 71,199
Fixed income securities <sup>(1)</sup>				
Corporate debt and other obligations	—	5,240	—	5,240
Investments measured at NAV <sup>(2)</sup>				
Common trusts and 103-12 investments <sup>(3)</sup>	—	—	—	106,576
<b>Total investments at fair value</b>	<b>\$ 71,199</b>	<b>\$ 5,240</b>	<b>\$ —</b>	<b>\$ 183,015</b>

- (1) Fixed income securities are primarily comprised of governmental and corporate bonds directly held by the plans. Governmental and corporate bonds are valued using both market observable inputs for similar assets that are traded on an active market and the closing price on the active market on which the individual securities are traded.
- (2) Certain assets that are measured at fair value using the net asset value ("NAV") practical expedient have not been classified in the fair value hierarchy.
- (3) Common trusts and 103-12 investments (collectively "Trusts") are comprised of a number of investment funds that invest in a diverse portfolio of assets including equity securities, corporate and governmental bonds, equity and credit indexes and money markets. Trusts are valued at the NAV as determined by their custodian. NAV represents the accumulation of the unadjusted quoted close prices on the reporting date for the underlying investments divided by the total shares outstanding at the reporting dates.

### **Supplemental Executive Retirement Plan**

The Company maintained a domestic unfunded Supplemental Executive Retirement Plan ("SERP") under which non-qualified supplemental pension benefits are paid to certain employees in addition to amounts received under the Company's qualified retirement plan which is subject to IRS limitations on covered compensation. The annual cost of this program has been included in the determination of total net pension costs shown above and was \$253, \$213 and

\$1,225 in 2022, 2021 and 2020, respectively. The projected benefit obligation associated with this plan is also included in the pension disclosure shown above and was \$7,339, \$7,947 and \$8,194 at December 31, 2022, 2021 and 2020, respectively.

### Defined Contribution Plans

Substantially all U.S. employees are covered under defined contribution plans. In October 2016, the Company announced a plan redesign of The Lincoln Electric Company Employee Savings Plan (“Savings Plan”) that was effective January 1, 2017. The Savings Plan provides that eligible employees receive up to 6% of employees’ annual compensation through Company matching contributions of 100% of the first 3% of employee compensation contributed to the plan, and automatic Company contributions equal to 3% of annual compensation. In addition, certain employees affected by the RAP freeze in 2016 are also eligible to receive employer contributions equal to 6% of annual compensation for a minimum period of five years or to the end of the year in which they complete thirty years of service.

Effective January 1, 2017, the Company created The Lincoln Electric Company Restoration Plan (“Restoration Plan”). The Restoration Plan is a domestic unfunded plan maintained for the purpose of providing certain employees the ability to fully participate in standard employee retirement offerings, which are limited by IRS regulations on covered compensation.

The annual costs recognized for defined contribution plans were \$29,569, \$26,282 and \$22,593 in 2022, 2021 and 2020, respectively.

### Other Benefits

The Cleveland, Ohio, area operations have a Guaranteed Continuous Employment Plan covering substantially all employees which, in general, provides that the Company will provide work for at least 75% of every standard work week (presently 40 hours). This plan does not guarantee employment when the Company’s ability to continue normal operations is seriously restricted by events beyond the control of the Company. The Company has reserved the right to terminate this plan effective at the end of a calendar year by giving notice of such termination not less than six months prior to the end of such year.

### NOTE 12 — OTHER INCOME (EXPENSE)

The components of Other income (expense) were as follows:

	Year Ended December 31,		
	2022	2021	2020
Equity earnings in affiliates	\$ (153)	\$ 499	\$ 408
Other components of net periodic pension (cost) income <sup>(1)</sup>	3,556	(123,920)	(1,575)
Other income (expense)	6,588	8,964	5,109
Total Other income (expense)	\$ 9,991	\$ (114,457)	\$ 3,942

(1) Other components of net periodic pension (cost) income includes pension settlements and curtailments as discussed in Note 11 to the consolidated financial statements.



## NOTE 13 – INCOME TAXES

The components of income before income taxes were as follows:

	Year Ended December 31,		
	2022	2021	2020
U.S.	\$ 359,760	\$ 143,290	\$ 179,650
Non-U.S.	233,067	181,708	84,390
Total	\$ 592,827	\$ 324,998	\$ 264,040

The components of income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ 88,974	\$ 23,415	\$ 30,091
Non-U.S.	55,664	44,828	18,020
State and local	24,423	10,298	8,770
	169,061	78,541	56,881
Deferred:			
Federal	(38,462)	(21,538)	(1,898)
Non-U.S.	(3,281)	(4,488)	3,196
State and local	(6,715)	(4,097)	(283)
	(48,458)	(30,123)	1,015
Total	\$ 120,603	\$ 48,418	\$ 57,896

The differences between total income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes for the three years ended December 31, 2022 were as follows:

	Year Ended December 31,		
	2022	2021	2020
Statutory rate applied to pre-tax income	\$ 124,492	\$ 68,250	\$ 55,448
State and local income taxes, net of federal tax benefit	12,904	4,005	6,148
Excess tax benefits resulting from exercises of stock-based compensation	(2,500)	(4,681)	(2,471)
Resolution and settlements to uncertain tax positions	(350)	577	(4,146)
Foreign Derived Intangible Income Deduction	(13,356)	(2,197)	(1,267)
Foreign rate variance	5,020	2,131	85
Valuation allowances	(4,547)	(4,209)	4,753
Research and development credit	(6,800)	(5,300)	(4,400)
Pension plan termination adjustment	—	(14,711)	—
U.S. tax cost (benefit) of foreign source income	783	3,488	269
Other	4,957	1,065	3,477
Total	\$ 120,603	\$ 48,418	\$ 57,896
Effective tax rate	20.3 %	14.9 %	21.9 %

The 2022 effective tax rate was higher than 2021 primarily due to a change in the mix of earnings, as well as the impact of the 2021 pension plan termination.

Total income tax payments, net of refunds, were \$151,818 in 2022, \$87,288 in 2021 and \$59,360 in 2020.

## Deferred Taxes

Significant components of deferred tax assets and liabilities at December 31, 2022 and 2021, were as follows:

	December 31,	
	2022	2021
Deferred tax assets:		
Tax loss and credit carry-forwards	\$ 44,674	\$ 46,967
Inventory	937	1,929
Other accruals	29,601	13,395
Research and development capitalization	26,982	—
Employee benefits	26,674	25,741
Pension obligations	6,218	9,760
Other	7,344	5,073
Deferred tax assets, gross	142,430	102,865
Valuation allowance	(44,627)	(51,983)
Deferred tax assets, net	97,803	50,882
Deferred tax liabilities:		
Property, plant and equipment	40,198	40,422
Intangible assets	23,790	18,253
Inventory	3,846	3,716
Pension and other benefit liabilities	13,787	16,397
Other	10,393	10,494
Deferred tax liabilities	92,014	89,282
Total deferred taxes	\$ 5,789	\$ (38,400)

At December 31, 2022, certain subsidiaries had net operating loss carry-forwards of approximately \$6,995 that expire in various years from 2023 through 2036, plus \$157,288 for which there is no expiration date.

In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. At December 31, 2022, a valuation allowance of \$44,627 was recorded against certain deferred tax assets based on this assessment. The Company believes it is more-likely-than-not that the tax benefit of the remaining net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be increased or reduced in the future if the Company's assessment of future taxable income or tax planning strategies changes.

The Company determined it will repatriate earnings for certain non-U.S. subsidiaries, which are subject to foreign withholding taxes. The Company has estimated the associated tax to be \$75. The Company considers remaining earnings and outside basis in all other non-U.S. subsidiaries to be indefinitely reinvested and has not recorded any deferred taxes as such estimate is not practicable.

## Unrecognized Tax Benefits

Liabilities for unrecognized tax benefits related to uncertain tax positions are classified as Other liabilities unless expected to be paid in one year. Additionally, to the extent a position would not result in a cash tax liability, those amounts are generally recorded to Deferred income taxes to offset tax attributes. The Company recognizes interest and penalties related to unrecognized tax benefits in Income taxes. Current income tax expense included benefits of \$486 for the year ended December 31, 2022 and benefits of \$485 for the year ended December 31, 2021 for interest and penalties. For those same years, the Company's accrual for interest and penalties related to unrecognized tax benefits totaled \$2,292 and \$3,209, respectively.

The following table summarizes the activity related to unrecognized tax benefits:

	2022	2021
Balance at beginning of year	\$ 18,211	\$ 17,596
Increase related to current year tax provisions	2,263	2,693
Increase/(decrease) related to prior years' tax positions	91	(17)
Decrease related to settlements with taxing authorities	(868)	—
Resolution of and other decreases in prior years' tax liabilities	(1,379)	(1,585)
Other	(895)	(476)
Balance at end of year	<u>\$ 17,423</u>	<u>\$ 18,211</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$14,504 at December 31, 2022 and \$14,918 at December 31, 2021.

The Company files income tax returns in the U.S. and various state, local and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2018. The Company is currently subject to various state audits and non-U.S. income tax audits. The Company is generally not able to precisely estimate the ultimate settlement amounts or timing until after the close of an audit. The Company evaluates its tax positions and establishes liabilities for unrecognized tax benefits related to uncertain tax positions that may be challenged by local authorities and may not be fully sustained.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted for changing facts and circumstances, including management's judgment in the interpretation of applicable tax law, regulation or tax ruling, the progress of tax audits and closing of statutes of limitations. Based on information currently available, management believes that additional audit activity could be completed and/or statutes of limitations may close relating to existing unrecognized tax benefits. It is reasonably possible there could be a further reduction of \$1,279 in prior years' unrecognized tax benefits in 2023.

#### **NOTE 14 – DERIVATIVES**

The Company uses derivative instruments to manage exposures to currency exchange rates, interest rates and commodity prices arising in the normal course of business. Both at inception and on an ongoing basis, the derivative instruments that qualify for hedge accounting are assessed as to their effectiveness, when applicable. Hedge ineffectiveness was immaterial for each of the three years in the period ended December 31, 2022.

The Company is subject to the credit risk of the counterparties to derivative instruments. Counterparties include a number of major banks and financial institutions. None of the concentrations of risk with any individual counterparty was considered significant at December 31, 2022. The Company does not expect any counterparties to fail to meet their obligations.

##### *Cash flow hedges*

Certain foreign currency forward contracts are qualified and designated as cash flow hedges. The dollar equivalent gross notional amount of these short-term contracts was \$66,296 at December 31, 2022 and \$72,630 at December 31, 2021.

The Company has interest rate forward starting swap agreements that are qualified and designated as cash flow hedges. The dollar equivalent gross notional amount of the long-term contracts was \$100,000 at December 31, 2022 and 2021 and have a termination date of August 2025.

The Company has commodity contracts with a notional amount of 875,000 pounds at December 31, 2022 that are qualified and designated as cash flow hedges.

### Fair value hedges

Certain interest rate swap agreements are qualified and designated as fair value hedges. At December 31, 2022, the Company had no interest rate swap agreements outstanding. The Company terminated \$50,000 of interest rate swaps in the year ended December 31, 2020, which resulted in a gain of \$6,629 that is amortized to interest expense over the remaining life of the underlying debt.

### Net investment hedges

The Company has held cross currency swaps that are qualified and designated as net investment hedges. The dollar equivalent gross notional amount of these contracts was \$0 and \$25,000, respectively, as of December 31, 2022 and 2021.

The Company has foreign currency forward contracts that qualify and are designated as net investment hedges. The dollar equivalent gross notional amount of these short-term contracts was \$88,843 at December 31, 2022.

### Derivatives not designated as hedging instruments

The Company has certain foreign exchange forward contracts which are not designated as hedges. These derivatives are held as hedges of certain balance sheet exposures. The dollar equivalent gross notional amount of these contracts was \$380,443 at December 31, 2022 and \$301,685 at December 31, 2021.

Fair values of derivative instruments in the Company's Consolidated Balance Sheets follow:

	December 31, 2022				December 31, 2021			
	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities
<b>Derivatives by hedge designation</b>								
Designated as hedging instruments:								
Foreign exchange contracts	\$ 1,467	\$ 738	\$ —	\$ —	\$ 772	\$ 535	\$ —	\$ —
Forward starting swap agreements	—	—	19,291	—	—	—	6,990	—
Net investment contracts	—	2,229	—	—	2,095	—	—	608
Commodity contracts	181	33	—	—	311	—	—	—
Not designated as hedging instruments:								
Foreign exchange contracts	2,348	790	—	—	4,656	3,445	—	—
<b>Total derivatives</b>	<b>\$ 3,996</b>	<b>\$ 3,790</b>	<b>\$ 19,291</b>	<b>\$ —</b>	<b>\$ 7,834</b>	<b>\$ 3,980</b>	<b>\$ 6,990</b>	<b>\$ 608</b>

The effects of undesignated derivative instruments on the Company's Consolidated Statements of Income consisted of the following:

Derivatives by hedge designation	Classification of gain (loss)	Year Ended December 31,	
		2022	2021
Not designated as hedges:			
Foreign exchange contracts	Selling, general & administrative expenses	\$ 4,805	\$ 7,707

The effects of designated cash flow hedges on AOCI and the Company's Consolidated Statements of Income consisted of the following:

<b>Total gain (loss) recognized in AOCI, net of tax</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Foreign exchange contracts	\$ 627	\$ 284
Forward starting swap agreements	13,191	5,232
Net investment contracts	9,440	2,339
Commodity contracts	91	239

The Company expects a gain of \$718 related to existing contracts to be reclassified from AOCI, net of tax, to earnings over the next 12 months as the hedged transactions are realized.

<b>Derivative type</b>	<b>Gain (loss) recognized in the Consolidated Statements of Income:</b>	<b>Year Ended December 31,</b>	
		<b>2022</b>	<b>2021</b>
Foreign exchange contracts	Sales	\$ 962	\$ 2,224
	Cost of goods sold	1,906	586
Commodity contracts	Cost of goods sold	(169)	—

#### **NOTE 15 – FAIR VALUE**

The following table provides a summary of fair value assets and liabilities as of December 31, 2022 measured at fair value on a recurring basis:

<b>Description</b>	<b>Balance as of December 31, 2022</b>	<b>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Assets:</b>				
Foreign exchange contracts	\$ 3,815	\$ —	\$ 3,815	\$ —
Commodity contracts	181	—	181	—
Forward starting swap agreements	19,291	—	19,291	—
Pension surplus	56,418	56,418	—	—
<b>Total assets</b>	<b>\$ 79,705</b>	<b>\$ 56,418</b>	<b>\$ 23,287</b>	<b>\$ —</b>
<b>Liabilities:</b>				
Foreign exchange contracts	\$ 1,528	\$ —	\$ 1,528	\$ —
Net investment contracts	2,229	—	2,229	—
Commodity contracts	33	—	33	—
Deferred compensation	39,090	—	39,090	—
<b>Total liabilities</b>	<b>\$ 42,880</b>	<b>\$ —</b>	<b>\$ 42,880</b>	<b>\$ —</b>

The following table provides a summary of fair value assets and liabilities as of December 31, 2021 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Foreign exchange contracts	\$ 5,428	\$ —	\$ 5,428	\$ —
Net investment contracts	2,095	—	2,095	—
Commodity Contracts	311	—	311	—
Forward starting swap agreements	6,990	—	6,990	—
<b>Total assets</b>	<b>\$ 14,824</b>	<b>\$ —</b>	<b>\$ 14,824</b>	<b>\$ —</b>
<b>Liabilities:</b>				
Foreign exchange contracts	\$ 3,980	\$ —	\$ 3,980	\$ —
Net investment contracts	608	—	608	—
Deferred compensation	41,612	—	41,612	—
<b>Total liabilities</b>	<b>\$ 46,200</b>	<b>\$ —</b>	<b>\$ 46,200</b>	<b>\$ —</b>

The Company's derivative contracts are valued at fair value using the market approach. The Company measures the fair value of foreign exchange contracts, interest rate swap agreements, forward starting swap agreements and cross currency swaps using Level 2 inputs based on observable spot and forward rates in active markets. During the year ended December 31, 2022, there were no transfers between Levels 1, 2 or 3.

The deferred compensation liability is the Company's obligation under its executive deferred compensation plan. The Company measures the fair value of the liability using the market values of the participants' underlying investment fund elections.

The fair value of the Company's pension surplus assets are based on quoted market prices in active markets and are included in the Level 1 fair value hierarchy. The pension surplus assets are invested in money market and short-term duration bond funds at December 31, 2022.

The Company has various financial instruments, including cash and cash equivalents, short and long-term debt and forward contracts. While these financial instruments are subject to concentrations of credit risk, the Company has minimized this risk by entering into arrangements with a number of major banks and financial institutions and investing in several high-quality instruments. The Company does not expect any counterparties to fail to meet their obligations. The fair value of Cash and cash equivalents, Accounts receivable, Amounts due banks and Trade accounts payable approximated book value due to the short-term nature of these instruments at both December 31, 2022 and December 31, 2021. Refer to Note 9 to the consolidated financial statements for the fair value estimate of debt.

#### NOTE 16 – INVENTORY

Inventories in the Consolidated Balance Sheet is comprised of the following components:

	December 31, 2022	December 31, 2021
Raw materials	\$ 181,076	\$ 143,394
Work-in-process	164,778	97,834
Finished goods	319,597	298,691
<b>Total</b>	<b>\$ 665,451</b>	<b>\$ 539,919</b>

The valuation of LIFO inventories is made at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Actual year-end inventory levels and costs may differ from interim LIFO inventory valuations. At December 31,

2022 and 2021, approximately 38% and 36% of total inventories, respectively, were valued using the LIFO method. The excess of current cost over LIFO cost was \$133,909 at December 31, 2022 and \$114,176 at December 31, 2021.

#### NOTE 17 – LEASES

The table below summarizes the right-of-use assets and lease liabilities in the Company’s Consolidated Balance sheets:

<b>Operating Leases</b>	<b>Balance Sheet Classification</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Right-of-use assets	Other assets	\$ 44,810	\$ 47,966
Current liabilities	Other current liabilities	\$ 10,378	\$ 10,218
Noncurrent liabilities	Other liabilities	35,945	38,960
<b>Total lease liabilities</b>		<b>\$ 46,323</b>	<b>\$ 49,178</b>

Total lease expense, which is included in Cost of goods sold and Selling, general and administrative expenses in the Company’s Consolidated Statements of Income, was \$20,548, \$21,630 and \$23,499 in the years ended December 31, 2022, 2021 and 2020, respectively. Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2022 and 2021 was \$12,036 and \$15,723, respectively, are included in Net cash provided by operating activities in the Company’s Consolidated Statements of Cash Flows. Right-of-use assets obtained in exchange for operating lease liabilities during the years ended December 31, 2022 and 2021 were \$9,332 and \$12,257, respectively.

The total future minimum lease payments for noncancelable operating leases were as follows:

	<b>December 31, 2022</b>
2023	\$ 11,342
2024	9,911
2025	6,677
2026	5,417
2027	3,893
After 2027	14,558
<b>Total lease payments</b>	<b>\$ 51,798</b>
Less: Imputed interest	5,475
<b>Operating lease liabilities</b>	<b>\$ 46,323</b>

As of December 31, 2022 and 2021, the weighted average remaining lease term was 7.8 years and 8.6 years, respectively. As of December 31, 2022 and 2021, the weighted average discount rate used to determine the operating lease liability was 2.96% and 3.1%, respectively.

#### NOTE 18 – CONTINGENCIES

The Company, like other manufacturers, is subject from time to time to a variety of civil and administrative proceedings arising in the ordinary course of business. Such claims and litigation include, without limitation, product liability claims, regulatory claims, employment-related claims and health, safety and environmental claims, some of which relate to cases alleging asbestos induced illnesses. The claimants in the asbestos cases seek compensatory and punitive damages, in most cases for unspecified amounts. The Company believes it has meritorious defenses to these claims and intends to contest such suits vigorously.

The Company accrues its best estimate of the probable costs, after a review of the facts with management and counsel and taking into account past experience. For claims or litigation that are material, if an unfavorable outcome is determined to be reasonably possible and the amount of loss can be reasonably estimated, or if an unfavorable outcome is determined to be probable and the amount of loss cannot be reasonably estimated, disclosure would be provided. Many of the current cases are in differing procedural stages and information on the circumstances of each claimant,

which forms the basis for judgments as to the validity or ultimate disposition of such actions, varies greatly. Therefore, in many situations a range of possible losses cannot be made. Reserves are adjusted as facts and circumstances change and related management assessments of the underlying merits and the likelihood of outcomes change. Moreover, reserves only cover identified and/or asserted claims. Future claims could, therefore, give rise to increases to such reserves.

Based on the Company's historical experience in litigating product liability claims, including a significant number of dismissals, summary judgments and defense verdicts in many cases and immaterial settlement amounts, as well as the Company's current assessment of the underlying merits of the claims and applicable insurance, the Company believes resolution of these claims and proceedings, individually or in the aggregate, will not have a material effect on the Company's consolidated financial statements.



**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**  
**LINCOLN ELECTRIC HOLDINGS, INC.**  
*(In thousands)*

Description	Balance at Beginning Of period	Additions		Deductions <sup>(2)</sup>	Balance at End of Period
		Charged to Costs and Expenses	Charged (Credited) to Other Accounts <sup>(1)</sup>		
Allowance for doubtful accounts:					
Year Ended December 31, 2022	\$ 11,105	\$ 1,778	\$ 598	\$ 925	\$ 12,556
Year Ended December 31, 2021	14,779	718	(2,491)	1,901	11,105
Year Ended December 31, 2020	16,002	1,391	(1,239)	1,375	14,779
Deferred tax asset valuation allowance:					
Year Ended December 31, 2022	\$ 55,619	\$ 2,262	\$ (5,197)	\$ 8,057	\$ 44,627
Year Ended December 31, 2021	65,413	1,147	(3,873)	7,068	55,619
Year Ended December 31, 2020	71,546	9,606	(6,741)	8,998	65,413

(1) Currency translation adjustment, reductions from restructuring and other adjustments.

(2) For the Allowance for doubtful accounts, deductions relate to uncollectible accounts written-off, net of recoveries. For the Deferred tax asset valuation allowance, deductions relate to the reversal of valuation allowances due to the realization of net operating loss carryforwards.

# CORPORATE INFORMATION

LINCOLN ELECTRIC HOLDINGS, INC.

## BOARD OF DIRECTORS

**Brian D. Chambers**  
Chair, President and  
Chief Executive Officer  
Owens Corning

**Curtis E. Espeland**  
Retired Executive Vice President  
and Chief Financial Officer  
Eastman Chemical Company

**Patrick P. Goris**  
Senior Vice President and  
Chief Financial Officer  
Carrier Global Corporation

**Michael F. Hilton**  
Retired President and  
Chief Executive Officer  
Nordson Corporation

**Kathryn Jo Lincoln**  
Chair and Chief Investment Officer  
Lincoln Institute of Land Policy

**Christopher L. Mapes**  
Chairman, President and  
Chief Executive Officer  
Lincoln Electric Holdings, Inc.

**Phillip J. Mason**  
Retired President  
Ecolab EMEA sector

**Ben P. Patel**  
Former Senior Vice President  
and Chief Technology Officer  
Cooper Tire & Rubber Company

**Hellene S. Runtagh**  
Retired President and  
Chief Executive Officer  
Berwind Group

**Kellye L. Walker**  
Executive Vice President  
and Chief Legal Officer  
Eastman Chemical Company

## LEADERSHIP TEAM

**Geoffrey P. Allman**  
Senior Vice President  
Strategy and Business Development

**Jennifer I. Ansberry**  
Executive Vice President  
General Counsel and Secretary

**Gabriel Bruno**  
Executive Vice President  
Chief Financial Officer and Treasurer

**Lisa A. Dietrich**  
Executive Vice President  
Chief Information Officer

**Gregory D. Doria**  
Senior Vice President  
President, Harris Products Group

**Steven B. Hedlund**  
Executive Vice President  
Chief Operating Officer

**Michele R. Kuhrt**  
Executive Vice President  
Chief Human Resources Officer

**Douglas S. Lance**  
Senior Vice President  
President, North America Welding

**Christopher L. Mapes**  
Chairman, President and  
Chief Executive Officer

**Peter M. Pletcher**  
Senior Vice President  
President, International

**Michael J. Whitehead**  
Senior Vice President  
President, Global Automation,  
Cutting & Additive Businesses

## CORPORATE INFORMATION

For additional corporate information and copies of Lincoln Electric's 2022 Annual Report and Form 10-K, and 2023 Proxy Statement, please contact Amanda Butler in Investor Relations at (216) 383-2534, email: [Amanda\\_Butler@lincolnelectric.com](mailto:Amanda_Butler@lincolnelectric.com), 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199 USA, or visit [www.lincolnelectric.com](http://www.lincolnelectric.com).

## TRANSFER AGENT AND REGISTRAR

Inquiries about dividends, shareholder records, share transfers, changes in ownership and address changes should be directed to Computershare Inc.:

### Mail

Computershare  
Attn: Shareholder Services  
P.O. Box 43078  
Providence, RI 02940-3078

### Courier

Computershare  
Attn: Shareholder Services  
150 Royall Street, Ste. 101  
Canton, MA 02021

### Direct

(800) 736-3001 or (781) 575-3100  
Email: [webqueries@computershare.com](mailto:webqueries@computershare.com)  
Online: [www.computershare.com](http://www.computershare.com)

## SUSTAINABILITY

Visit <https://sustainability.lincolnelectric.com> to learn about our policies and programs.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP

## ANNUAL MEETING

Wednesday, April 19, 2023  
11:00 a.m. Eastern Time  
Online at:  
[www.virtualshareholdermeeting.com/LECO2023](http://www.virtualshareholdermeeting.com/LECO2023)

## STOCK INFORMATION

The Company's stock is traded on the NASDAQ Stock Market ("NASDAQ") under the symbol LECO.

Number of record holders of common shares at December 31, 2022: 2,236



# **LINCOLN**<sup>®</sup> **ELECTRIC**

Lincoln Electric Holdings, Inc.  
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Cleveland, Ohio 44117-1199 U.S.A.  
[www.lincolnelectric.com](http://www.lincolnelectric.com)