

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2023**

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

(State or other jurisdiction of incorporation or organization)

34-1860551

(I.R.S. Employer Identification No.)

22801 St. Clair Avenue, Cleveland, Ohio

(Address of principal executive offices)

44117

(Zip Code)

(216) 481-8100

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common Shares, without par value	LECO	The NASDAQ Stock Market LLC

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "small reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares outstanding of the registrant's common shares as of June 30, 2023 was 57,412,573.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)	3
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)	4
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)	5
CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)	6
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)	8
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	34
Item 4. Controls and Procedures	35
 PART II. OTHER INFORMATION	 36
Item 1. Legal Proceedings	36
Item 1A. Risk Factors	36
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 4. Mine Safety Disclosures	36
Item 5. Other Information	37
Item 6. Exhibits	37
Signatures	38
10.1* Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed herewith).	
10.2* Form of Stock Option Agreement for Executive Officers (filed herewith).	
10.3* Form of Restricted Stock Unit Agreement for Executive Officers (filed herewith).	
10.4* Form of Performance Share Award Agreement for Executive Officers (filed herewith).	
EX-31.1 Certification of the Chairman, President and Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	
EX-31.2 Certification of the Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	
EX-32.1 Certification of the Chairman, President and Chief Executive Officer (Principal Executive Officer) and Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
EX-101 Instance Document	
EX-101 Schema Document	
EX-101 Calculation Linkbase Document	
EX-101 Label Linkbase Document	
EX-101 Presentation Linkbase Document	
EX-101 Definition Linkbase Document	
* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this report.	

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net sales (Note 2)	\$ 1,060,565	\$ 969,589	\$ 2,099,908	\$ 1,895,037
Cost of goods sold	687,137	636,108	1,371,123	1,231,779
Gross profit	373,428	333,481	728,785	663,258
Selling, general & administrative expenses	192,748	166,792	382,864	333,478
Rationalization and asset impairment charges (Note 6)	2,667	(844)	3,544	1,041
Operating income	178,013	167,533	342,377	328,739
Interest expense, net	11,699	6,459	24,899	12,657
Other income (expense) (Note 11)	6,746	(1,133)	10,926	3,500
Income before income taxes	173,060	159,941	328,404	319,582
Income taxes (Note 12)	35,729	32,118	69,142	65,729
Net income	<u>\$ 137,331</u>	<u>\$ 127,823</u>	<u>\$ 259,262</u>	<u>\$ 253,853</u>
Basic earnings per share (Note 3)	<u>\$ 2.39</u>	<u>\$ 2.20</u>	<u>\$ 4.51</u>	<u>\$ 4.35</u>
Diluted earnings per share (Note 3)	<u>\$ 2.36</u>	<u>\$ 2.18</u>	<u>\$ 4.44</u>	<u>\$ 4.30</u>
Cash dividends declared per share	<u>\$ 0.64</u>	<u>\$ 0.56</u>	<u>\$ 1.28</u>	<u>\$ 1.12</u>

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(In thousands)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income	\$ 137,331	\$ 127,823	\$ 259,262	\$ 253,853
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax	(4,888)	8,950	4,243	14,305
Defined benefit pension plan activity, net of tax	(1,366)	(44)	(806)	63
Currency translation adjustment	20,957	(34,616)	35,775	(42,064)
Other comprehensive income (loss):	14,703	(25,710)	39,212	(27,696)
Comprehensive income	<u>\$ 152,034</u>	<u>\$ 102,113</u>	<u>\$ 298,474</u>	<u>\$ 226,157</u>

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>(UNAUDITED)</u>	<u>(NOTE 1)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 220,483	\$ 197,150
Accounts receivable (less allowance for doubtful accounts of \$12,170 in 2023; \$12,556 in 2022)	570,294	541,529
Inventories (Note 8)	674,754	665,451
Other current assets	180,647	153,660
Total Current Assets	<u>1,646,178</u>	<u>1,557,790</u>
Property, plant and equipment (less accumulated depreciation of \$929,890 in 2023; \$890,543 in 2022)	563,180	544,871
Goodwill	692,457	665,257
Other assets	409,373	412,628
TOTAL ASSETS	<u><u>\$ 3,311,188</u></u>	<u><u>\$ 3,180,546</u></u>
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 10)	\$ 10,406	\$ 93,483
Trade accounts payable	358,160	352,079
Accrued employee compensation and benefits	159,173	109,369
Other current liabilities	283,023	297,966
Total Current Liabilities	<u>810,762</u>	<u>852,897</u>
Long-term debt, less current portion (Note 10)	1,103,898	1,110,396
Other liabilities	195,104	183,212
Total Liabilities	<u>2,109,764</u>	<u>2,146,505</u>
Shareholders' Equity		
Common Shares	9,858	9,858
Additional paid-in capital	515,303	481,857
Retained earnings	3,483,127	3,306,500
Accumulated other comprehensive loss	(236,186)	(275,398)
Treasury Shares	(2,570,678)	(2,488,776)
Total Equity	<u>1,201,424</u>	<u>1,034,041</u>
TOTAL LIABILITIES AND TOTAL EQUITY	<u><u>\$ 3,311,188</u></u>	<u><u>\$ 3,180,546</u></u>

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)
(In thousands, except per share amounts)

	Common Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total
Balance at December 31, 2022	57,624	\$ 9,858	\$ 481,857	\$ 3,306,500	\$ (275,398)	\$ (2,488,776)	\$ 1,034,041
Net income				121,931			121,931
Unrecognized amounts from defined benefit pension plans, net of tax					560		560
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					9,131		9,131
Currency translation adjustment					14,818		14,818
Cash dividends declared - \$0.64 per share				(36,971)			(36,971)
Stock-based compensation activity	143		12,475			1,635	14,110
Purchase of shares for treasury	(194)					(32,158)	(32,158)
Other			3,691	(3,917)			(226)
Balance at March 31, 2023	57,573	\$ 9,858	\$ 498,023	\$ 3,387,543	\$ (250,889)	\$ (2,519,299)	\$ 1,125,236
Net income				137,331			137,331
Unrecognized amounts from defined benefit pension plans, net of tax					(1,366)		(1,366)
Unrealized (loss) on derivatives designated and qualifying as cash flow hedges, net of tax					(4,888)		(4,888)
Currency translation adjustment					20,957		20,957
Cash dividends declared - \$0.64 per share				(36,917)			(36,917)
Stock-based compensation activity	152		12,818			1,697	14,515
Purchase of shares for treasury	(312)					(53,076)	(53,076)
Other			4,462	(4,830)			(368)
Balance at June 30, 2023	<u>57,413</u>	<u>\$ 9,858</u>	<u>\$ 515,303</u>	<u>\$ 3,483,127</u>	<u>\$ (236,186)</u>	<u>\$ (2,570,678)</u>	<u>\$ 1,201,424</u>

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)
(In thousands, except per share amounts)

	Common Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total
Balance at December 31, 2021	58,787	\$ 9,858	\$ 451,268	\$ 2,970,303	\$ (257,579)	\$ (2,309,941)	\$ 863,909
Net income				126,030			126,030
Unrecognized amounts from defined benefit pension plans, net of tax					107		107
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					5,355		5,355
Currency translation adjustment					(7,448)		(7,448)
Cash dividends declared – \$0.56 per share				(32,505)			(32,505)
Stock-based compensation activity	116		10,834			1,349	12,183
Purchase of shares for treasury	(805)					(104,579)	(104,579)
Other			115	(107)			8
Balance at March 31, 2022	58,098	\$ 9,858	\$ 462,217	\$ 3,063,721	\$ (259,565)	\$ (2,413,171)	\$ 863,060
Net income				127,823			127,823
Unrecognized amounts from defined benefit pension plans, net of tax					(44)		(44)
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					8,950		8,950
Currency translation adjustment					(34,616)		(34,616)
Cash dividends declared – \$0.56 per share				(32,698)			(32,698)
Stock-based compensation activity	15		5,428			146	5,574
Purchase of shares for treasury	(191)					(25,119)	(25,119)
Other			(2,021)	2,074			53
Balance at June 30, 2022	<u>57,922</u>	<u>\$ 9,858</u>	<u>\$ 465,624</u>	<u>\$ 3,160,920</u>	<u>\$ (285,275)</u>	<u>\$ (2,438,144)</u>	<u>\$ 912,983</u>

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 259,262	\$ 253,853
Adjustments to reconcile Net income to Net cash provided by operating activities:		
Rationalization and asset impairment net charges (Note 6)	1,134	(113)
Depreciation and amortization	43,212	39,759
Equity earnings in affiliates, net	(294)	(180)
Deferred income taxes	3,774	(21,772)
Stock-based compensation	16,615	16,340
Other, net	1,291	9,254
Changes in operating assets and liabilities, net of effects from acquisitions:		
Increase in accounts receivable	(18,890)	(103,959)
Decrease (increase) in inventories	6,267	(112,594)
Increase in other current assets	(13,275)	(26,169)
Increase in trade accounts payable	1,566	44,252
Increase in other current liabilities	28,749	47,343
Net change in other assets and liabilities	(6,635)	(4,713)
NET CASH PROVIDED BY OPERATING ACTIVITIES	322,776	141,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(40,552)	(34,602)
Acquisition of businesses, net of cash acquired	(32,657)	(22,095)
Proceeds from sale of property, plant and equipment	3,892	1,692
Purchase of marketable securities	(7,029)	—
NET CASH USED BY INVESTING ACTIVITIES	(76,346)	(55,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments on) proceeds from short-term borrowings	(72,224)	64,960
(Payments on) proceeds from long-term borrowings	(6,978)	6,869
Proceeds from exercise of stock options	12,010	1,417
Purchase of shares for treasury	(85,234)	(129,698)
Cash dividends paid to shareholders	(74,472)	(65,914)
NET CASH USED BY FINANCING ACTIVITIES	(226,898)	(122,366)
Effect of exchange rate changes on Cash and cash equivalents	3,801	(4,092)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,333	(40,162)
Cash and cash equivalents at beginning of period	197,150	192,958
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 220,483	\$ 152,796

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
Dollars in thousands, except 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.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these unaudited consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. However, in the opinion of management, these unaudited consolidated financial statements contain all the adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position, results of operations and cash flows for the interim periods. Operating results for the six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023.

The accompanying Condensed Consolidated Balance Sheet at December 31, 2022 has been derived from the audited financial statements at that date, but does not include all of the information and notes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

Certain reclassifications have been made to the prior period amounts to conform to the current period presentation, none of which are material.

Turkey – Highly Inflationary Economy

Effective April 1, 2022, the financial statements of the Company’s Turkish operation are reported under highly inflationary accounting rules. As a result, the financial statements of the Company’s Turkish operation have been remeasured into the Company’s reporting currency (U.S. dollar) and 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 six months ended June 30, 2023, this impact was not significant to the Company’s results.

New Accounting Pronouncements:

This section provides a description of new accounting pronouncements (“Accounting Standards Updates” or “ASUs”) issued by the Financial Accounting Standards Board (“FASB”) that are applicable to the Company.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

The following ASUs were adopted as of January 1, 2023:

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, and presentation on the balance sheet. Refer to Note 15 for the impacts on the Company's consolidated financial statements.
ASU No. 2021-08, <i>Business Combinations (Subtopic 805)</i> , issued October 2021.	Requires the acquirer in a business combination to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The adoption did not have a material impact on the Company's consolidated financial statements.

The Company is currently evaluating the impact on its financial statements of the following ASU:

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 a period-over-period balance roll forward. This requirement of the ASU is effective January 1, 2024 and should be applied prospectively.

NOTE 2 — REVENUE RECOGNITION

The following table presents the Company's Net sales disaggregated by product line:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Consumables	\$ 577,910	\$ 568,855	\$ 1,147,594	\$ 1,108,017
Equipment	482,655	400,734	952,314	787,020
Net sales	<u>\$ 1,060,565</u>	<u>\$ 969,589</u>	<u>\$ 2,099,908</u>	<u>\$ 1,895,037</u>

Consumable sales consist of welding, 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. Less than 10% of the Company's Net sales are recognized over time.

At June 30, 2023, the Company recorded \$85,321 related to advance customer payments and \$48,235 related to billings in excess of revenue recognized. These contract liabilities are included in Other current liabilities in the Condensed Consolidated Balance Sheets. At December 31, 2022, the balances related to advance customer payments and billings in excess of revenue recognized were \$78,756 and \$34,771, 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 June 30, 2023 and December 31, 2022, the Company recorded \$49,310 and \$35,252, respectively, related to these contract assets which are included in Other current assets in the Condensed Consolidated Balance Sheets. Contract asset amounts are expected to be billed within the next twelve months.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

NOTE 3 — EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net income	\$ 137,331	\$ 127,823	\$ 259,262	\$ 253,853
Denominator (shares in 000's):				
Basic weighted average shares outstanding	57,479	58,016	57,537	58,311
Effect of dilutive securities - Stock options and awards	824	672	816	659
Diluted weighted average shares outstanding	58,303	58,688	58,353	58,970
Basic earnings per share	\$ 2.39	\$ 2.20	\$ 4.51	\$ 4.35
Diluted earnings per share	\$ 2.36	\$ 2.18	\$ 4.44	\$ 4.30

For the three months ended June 30, 2023 and 2022, common shares subject to equity-based awards of 76 and 62,987, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive. For the six months ended June 30, 2023 and 2022, common shares subject to equity-based awards of 115 and 108,497, 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 May 3, 2023, the Company acquired 100% ownership of Powermig Automação e Soldagem Ltda. ("Powermig"), a privately held automation engineering firm headquartered in Caxias do Sul, Rio Grande do Sul, in Brazil. The net purchase price was \$29,572, net of cash acquired and it was accounted for as a business combination. In 2022, Powermig generated sales of approximately \$15,000 (unaudited). Beginning May 3, 2023, the Company's Consolidated Statement of Income includes the results of Powermig and was not material for the three months ended June 30, 2023. Powermig specializes in designing and engineering industrial welding automation solutions for the heavy industry and transportation sectors. The acquisition broadens the Company's automation portfolio and capabilities.

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 \$468,683, or \$416,353 net of cash acquired, before final and customary adjustments. In 2022, the Company recognized \$5,196 in acquisition costs related to Fori and were expensed as incurred. 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 extends the Company's market presence within the automotive sector as well as its automation footprint in the International Welding segment. For the three and six months ended June 30, 2023, the Company's Consolidated Statements of Income include the results of Fori, including Net Sales of \$47,787 and \$97,002, respectively, while net income for the period was not material.

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

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

performed. The Company does not expect any such revisions to have a material impact on the Company's preliminary purchase price allocation. As of and for the three and six months ended June 30, 2023, these revisions did not have a material impact on the Condensed Consolidated Balance Sheets or Consolidated Statement of Income.

Assets acquired and liabilities assumed	Preliminary Purchase Price Allocation
Cash and cash equivalents	\$ 52,330
Accounts receivable	64,439
Inventory	62,584
Property, plant and equipment ⁽¹⁾	36,863
Intangible assets ⁽²⁾	69,928
Accounts payable	17,996
Net other assets and liabilities ⁽³⁾	200,535
Total purchase price consideration	<u>\$ 468,683</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 \$18,778, 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 \$246,133.

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.

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 it was accounted for as a business combination. In 2022, the Company recognized \$365 in acquisition costs related to Kestra and were expensed as incurred. 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.

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.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

NOTE 5 — SEGMENT INFORMATION

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 oxy-fuel cutting, soldering and brazing businesses 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 Other income (expense). 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.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

The following table presents Adjusted EBIT by segment:

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
<i>Three Months Ended June 30, 2023</i>					
Net sales	\$ 676,966	\$ 253,403	\$ 130,196	\$ —	\$ 1,060,565
Inter-segment sales	30,850	8,292	2,867	(42,009)	—
Total	<u>\$ 707,816</u>	<u>\$ 261,695</u>	<u>\$ 133,063</u>	<u>\$ (42,009)</u>	<u>\$ 1,060,565</u>
Adjusted EBIT	\$ 139,870	\$ 33,774	\$ 19,510	\$ (2,183)	\$ 190,971
Special items charge (gain) ⁽¹⁾	2,957	3,255	—	—	6,212
EBIT	<u>\$ 136,913</u>	<u>\$ 30,519</u>	<u>\$ 19,510</u>	<u>\$ (2,183)</u>	<u>\$ 184,759</u>
Interest income					814
Interest expense					(12,513)
Income before income taxes					<u>\$ 173,060</u>
<i>Three Months Ended June 30, 2022</i>					
Net sales	\$ 595,659	\$ 236,629	\$ 137,301	\$ —	\$ 969,589
Inter-segment sales	29,031	9,527	2,866	(41,424)	—
Total	<u>\$ 624,690</u>	<u>\$ 246,156</u>	<u>\$ 140,167</u>	<u>\$ (41,424)</u>	<u>\$ 969,589</u>
Adjusted EBIT	\$ 118,067	\$ 35,009	\$ 17,922	\$ (3,983)	\$ 167,015
Special items charge (gain) ⁽²⁾	461	154	—	—	615
EBIT	<u>\$ 117,606</u>	<u>\$ 34,855</u>	<u>\$ 17,922</u>	<u>\$ (3,983)</u>	<u>\$ 166,400</u>
Interest income					228
Interest expense					(6,687)
Income before income taxes					<u>\$ 159,941</u>
<i>Six Months Ended June 30, 2023</i>					
Net sales	\$ 1,335,611	\$ 505,819	\$ 258,478	\$ —	\$ 2,099,908
Inter-segment sales	63,168	15,045	5,764	(83,977)	—
Total	<u>\$ 1,398,779</u>	<u>\$ 520,864</u>	<u>\$ 264,242</u>	<u>\$ (83,977)</u>	<u>\$ 2,099,908</u>
Adjusted EBIT	\$ 272,324	\$ 63,371	\$ 38,493	\$ (11,586)	\$ 362,602
Special items charge (gain) ⁽¹⁾	5,742	3,557	—	—	9,299
EBIT	<u>\$ 266,582</u>	<u>\$ 59,814</u>	<u>\$ 38,493</u>	<u>\$ (11,586)</u>	<u>\$ 353,303</u>
Interest income					1,668
Interest expense					(26,567)
Income before income taxes					<u>\$ 328,404</u>
<i>Six Months Ended June 30, 2022</i>					
Net sales	\$ 1,129,714	\$ 494,670	\$ 270,653	\$ —	\$ 1,895,037
Inter-segment sales	57,187	15,755	5,928	(78,870)	—
Total	<u>\$ 1,186,901</u>	<u>\$ 510,425</u>	<u>\$ 276,581</u>	<u>\$ (78,870)</u>	<u>\$ 1,895,037</u>
Adjusted EBIT	\$ 229,635	\$ 72,096	\$ 37,520	\$ (8,785)	\$ 330,466
Special items charge (gain) ⁽²⁾	(3,274)	1,501	—	—	(1,773)
EBIT	<u>\$ 232,909</u>	<u>\$ 70,595</u>	<u>\$ 37,520</u>	<u>\$ (8,785)</u>	<u>\$ 332,239</u>
Interest income					604
Interest expense					(13,261)
Income before income taxes					<u>\$ 319,582</u>

- (1) In the three and six months ended June 30, 2023, special items include amortization of step up in value of acquired inventories of \$2,957 and \$5,742 in Americas Welding and \$588 and \$1,659 in International Welding, respectively, and Rationalization and asset impairment net charges of \$2,667 and \$3,544 in International Welding. In the six months ended, special items reflect a gain on asset disposal of \$1,646 in International Welding.
- (2) In the three and six months ended June 30, 2022, special items reflect Rationalization and asset impairment net gains of \$998 in Americas Welding and net charges of \$154 and \$2,039, respectively, in International Welding and amortization of step up in value of acquired inventories of \$1,459 in Americas Welding. In the six months ended June 30, 2022, special items reflect the final settlement related to the termination of a pension plan of \$3,735 in Americas Welding.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

NOTE 6 — RATIONALIZATION AND ASSET IMPAIRMENTS

The Company has rationalization plans within the International Welding segment. The plans include headcount restructuring and the consolidation of manufacturing operations to better align the Company's cost structure with economic conditions and operating needs. At June 30, 2023, liabilities of \$660 for International Welding were recognized in Other current liabilities in the Company's Condensed 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 \$3,544 and \$1,041 in the six months ended June 30, 2023 and 2022, respectively. The charges are primarily related to restructuring activities.

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 rationalization liabilities for the six months ended June 30, 2023:

	Consolidated
Balance at December 31, 2022	\$ 2,207
Payments and other adjustments	(3,957)
Charged to expense	2,410
Balance at June 30, 2023	\$ 660

NOTE 7 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

The following tables set forth the total changes in AOCI by component, net of taxes:

	Three Months Ended June 30, 2023			
	Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges	Defined benefit pension plan activity	Currency translation adjustment	Total
Balance at March 31, 2023	\$ 23,040	\$ (1,221)	\$ (272,708)	\$ (250,889)
Other comprehensive income (loss) before reclassification	(3,459)	—	20,957	17,498
Amounts reclassified from AOCI	(1,429) ¹	(1,366)	—	(2,795)
Net current-period other comprehensive income (loss)	(4,888)	(1,366)	20,957	14,703
Balance at June 30, 2023	\$ 18,152	\$ (2,587)	\$ (251,751)	\$ (236,186)

	Three Months Ended June 30, 2022			
	Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges	Defined benefit pension plan activity	Currency translation adjustment	Total
Balance at March 31, 2022	\$ 13,449	\$ (13,124)	\$ (259,890)	\$ (259,565)
Other comprehensive income (loss) before reclassification	9,439	—	(34,616)	(25,177)
Amounts reclassified from AOCI	(489) ¹	(44)	—	(533)
Net current-period other comprehensive income (loss)	8,950	(44)	(34,616)	(25,710)
Balance at June 30, 2022	\$ 22,399	\$ (13,168)	\$ (294,506)	\$ (285,275)

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

- (1) During the three months ended June 30, 2023, the AOCI reclassification is a component of Net sales of \$1,404 (net of tax of \$480) and Cost of goods sold of \$(25) (net of tax of \$(18)); during the three months ended June 30, 2022, the reclassification is a component of Net sales of \$122 (net of tax of \$59) and Cost of goods sold of \$(367) (net of tax of \$(86)). See Note 13 to the consolidated financial statements for additional details.

	Six Months Ended June 30, 2023			
	Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges	Defined benefit pension plan activity	Currency translation adjustment	Total
Balance at December 31, 2022	\$ 13,909	\$ (1,781)	\$ (287,526)	\$ (275,398)
Other comprehensive income before reclassification	6,675	—	35,775	42,450
Amounts reclassified from AOCI	(2,432) ¹	(806)	—	(3,238)
Net current-period other comprehensive income (loss)	4,243	(806)	35,775	39,212
Balance at June 30, 2023	<u>\$ 18,152</u>	<u>\$ (2,587)</u>	<u>\$ (251,751)</u>	<u>\$ (236,186)</u>

	Six Months Ended June 30, 2022			
	Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges	Defined benefit pension plan activity	Currency translation adjustment	Total
Balance at December 31, 2021	\$ 8,094	\$ (13,231)	\$ (252,442)	\$ (257,579)
Other comprehensive income (loss) before reclassification	15,288	—	(42,064)	(26,776)
Amounts reclassified from AOCI	(983) ¹	63	—	(920)
Net current-period other comprehensive income (loss)	14,305	63	(42,064)	(27,696)
Balance at June 30, 2022	<u>\$ 22,399</u>	<u>\$ (13,168)</u>	<u>\$ (294,506)</u>	<u>\$ (285,275)</u>

- (1) During the six months ended June 30, 2023, the AOCI reclassification is a component of Net sales of \$2,269 (net of tax of \$821) and Cost of goods sold of \$(163) (net of tax of \$(61)); during the six months ended June 30, 2022, the reclassification is a component of Net sales of \$254 (net of tax of \$107) and Cost of goods sold of \$(729) (net of tax of \$(179)). See Note 13 to the consolidated financial statements for additional details.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

NOTE 8 — INVENTORIES

Inventories in the Condensed Consolidated Balance Sheets are comprised of the following components:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 179,968	\$ 181,076
Work-in-process	175,080	164,778
Finished goods	319,706	319,597
Total	<u>\$ 674,754</u>	<u>\$ 665,451</u>

At June 30, 2023 and December 31, 2022, approximately 35% and 38%, respectively, of total inventories were valued using the last-in, first-out ("LIFO") method. The excess of current cost over LIFO cost was \$136,411 and \$133,909 at June 30, 2023 and December 31, 2022, respectively.

NOTE 9 — LEASES

The table below summarizes the right-of-use assets and lease liabilities in the Company's Condensed Consolidated Balance sheets:

<u>Operating Leases</u>	<u>Balance Sheet Classification</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets	Other assets	<u>\$ 52,563</u>	<u>\$ 44,810</u>
Current liabilities	Other current liabilities	\$ 11,538	\$ 10,378
Noncurrent liabilities	Other liabilities	42,604	35,945
Total lease liabilities		<u>\$ 54,142</u>	<u>\$ 46,323</u>

Total lease expense, which is included in Cost of goods sold and Selling, general & administrative expenses in the Company's Consolidated Statements of Income, was \$5,322 and \$11,173 in the three and six months ended June 30, 2023 and \$5,862 and \$11,061 in the three and six months ended June 30, 2022, respectively. Cash paid for amounts included in the measurement of lease liabilities for the three and six months ended June 30, 2023, respectively, were \$3,077 and \$6,222 and are included in Net cash provided by operating activities in the Company's Consolidated Statements of Cash Flows. Cash paid for amounts included in the measurement of lease liabilities for the three and six months ended June 30, 2022, respectively, were \$2,984 and \$6,171 and 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 were \$1,438 and \$5,334 during the three and six months ended June 30, 2023 and \$742 and \$3,479 for the three and six months ended June 30, 2022, respectively.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

The total future minimum lease payments for noncancelable operating leases were as follows:

	June 30, 2023
2023	\$ 7,547
2024	12,412
2025	9,479
2026	7,791
2027	6,012
After 2027	18,771
Total lease payments	\$ 62,012
Less: Imputed interest	7,870
Operating lease liabilities	\$ 54,142

As of June 30, 2023, the weighted average remaining lease term is 7.5 years and the weighted average discount rate used to determine the operating lease liability is 3.3%.

NOTE 10 — DEBT

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. On March 8, 2023, the Credit Agreement was amended to replace the LIBOR rate to a term secured overnight finance rate ("SOFR"); as such, the interest rate on borrowings is based on SOFR plus a spread of 0.85% to 1.85% based on (1) the Company's net leverage ratio and (2) a credit spread adjustment. 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 June 30, 2023, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Credit Agreement.

The Company has other lines of credit and debt agreements totaling \$85,242. As of June 30, 2023, the Company was in compliance with all of its covenants and had outstanding debt under short-term lines of credit of \$10,406.

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 2015 Notes and 2016 Notes each have an aggregate principal amount of \$350,000, comprised of four different series ranging from \$50,000 to \$100,000, with maturity dates ranging from August 20, 2025 through April 1, 2045, and interest rates ranging from 2.75% to 4.02%. Interest on the Notes is paid semi-annually. The Company's total weighted average effective interest rate and remaining weighted average tenure of the Notes is 3.3% and 10.9 years, respectively. The proceeds of the Notes were used for general corporate purposes. The Notes contain certain affirmative and negative covenants. As of June 30, 2023, the Company was in compliance with all of its debt covenants relating to the Notes.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

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 Notes. As of June 30, 2023, 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. As of June 30, 2023, the Company was in compliance with all of its covenants.

In March 2023, the Company entered into interest rate swap agreements to effectively convert the interest rate on \$150,000 of the Term Loan from a variable rate to a fixed rate.

Fair Value of Debt

At June 30, 2023 and December 31, 2022, the fair value of long-term debt, including the current portion, was approximately \$1,006,609 and \$1,009,020, respectively, which was determined using available market information and methodologies requiring judgment. The carrying value of this debt at such dates was \$1,104,223 and \$1,121,435, 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.

NOTE 11 — OTHER INCOME (EXPENSE)

The components of Other income (expense) were as follows:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Equity earnings in affiliates	\$ 106	\$ 67	\$ 294	\$ 180
Other components of net periodic pension (cost) income ⁽¹⁾	(280)	53	(614)	3,900
Other income (expense) ⁽²⁾	6,920	(1,253)	11,246	(580)
Total Other income (expense)	<u>\$ 6,746</u>	<u>\$ (1,133)</u>	<u>\$ 10,926</u>	<u>\$ 3,500</u>

(1) In 2022, Other components of net periodic pension (cost) income includes pension settlements and curtailments.

(2) In 2023, Other income (expense) primarily relates to non-recurring items such as royalty and other non-operating gains.

NOTE 12 — INCOME TAXES

The Company recognized \$69,142 of tax expense on pretax income of \$328,404, resulting in an effective income tax rate of 21.1% for the six months ended June 30, 2023. The effective income tax rate was 20.6% for the six months ended June 30, 2022.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

The effective tax rate was slightly higher for the six months ended June 30, 2023, as compared with the same period in 2022, primarily due to mix of earnings and discrete tax items.

As of June 30, 2023, the Company had \$13,435 of unrecognized tax benefits. If recognized, approximately \$10,339 would be reflected as a component of income tax expense.

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 U.S., various state and non-U.S. income tax audits.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted for changing facts and circumstances, including 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 reduction of \$1,295 in previously unrecognized tax benefits by the end of the second quarter 2024.

NOTE 13 — 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 in the three and six months ended June 30, 2023 and 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 June 30, 2023. 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 \$67,912 at June 30, 2023 and \$66,296 at December 31, 2022.

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 June 30, 2023 and December 31, 2022 and have a termination date of August 2025.

The Company has commodity contracts with a notional amount of 225,000 pounds and 875,000 pounds at June 30, 2023 and December 31, 2022, respectively, which are qualified and designated as cash flow hedges.

In March 2023, the Company entered into interest rate swap agreements, which were qualified and designated as cash flow hedges, with an aggregate notional amount of \$150,000. The interest rate swaps will effectively convert the interest rate on \$150,000 of the Term Loan discussed in Note 10 from a variable rate based on one-month SOFR to a fixed rate.

Net Investment Hedges

The Company has foreign currency forward contracts that qualify and are designated as net investment hedges. The dollar equivalent gross notional amount of these contracts was \$90,561 at June 30, 2023 and \$88,843 at December 31, 2022.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

Derivatives Not Designated as Hedging Instruments

The Company has certain foreign exchange forward contracts that are not designated as hedges. These derivatives are held as economic hedges of certain balance sheet exposures. The dollar equivalent gross notional amount of these contracts was \$439,732 and \$380,443 at June 30, 2023 and December 31, 2022, respectively.

Fair values of derivative instruments in the Company's Condensed Consolidated Balance Sheets follow:

	June 30, 2023				December 31, 2022			
	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities
Derivatives by hedge designation								
Designated as hedging instruments:								
Foreign exchange contracts	\$ 4,070	\$ 808	\$ —	\$ —	\$ 1,467	\$ 738	\$ —	\$ —
Interest rate swap agreements	—	—	3,441	—	—	—	—	—
Forward starting swap agreements	—	—	18,976	—	—	—	19,291	—
Net investment contracts	400	—	—	—	—	2,229	—	—
Commodity contracts	8	43	—	—	181	33	—	—
Not designated as hedging instruments:								
Foreign exchange contracts	2,804	2,085	—	—	2,348	790	—	—
Total derivatives	\$ 7,282	\$ 2,936	\$ 22,417	\$ —	\$ 3,996	\$ 3,790	\$ 19,291	\$ —

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)	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Not designated as hedges:					
	Selling, general & administrative expenses				
Foreign exchange contracts		\$ 5,080	\$ (1,359)	\$ 11,770	\$ 538

The effects of designated hedges on AOCI and the Company's Consolidated Statements of Income consisted of the following:

Total gain (loss) recognized in AOCI, net of tax	June 30, 2023	December 31, 2022
Foreign exchange contracts	\$ 2,457	\$ 627
Interest rate swap agreements	2,553	—
Forward starting swap agreements	13,144	13,191
Net investment contracts	8,117	9,440
Commodity contracts	(2)	91

The Company expects a gain of \$2,455 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.

Derivative type	Gain recognized in the Consolidated Statements of Income:	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Foreign exchange contracts	Sales	\$ 1,884	\$ 181	\$ 3,090	\$ 361
	Cost of goods sold	27	343	28	628
Commodity contracts	Cost of goods sold	16	110	196	280

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

NOTE 14 - FAIR VALUE

The following table provides a summary of assets and liabilities as of June 30, 2023, measured at fair value on a recurring basis:

Description	Balance as of June 30, 2023	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Foreign exchange contracts	\$ 6,874	\$ —	\$ 6,874	\$ —
Net investment contracts	400	—	400	—
Commodity contracts	8	—	8	—
Interest rate swap agreements	3,441	—	3,441	—
Forward starting swap agreements	18,976	—	18,976	—
Pension surplus	51,397	51,397	—	—
Total assets	\$ 81,096	\$ 51,397	\$ 29,699	\$ —
Liabilities:				
Foreign exchange contracts	\$ 2,893	\$ —	\$ 2,893	\$ —
Commodity contracts	43	—	43	—
Deferred compensation	39,376	—	39,376	—
Total liabilities	\$ 42,312	\$ —	\$ 42,312	\$ —

The following table provides a summary of assets and liabilities as of December 31, 2022, measured at fair value on a recurring basis:

Description	Balance as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
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	—	—
Total assets	\$ 79,705	\$ 56,418	\$ 23,287	\$ —
Liabilities:				
Foreign exchange contracts	\$ 1,528	\$ —	\$ 1,528	\$ —
Net investment contracts	2,229	—	2,229	—
Commodity contracts	33	—	33	—
Deferred compensation	39,090	—	39,090	—
Total liabilities	\$ 42,880	\$ —	\$ 42,880	\$ —

The Company's derivative contracts are valued at fair value using the market approach. The Company measures the fair value of foreign exchange contracts, forward starting swap agreements, net investment contracts and interest rate swap agreements using Level 2 inputs based on observable spot and forward rates in active markets.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Dollars in thousands, except per share amounts

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 Cash and cash equivalents, Marketable securities, Accounts receivable, Short-term debt excluding the current portion of long-term debt and Trade accounts payable approximated book value due to the short-term nature of these instruments at both June 30, 2023 and December 31, 2022.

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 June 30, 2023.

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.

NOTE 15 – SUPPLIER FINANCING PROGRAM

The Company's suppliers, at the supplier's sole discretion, are able to factor receivables due from the Company to a financial institution on terms directly negotiated with the financial institution without affecting the Company's balance sheet classification of the corresponding payable. The Company pays the financial institution the stated amount of the confirmed invoices from its designated suppliers on the original maturity dates of the invoices. Invoices with suppliers have terms between 120 and 180 days. The Company does not provide secured legal assets or other forms of guarantees under the arrangement and has no involvement in establishing the terms or conditions of the arrangement between its suppliers and the financial institution. The amounts due to the financial institution for suppliers that participate in the supplier financing program are included in Accounts payable on the Company's Consolidated Balance Sheets, and the associated payments are included in operating activities in the Consolidated Statements of Cash Flows. At June 30, 2023 and December 31, 2022, Accounts payable included \$37,022 and \$33,475, respectively, payable to suppliers that have elected to participate in the supplier financing program.

ITEM 2. 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 unaudited consolidated financial statements and other financial information included elsewhere in this Quarterly Report on Form 10-Q.

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. Welding products include arc welding power sources, computer numerical control and plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes, welding accessories and specialty welding consumables and fabrication. The Company’s product offering also includes oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing. In addition, the Company has a leading global position in the brazing and soldering alloys market.

The Company’s products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and 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 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 oxy-fuel cutting, soldering and brazing businesses as well as its retail business in the United States.

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. 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.

On July 21, 2023, Christopher L. Mapes, the Company’s President and Chief Executive Officer and Chairman of the Board of Directors, notified the Company of his intention to retire from his position as President and Chief Executive Officer effective as of the close of business on December 31, 2023. After December 31, 2023, Mr. Mapes will be designated Executive Chairman of the Board. In connection with Mr. Mapes’ notification of his retirement, the Board elected Steven B. Hedlund, as President and Chief Executive Officer of the Company, effective as of January 1, 2024 (the “Transition Date”). Mr. Mapes will remain principal executive officer until the close of business on December 31, 2023, and Mr. Hedlund will succeed Mr. Mapes as principal executive officer as of the Transition Date.

Results of Operations

The following table shows the Company's results of operations:

	Three Months Ended June 30,					
	2023		2022		Favorable (Unfavorable) 2023 vs. 2022	
	Amount	% of Sales	Amount	% of Sales	\$	%
Net sales	\$ 1,060,565		\$ 969,589		\$ 90,976	9.4 %
Cost of goods sold	687,137		636,108		(51,029)	(8.0)%
Gross profit	373,428	35.2 %	333,481	34.4 %	39,947	12.0 %
Selling, general & administrative expenses	192,748	18.2 %	166,792	17.2 %	(25,956)	(15.6)%
Rationalization and asset impairment charges	2,667	0.3 %	(844)	(0.1)%	(3,511)	(416.0)%
Operating income	178,013	16.8 %	167,533	17.3 %	10,480	6.3 %
Interest expense, net	11,699		6,459		(5,240)	(81.1)%
Other income (expense)	6,746		(1,133)		7,879	695.4 %
Income before income taxes	173,060	16.3 %	159,941	16.5 %	13,119	8.2 %
Income taxes	35,729		32,118		(3,611)	(11.2)%
Effective tax rate	20.6 %		20.1 %		(0.5)%	
Net income	\$ 137,331	12.9 %	\$ 127,823	13.2 %	\$ 9,508	7.4 %
Diluted earnings per share	\$ 2.36		\$ 2.18		\$ 0.18	8.3 %

	Six Months Ended June 30,					
	2023		2022		Favorable (Unfavorable) 2023 vs. 2022	
	Amount	% of Sales	Amount	% of Sales	\$	%
Net sales	\$ 2,099,908		\$ 1,895,037		\$ 204,871	10.8 %
Cost of goods sold	1,371,123		1,231,779		(139,344)	(11.3)%
Gross profit	728,785	34.7 %	663,258	35.0 %	65,527	9.9 %
Selling, general & administrative expenses	382,864	18.2 %	333,478	17.6 %	(49,386)	(14.8)%
Rationalization and asset impairment charges	3,544	0.2 %	1,041	0.1 %	(2,503)	(240.4)%
Operating income	342,377	16.3 %	328,739	17.3 %	13,638	4.1 %
Interest expense, net	24,899		12,657		(12,242)	(96.7)%
Other income	10,926		3,500		7,426	212.2 %
Income before income taxes	328,404	15.6 %	319,582	16.9 %	8,822	2.8 %
Income taxes	69,142		65,729		(3,413)	(5.2)%
Effective tax rate	21.1 %		20.6 %		(0.5)%	
Net income	\$ 259,262	12.3 %	\$ 253,853	13.4 %	\$ 5,409	2.1 %
Diluted earnings per share	\$ 4.44		\$ 4.30		\$ 0.14	3.3 %

Net Sales:

The following table summarizes the impact of volume, acquisitions, price and foreign currency exchange rates on Net sales on a consolidated basis:

	Net Sales 2022	Change in Net Sales due to:				Net Sales 2023
		Volume	Acquisitions	Price	Foreign Exchange	
Lincoln Electric Holdings, Inc.	\$ 969,589	\$ 34,537	\$ 49,956	\$ 8,381	\$ (1,898)	\$ 1,060,565
% Change						
Lincoln Electric Holdings, Inc.		3.6 %	5.2 %	0.9 %	(0.2)%	9.4 %

Six Months Ended June 30,

	Net Sales 2022	Change in Net Sales due to:				Net Sales 2023
		Volume	Acquisitions	Price	Foreign Exchange	
Lincoln Electric Holdings, Inc.	\$ 1,895,037	\$ 73,513	\$ 102,561	\$ 48,514	\$ (19,717)	\$ 2,099,908
% Change						
Lincoln Electric Holdings, Inc.		3.9 %	5.4 %	2.6 %	(1.0)%	10.8 %

Net sales increased in the three and six months ended June 30, 2023 driven by 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 increased for the three and six months ended June 30, 2023 driven by higher volumes and pricing actions taken to offset higher inputs costs. Last-in, first-out ("LIFO") charges were \$310 and \$2,502 in the three and six months ended June 30, 2023, respectively, as compared with charges of \$10,424 and \$17,312, respectively, in the same 2022 periods.

Selling, General & Administrative ("SG&A") Expenses:

SG&A expenses increased for the three and six months ended June 30, 2023 as compared to the same 2022 periods, primarily due to acquisitions and higher employee-related costs.

Income Taxes:

The effective tax rate was slightly higher for the three and six months ended June 30, 2023 as compared to the same periods in 2022, primarily due to mix of earnings and discrete tax items.

Segment Results
Three Months Ended June 30,

	Net Sales 2022	Change in Net Sales due to:				Net Sales 2023
		Volume ⁽¹⁾	Acquisitions ⁽²⁾	Price ⁽³⁾	Foreign Exchange ⁽⁴⁾	
Operating Segments						
Americas Welding	\$ 595,659	\$ 34,384	\$ 43,947	\$ 5,974	\$ (2,998)	\$ 676,966
International Welding	236,629	9,006	6,009	999	760	253,403
The Harris Products Group	137,301	(8,853)	—	1,408	340	130,196
% Change						
Americas Welding		5.8 %	7.4 %	1.0 %	(0.5)%	13.6 %
International Welding		3.8 %	2.5 %	0.4 %	0.3 %	7.1 %
The Harris Products Group		(6.4)%	—	1.0 %	0.2 %	(5.2)%

Six Months Ended June 30,

	Net Sales 2022	Change in Net Sales due to:				Net Sales 2023
		Volume ⁽¹⁾	Acquisitions ⁽²⁾	Price ⁽³⁾	Foreign Exchange ⁽⁴⁾	
Operating Segments						
Americas Welding	\$ 1,129,714	\$ 93,034	\$ 89,196	\$ 30,673	\$ (7,006)	\$ 1,335,611
International Welding	494,670	(5,651)	13,365	15,868	(12,433)	505,819
The Harris Products Group	270,653	(13,870)	—	1,973	(278)	258,478
% Change						
Americas Welding		8.2 %	7.9 %	2.7 %	(0.6)%	18.2 %
International Welding		(1.1)%	2.7 %	3.2 %	(2.5)%	2.3 %
The Harris Products Group		(5.1)%	—	0.7 %	(0.1)%	(4.5)%

- (1) Increase for the three and six months ended June 30, 2023 for Americas Welding due to higher volumes in all product groups. Increase for the three months ended June 30, 2023 for International Welding due to higher volumes in all product groups. Decrease for the six months ended June 30, 2023 for International Welding due to challenging prior year comparisons. Decreases in The Harris Products Group due to lower retail volumes.
- (2) Increase for the three and six months ended June 30, 2023 for Americas Welding and International Welding due to the acquisitions discussed in Note 4 to the consolidated financial statements.
- (3) Increase for the three and six months ended June 30, 2023 for all segments reflects increased product pricing to offset higher input costs.
- (4) Decrease for the six months ended June 30, 2023 in International Welding primarily due to the Turkish Lira and the Euro.

Adjusted Earnings Before Interest and Income Taxes:

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 Other income (expense). 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:

	Three Months Ended June 30,		Favorable (Unfavorable) 2023 vs. 2022	
	2023	2022	\$	%
Americas Welding:				
Net sales	\$ 676,966	\$ 595,659	\$ 81,307	13.6 %
Inter-segment sales	30,850	29,031	1,819	6.3 %
Total Sales	\$ 707,816	\$ 624,690	83,126	13.3 %
Adjusted EBIT ⁽⁴⁾	\$ 139,870	\$ 118,067	21,803	18.5 %
As a percent of total sales ⁽¹⁾	19.8 %	18.9 %		0.9 %
International Welding:				
Net sales	\$ 253,403	\$ 236,629	16,774	7.1 %
Inter-segment sales	8,292	9,527	(1,235)	(13.0)%
Total Sales	\$ 261,695	\$ 246,156	15,539	6.3 %
Adjusted EBIT ⁽⁵⁾	\$ 33,774	\$ 35,009	(1,235)	(3.5)%
As a percent of total sales ⁽²⁾	12.9 %	14.2 %		(1.3)%
The Harris Products Group:				
Net sales	\$ 130,196	\$ 137,301	(7,105)	(5.2)%
Inter-segment sales	2,867	2,866	1	0.0 %
Total Sales	\$ 133,063	\$ 140,167	(7,104)	(5.1)%
Adjusted EBIT	\$ 19,510	\$ 17,922	1,588	8.9 %
As a percent of total sales ⁽³⁾	14.7 %	12.8 %		1.9 %
Corporate / Eliminations:				
Inter-segment sales	\$ (42,009)	\$ (41,424)	(585)	(1.4)%
Adjusted EBIT	(2,183)	(3,983)	1,800	45.2 %
Consolidated:				
Net sales	\$ 1,060,565	\$ 969,589	90,976	9.4 %
Net income	\$ 137,331	\$ 127,823	9,508	7.4 %
As a percent of total sales	12.9 %	13.2 %		(0.3)%
Adjusted EBIT ⁽⁶⁾	\$ 190,971	\$ 167,015	23,956	14.3 %
As a percent of sales	18.0 %	17.2 %		0.8 %

- (1) Increase for the three months ended June 30, 2023 as compared to June 30, 2022 primarily driven by higher volumes and pricing actions taken to offset higher inputs costs, offset by acquisition impacts.
- (2) Decrease for the three months ended June 30, 2023 as compared to June 30, 2022 primarily driven by challenging prior year comparisons.
- (3) Increase for the three months ended June 30, 2023 as compared to June 30, 2022 primarily reflects effective cost management and operational efficiency from integration activities.
- (4) The three months ended June 30, 2023 exclude the amortization of the step up in value of acquired inventories of \$2,957 as discussed in Note 4 to the consolidated financial statements. The three months ended June 30, 2022 exclude the amortization of step up in value of acquired inventories of \$1,459 related to an acquisition as discussed in Note 4 to the consolidated financial statements and Rationalization and asset impairment net gains of \$998 as discussed in Note 6 to the consolidated financial statements.
- (5) The three months ended June 30, 2023 exclude Rationalization and asset impairment net charges of \$2,667 primarily due to restructuring activities as discussed in Note 6 to the consolidated financial statements and the amortization of the step up in value of acquired inventories of \$588 as discussed in Note 4 to the consolidated financial statements. The three months ended June 30, 2022 exclude Rationalization and asset impairment charges of \$154 as discussed in Note 6 to the consolidated financial statements.
- (6) See non-GAAP Financial Measures for a reconciliation of Net income as reported and Adjusted EBIT.

	Six Months Ended June 30,		Favorable (Unfavorable) 2023 vs. 2022	
	2023	2022	\$	%
<i>Americas Welding:</i>				
Net sales	\$ 1,335,611	\$ 1,129,714	\$ 205,897	18.2 %
Inter-segment sales	63,168	57,187	5,981	10.5 %
Total Sales	\$ 1,398,779	\$ 1,186,901	211,878	17.9 %
Adjusted EBIT ⁽⁴⁾	\$ 272,324	\$ 229,635	42,689	18.6 %
As a percent of total sales ⁽¹⁾	19.5 %	19.3 %		0.2 %
<i>International Welding:</i>				
Net sales	\$ 505,819	\$ 494,670	11,149	2.3 %
Inter-segment sales	15,045	15,755	(710)	(4.5)%
Total Sales	\$ 520,864	\$ 510,425	10,439	2.0 %
Adjusted EBIT ⁽⁵⁾	\$ 63,371	\$ 72,096	(8,725)	(12.1)%
As a percent of total sales ⁽²⁾	12.2 %	14.1 %		(1.9)%
<i>The Harris Products Group:</i>				
Net sales	\$ 258,478	\$ 270,653	(12,175)	(4.5)%
Inter-segment sales	5,764	5,928	(164)	(2.8)%
Total Sales	\$ 264,242	\$ 276,581	(12,339)	(4.5)%
Adjusted EBIT	\$ 38,493	\$ 37,520	973	2.6 %
As a percent of total sales ⁽³⁾	14.6 %	13.6 %		1.0 %
<i>Corporate / Eliminations:</i>				
Inter-segment sales	\$ (83,977)	\$ (78,870)	(5,107)	(6.5)%
Adjusted EBIT	(11,586)	(8,785)	(2,801)	(31.9)%
<i>Consolidated:</i>				
Net sales	\$ 2,099,908	\$ 1,895,037	204,871	10.8 %
Net income	\$ 259,262	\$ 253,853	5,409	2.1 %
As a percent of total sales	12.3 %	13.4 %		(1.1)%
Adjusted EBIT ⁽⁶⁾	\$ 362,602	\$ 330,466	32,136	9.7 %
As a percent of sales	17.3 %	17.4 %		(0.1)%

- (1) Increase for the six months ended June 30, 2023 as compared to June 30, 2022 primarily driven by higher volumes and pricing actions taken to offset higher inputs costs, offset by acquisition impacts.
- (2) Decrease for the six months ended June 30, 2023 as compared to June 30, 2022 primarily driven by challenging prior year comparisons.
- (3) Increase for the six months ended June 30, 2023 as compared to June 30, 2022 primarily reflects effective cost management and operational efficiency from integration activities.
- (4) The six months ended June 30, 2023 exclude the amortization of the step up in value of acquired inventories of \$5,742 as discussed in Note 4 to the consolidated financial statements. The six months ended June 30, 2022 exclude 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 \$1,459 as discussed in Note 4 to the consolidated financial statements and Rationalization and asset impairment net gains of \$998 as discussed in Note 6 to the consolidated financial statements.
- (5) The six months ended June 30, 2023 exclude Rationalization and asset impairment net charges of \$3,544 primarily due to restructuring activities as discussed in Note 6 to the consolidated financial statements, the amortization of the step up in value of acquired inventories of \$1,659 as discussed in Note 4 to the consolidated financial statements and a gain on asset disposal of \$1,646. The six months ended June 30, 2022 exclude Rationalization and asset impairment charges of \$2,039 as discussed in Note 6 to the consolidated financial statements.
- (6) 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 net income, Adjusted EBIT, Adjusted effective tax rate, Adjusted diluted earnings per share ("EPS"), Adjusted return on invested capital ("Adjusted ROIC"), Adjusted net operating profit after taxes, Cash conversion and Organic sales, 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.

The following table presents the reconciliations of Operating income as reported to Adjusted operating income, 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>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating income as reported	\$ 178,013	\$ 167,533	\$ 342,377	\$ 328,739
Special items (pre-tax):				
Rationalization and asset impairment charges ⁽¹⁾	2,667	(844)	3,544	1,041
Amortization of step up in value of acquired inventories ⁽²⁾	3,545	1,459	7,401	1,459
Adjusted operating income	<u>\$ 184,225</u>	<u>\$ 168,148</u>	<u>\$ 353,322</u>	<u>\$ 331,239</u>
Net income as reported	\$ 137,331	\$ 127,823	\$ 259,262	\$ 253,853
Special items:				
Rationalization and asset impairment charges ⁽¹⁾	2,667	(844)	3,544	1,041
Pension settlement net gains ⁽³⁾	—	—	—	(4,273)
Amortization of step up in value of acquired inventories ⁽²⁾	3,545	1,459	7,401	1,459
Gains on asset disposal ⁽⁴⁾	—	—	(1,646)	—
Tax effect of Special items ⁽⁵⁾	(1,311)	(252)	(2,129)	789
Adjusted net income	<u>142,232</u>	<u>128,186</u>	<u>266,432</u>	<u>252,869</u>
Interest expense, net	11,699	6,459	24,899	12,657
Income taxes as reported	35,729	32,118	69,142	65,729
Tax effect of Special items ⁽⁵⁾	1,311	252	2,129	(789)
Adjusted EBIT	<u>\$ 190,971</u>	<u>\$ 167,015</u>	<u>\$ 362,602</u>	<u>\$ 330,466</u>
Effective tax rate as reported	20.6 %	20.1 %	21.1 %	20.6 %
Net special item tax impact	0.1 %	0.1 %	0.0 %	(0.2) %
Adjusted effective tax rate	<u>20.7 %</u>	<u>20.2 %</u>	<u>21.1 %</u>	<u>20.4 %</u>
Diluted earnings per share as reported	\$ 2.36	\$ 2.18	\$ 4.44	\$ 4.30
Special items per share	0.08	—	0.13	(0.01)
Adjusted diluted earnings per share	<u>\$ 2.44</u>	<u>\$ 2.18</u>	<u>\$ 4.57</u>	<u>\$ 4.29</u>

(1) Primarily related to restructuring activities as discussed in Note 6 to the consolidated financial statements.

(2) Costs related to the acquisition and are included in Cost of goods sold.

(3) Pension net gains primarily due to the final settlement associated with the termination of a pension plan and are included in Other income (expense).

(4) Gain on asset disposal and included in Other income (expense).

(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, providing cash and access to capital markets. 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 at least the next twelve months and the foreseeable future thereafter 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:

	Six Months Ended June 30,		
	2023	2022	\$ Change
Cash provided by operating activities ⁽¹⁾	\$ 322,776	\$ 141,301	\$ 181,475
Cash used by investing activities ⁽²⁾	(76,346)	(55,005)	(21,341)
Capital expenditures	(40,552)	(34,602)	(5,950)
Acquisition of businesses, net of cash acquired	(32,657)	(22,095)	(10,562)
Cash used by financing activities ⁽³⁾	(226,898)	(122,366)	(104,532)
(Payments on) proceeds from short-term borrowings	(72,224)	64,960	(137,184)
(Payments on) proceeds from long-term borrowings	(6,978)	6,869	(13,847)
Purchase of shares for treasury	(85,234)	(129,698)	44,464
Cash dividends paid to shareholders	(74,472)	(65,914)	(8,558)
Increase (decrease) in Cash and cash equivalents ⁽⁴⁾	23,333	(40,162)	63,495

(1) Cash provided by operating activities increased for the six months ended June 30, 2023, compared with the six months ended June 30, 2022 primarily due to improved working capital position.

(2) Cash used by investing activities increased for the six months ended June 30, 2023, compared with the six months ended June 30, 2022 primarily due to capital expenditures and cash used in the acquisition of businesses in 2023. The Company currently anticipates capital expenditures of \$80,000 to \$100,000 in 2023. Anticipated capital expenditures include investments for capital maintenance and projects to increase efficiency, reduce costs, promote business growth or improve the overall safety and environmental conditions of the Company's facilities.

(3) Cash used by financing activities increased in the six months ended June 30, 2023, compared with the six months ended June 30, 2022 due to increased payments on short- and long-term borrowings in 2023.

(4) Cash and cash equivalents increased 11.8%, or \$23,333, to \$220,483 during the six months ended June 30, 2023, from \$197,150 as of December 31, 2022. At June 30, 2023, \$163,326 of Cash and cash equivalents was held by international subsidiaries.

In July 2023, the Company paid a cash dividend of \$0.64 per share, or \$36,744, to shareholders of record as of June 30, 2023.

Working Capital Ratios

	June 30, 2023	December 31, 2022	June 30, 2022
Average operating working capital to Net sales ⁽¹⁾	18.9 %	20.9 %	19.0 %
Days sales in Inventories	122.5	132.5	128.4
Days sales in Accounts receivable	51.8	57.0	51.5
Average days in Trade accounts payable	52.9	57.0	59.6

(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.

Return on Invested Capital

The Company reviews ROIC in assessing and evaluating the Company's underlying operating performance. As discussed in the Non-GAAP Financial Measures section above, 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. The calculation 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 Short-term debt and Long-term debt, less current portions, plus Total equity.

The following table presents the reconciliations of ROIC and Adjusted ROIC to net income:

	Twelve Months Ended June 30,	
	2023	2022
Net income as reported	\$ 477,633	\$ 360,037
Plus: Interest expense (after-tax)	33,234	18,832
Less: Interest income (after-tax)	1,999	986
Net operating profit after taxes	\$ 508,868	\$ 377,883
Special items:		
Rationalization and asset impairment charges	14,291	6,075
Acquisition transaction costs ⁽¹⁾	6,003	—
Pension settlement charges ⁽²⁾	—	115,693
Amortization of step up in value of acquired inventories	7,048	5,422
Gain on asset disposal	(1,646)	—
Tax effect of Special items ⁽³⁾	(4,110)	(44,405)
Adjusted net operating profit after taxes	\$ 530,454	\$ 460,668
Invested Capital	June 30, 2023	June 30, 2022
Short-term debt	\$ 10,406	\$ 125,458
Long-term debt, less current portion	1,103,898	712,908
Total debt	1,114,304	838,366
Total equity	1,201,424	912,983
Invested capital	\$ 2,315,728	\$ 1,751,349
Return on invested capital as reported	22.0 %	21.6 %
Adjusted return on invested capital	22.9 %	26.3 %

(1) Related to acquisitions and are included in SG&A expenses.

- (2) Related to lump sum pension payments due to the final settlement associated with the termination of a pension plan.
- (3) 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.

New Accounting Pronouncements

Refer to Note 1 to the consolidated financial statements for a discussion of new accounting pronouncements.

Acquisitions

Refer to Note 4 to the consolidated financial statements for a discussion of the Company's recent acquisitions.

Debt

Fair Value of Debt

At June 30, 2023 and December 31, 2022, the fair value of long-term debt, including the current portion, was approximately \$1,006,609 and \$1,009,020, respectively, which was determined using available market information and methodologies requiring judgment. The carrying value of this debt at such dates was \$1,104,223 and \$1,121,435, 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.

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. On March 8, 2023, the Credit Agreement was amended to replace the LIBOR rate to a term secured overnight finance rate ("SOFR"); as such, the interest rate on borrowings is based on SOFR plus a spread of 0.85% to 1.85% based on (1) the Company's net leverage ratio and (2) a credit spread adjustment. 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 June 30, 2023, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Credit Agreement.

The Company has other lines of credit and debt agreements totaling \$85,242. As of June 30, 2023, the Company was in compliance with all of its covenants and had outstanding debt under short-term lines of credit of \$10,406.

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 2015 Notes and 2016 Notes each have an aggregate principal amount of \$350,000, comprised of four different series ranging from \$50,000 to \$100,000, with maturity dates ranging from August 20, 2025 through April 1, 2045, and interest rates ranging from 2.75% and 4.02%. Interest on the Notes is paid semi-annually. The Company's total weighted average effective interest rate and remaining weighted average tenure of the Notes is 3.3% and 10.9 years, respectively. The proceeds of the Notes were used for general corporate purposes. The Notes contain certain affirmative and negative covenants. As of June 30, 2023, the Company was in compliance with all of its debt covenants relating to the Notes.

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. As of June 30, 2023, the Company was in compliance with all of its covenants.

In March 2023, the Company entered into interest rate swap agreements to effectively convert the interest rate on \$150,000 of the Term Loan from a variable rate to a fixed rate.

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 Notes. As of June 30, 2023, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

Forward-looking Statements

The Company’s expectations and beliefs concerning the future contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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” 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. 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; 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, on the Company or its customers, suppliers and the economy in general. For additional discussion, see “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company’s exposure to market risk since December 31, 2022. See “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2023.

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 quarter ended June 30, 2023 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. 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 June 30, 2023, the Company was a co-defendant in cases alleging asbestos induced illness involving claims by approximately 1,458 plaintiffs, which is a net decrease of 9 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 asbestos cases that have been resolved as follows: 56,909 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 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, which could materially affect the Company’s business, financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer purchases of its common shares during the second quarter of 2023 were as follows:

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs ^{(2) (3)}
April 1 - 30, 2023	50,648 ⁽¹⁾	\$ 160.90	48,424	8,702,968
May 1 - 31, 2023	118,209 ⁽¹⁾	169.40	118,065	8,584,903
June 1 - 30, 2023	143,117 ⁽¹⁾	174.00	143,117	8,441,786
Total	311,974	170.13	309,606	

- (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 June 30, 2023.
- (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 programs were 1.6 million shares at a total cost of \$223.0 million for a weighted average cost of \$143.14 per share through June 30, 2023.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

From time to time, the Company's directors and officers may purchase or sell its common shares in the market, including pursuant to plans intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c) ("Rule 10b5-1 plans"). The following table shows the Rule 10b5-1 plans terminated by our directors and executive officers during the three months ended June 30, 2023:

Name and Position	Plan Adoption Date	Plan Termination Date	Number of Shares to be Sold under the Plan
Steve Hedlund, Executive Vice President & Chief Operating Officer	November 30, 2022	May 11, 2023	8,235

ITEM 6. EXHIBITS

(a) Exhibits

10.1*	Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed herewith).
10.2*	Form of Stock Option Agreement for Executive Officers (filed herewith).
10.3*	Form of Restricted Stock Unit Agreement for Executive Officers (filed herewith).
10.4*	Form of Performance Share Award Agreement for Executive Officers (filed herewith).
31.1	Certification of the Chairman, President and Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of the Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of the Chairman, President and Chief Executive Officer (Principal Executive Officer) and Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in the Exhibit 101 attachments)

* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this report.

SIGNATURES

Pursuant to the requirements 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.

/s/ Gabriel Bruno

Gabriel Bruno

Executive Vice President, Chief Financial Officer and
Treasurer

(Principal Financial and Accounting Officer)

July 27, 2023

[Non-Employee Directors– 20__]

LINCOLN ELECTRIC HOLDINGS, INC.

2023 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

Restricted Stock Unit Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company’s 2023 Stock Plan for Non-Employee Directors, and as may be amended from time to time (the “Plan”), pursuant to which the Company may award Restricted Stock Units (“RSUs”) to non-employee Directors of the Company; **WHEREAS**, the Grantee, whose name is set forth on the “Dashboard” tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the “Grant Summary”), is a non-employee Director of the Company;

WHEREAS, the Grantee was awarded RSUs under the Plan by the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company on the Date of Grant in 20__, as set forth on the Grant Summary (the “Date of Grant”), and the execution of an Evidence of Award in the form hereof (this “Agreement”) has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Grantee the award of the number of RSUs set forth on the Grant Summary.

1. Definitions. Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meanings set forth on Exhibit A hereto.
2. Issuance of RSUs. The RSUs covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. Each RSU constitutes the right of the Grantee to receive one Common Share (and dividend equivalents with respect thereto) (or to have one Common Share (and dividend equivalents with respect thereto) credited to the Grantee’s account under the Deferred Compensation Plan, if elected) upon the Grantee’s Distribution Date. The Grantee shall not have the rights of a shareholder with respect to such RSUs, except as provided in Section 9, provided that such RSUs, together with any additional RSUs that the Grantee may become entitled to receive by virtue of a share dividend, a merger or a reorganization in which Lincoln Electric Holdings, Inc. is the surviving corporation or any other change in the capital structure of Lincoln Electric Holdings, Inc., shall be subject to the restrictions hereinafter set forth.
3. Restrictions on Transfer of RSUs. Subject to Section 14 of the Plan, the RSUs subject to this grant may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to the Company, until the Distribution Date; provided, however, that the Grantee’s rights with respect to such RSUs may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 3 shall be void, and the other party

to any such purported transaction shall not obtain any rights to or interest in such RSUs or the underlying Common Shares or dividend equivalents. The Company in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the RSUs subject to this Agreement.

4. Vesting of RSUs. Subject to the terms and conditions of Sections 5 and 6 hereof, all of the RSUs covered by this Agreement shall vest immediately after one full year from the Date of Grant if the Grantee shall have served continuously as a Director for that entire period.
5. Effect of Change in Control. Unless otherwise determined by the Committee, in the event a Change in Control occurs after the Date of Grant but before the RSUs covered by the Agreement vest pursuant to Section 4 or 6 of this Agreement, the RSUs shall vest to the extent provided in Section 11 of the Plan.
6. Effect of Death, Disability, or Retirement; Forfeiture.
 - (a) If the Grantee's service as a Director of the Company should terminate because of the Grantee's death or if the Grantee should incur a Disability prior to the vesting otherwise provided for in Section 4, 5, or 6 hereof, the RSUs subject to this Agreement shall immediately vest in full.
 - (b) If the Grantee's service as a Director of the Company should terminate because of the Grantee's Retirement, prior to the vesting otherwise provided for in Section 4, 5, or 6 hereof, a *pro rata* portion of the RSUs subject to this Agreement shall immediately vest. The *pro rata* portion that shall vest shall be determined by multiplying the total number of RSUs subject to this Agreement by the number of days the Grantee has served as a Director of the Company from the Date of Grant through the date of Retirement, divided by the number of days from the Date of Grant to the date the RSUs would have vested under Section 4 hereof if the Grantee had remained a Director of the Company through such date (rounded down to the nearest whole Common Share). Any RSUs that remain unvested in connection with the Grantee's Retirement will be forfeited.
 - (c) Upon the termination of the Grantee's service as a Director of the Company, all RSUs that have not become vested prior to or at the time of such termination shall be forfeited.
7. Time of Payment of RSUs. Payment of the RSUs shall be made within 60 days of the date on which such RSUs become vested and in all events within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).
8. Deferral of RSUs. The Grantee may elect to defer receipt of the Common Shares underlying the RSUs subject to this Agreement beyond the Distribution Date (and to defer the dividend equivalents with respect thereto), pursuant to and in accordance with the terms of the Deferred Compensation Plan.

9. Dividend Equivalents and Other Rights.

- (a) Except as provided in this Section, the Grantee shall not have any of the rights of a shareholder with respect to the RSUs covered by this Agreement; provided, however, that any additional Common Shares, share rights or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of the Company shall be subject to the same restrictions as the RSUs covered by this Agreement.
- (b) The Grantee shall have the right to receive dividend equivalents with respect to the Common Shares underlying the RSUs on a deferred basis and contingent on the vesting of the RSUs. Dividend equivalents in the RSUs covered by this Agreement shall be sequestered by the Company from and after the Date of Grant until the Distribution Date, whereupon such dividend equivalents shall be paid to the Grantee in the form of cash (or credited to the Grantee's account under the Deferred Compensation Plan, if elected), to the extent such dividend equivalents are attributable to RSUs that have become non-forfeitable. To the extent that RSUs covered by this Agreement are forfeited pursuant to Section 6 hereof, all the dividend equivalents sequestered with respect to such RSUs shall also be forfeited. No interest shall be payable with respect to any such dividend equivalents.
- (c) Under no circumstances will the Company distribute or credit dividend equivalents paid on RSUs as described in Section 9(b) until the Grantee's Distribution Date. The Grantee will not be entitled to vote the Common Shares underlying the RSUs until the Grantee receives such Common Shares on or after the Distribution Date.
- (d) Notwithstanding anything to the contrary in this Section 9, to the extent that any of the RSUs become vested pursuant to this Agreement and the Grantee elects pursuant to Section 8 to defer receipt of the Common Shares underlying the RSUs beyond the Distribution Date (and dividend equivalents with respect thereto) in accordance with the terms of the Deferred Compensation Plan, then the right to receive dividend equivalents thereafter will be governed by the Deferred Compensation Plan from and after the Distribution Date.

10. No Right to Continued Service. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of service as a Director of the Company.

11. Agreement Subject to the Plan. The RSUs evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 10 of the Plan and Section 15 of this Agreement, no such amendment shall adversely affect the rights of the Grantee with respect to the RSUs without the Grantee's consent.

13. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.
14. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
15. RSUs Subject to Clawback Policy. Notwithstanding anything in this Agreement to the contrary, (a) the RSUs covered by this Agreement shall be subject to any clawback policy applicable to the Grantee (including, if applicable, the Company's Recovery of Funds Policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the "Compensation Recovery Policy"), and (b) the Grantee acknowledges and agrees that any and all applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.
16. Code Section 409A. To the extent applicable, it is intended that this Agreement be designed and operated within the requirements of Section 409A of the Code (including any applicable exemptions) and, in the event of any inconsistency between any provision of this Agreement or the Plan and Section 409A of the Code, the provisions of Section 409A of the Code shall control. Any provision in the Plan or this Agreement that is determined to violate the requirements of Section 409A of the Code shall be void and without effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee). Any provision that is required by Section 409A of the Code to appear in the Agreement that is not expressly set forth herein shall be deemed to be set forth herein, and the Agreement shall be administered in all respects as if such provision was expressly set forth herein. Any reference in the Agreement to Section 409A of the Code or a Treasury Regulation section shall be deemed to include any similar or successor provisions thereto.
17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the RSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

The Grantee hereby acknowledges receipt of this Agreement and accepts the RSUs evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that the Grantee understands the acceptance of this

Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if the Grantee manually signed this Agreement.

THIS AGREEMENT is executed in the name and on behalf of the Company on the Date of Grant as set forth in the Grant Summary.

LINCOLN ELECTRIC HOLDINGS, INC.

[INSERT SIGNATURE]

Name:

Title:

NAI-1535869056v3

6

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. “Deferred Compensation Plan” means the Lincoln Electric Holdings, Inc. Non-Employee Directors’ Deferred Compensation Plan, in effect from time to time.
2. “Disability” means the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
3. “Distribution Date” means the date on which the Common Shares represented by vested RSUs shall be distributed to the Grantee as specified in Section 7 (or would have been so distributed absent an election under the Deferred Compensation Plan).

LINCOLN ELECTRIC HOLDINGS, INC.

2023 EQUITY AND INCENTIVE COMPENSATION PLAN

Stock Option Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2023 Equity and Incentive Compensation Plan, as may be amended from time to time (the "Plan"), pursuant to which the Company may grant Option Rights to officers and certain key employees of the Company and its Subsidiaries (as defined in the Plan);

WHEREAS, the Optionee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Optionee was granted an Option Right under the Plan by the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 20__ as set forth on the Grant Summary (the "Date of Grant"), and the Evidence of Award in the form hereof (the "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Optionee the grant of an Option Right ("Option") to purchase the number of Common Shares of the Company set forth on the Grant Summary, at the exercise price per Common Share set forth on the Grant Summary, which exercise price is the closing price of a Common Share as reported on the NASDAQ Global Market on the Date of Grant (the "Option Price").

1. **Definitions.** Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meaning set forth on Exhibit A hereto.

2. **Grant of Option.** The Company has granted to the Optionee the Option, which represents the right of the Optionee to purchase the number of Common Shares set forth on the Grant Summary at the Option Price set forth on the Grant Summary. The Option shall become exercisable in accordance with Section 4, Section 5, or Section 6 hereof.

3. **Form of Option.** The Option evidenced by this Agreement is intended to be a nonqualified stock option and shall not be treated as an "incentive stock option" within the meaning of that term under Section 422 of the Code.

4. Vesting of Option. Subject to the terms and conditions of Sections 5, 6 and 8 hereof, the Option shall become exercisable as follows:

(a) the Option shall become exercisable with respect to one-third (1/3) of the Common Shares underlying the Option on the first anniversary of the Date of Grant, if the Optionee shall have remained in the continuous employ of the Company or a Subsidiary until such anniversary; and

(b) the Option shall become exercisable with respect to an additional one-third (1/3) of the Common Shares underlying the Option on the second and third anniversaries of the Date of Grant, if the Optionee shall have remained in the continuous employ of the Company or a Subsidiary on each such anniversary; and

(c) In calculating one-thirds, the total shall be rounded down to the nearest whole Common Share on each of the first two anniversaries of the Date of Grant, and the remaining Common Share(s) shall be included with those Common Shares for which the Option is exercisable on the third anniversary of the Date of Grant.

5. Effect of Change in Control. Unless otherwise determined by the Committee, in the event a Change in Control occurs prior to the third anniversary of the Date of Grant, any portion of the Option that is not exercisable at the time of the Change in Control shall become exercisable to the extent provided in Section 12 of the Plan.

6. Effects of Death, Disability or Retirement.

(a) The entire Option subject to this Agreement shall become immediately exercisable in full (to the extent not already exercisable) (i) upon the death of the Optionee while in the employment of the Company or any Subsidiary, or (ii) if the Optionee's employment with the Company or any Subsidiary is terminated by the Company or any Subsidiary as a result of the Optionee becoming Disabled.

(b) If, at any time prior to the Option becoming fully exercisable and at a time when no grounds exist for a termination for Cause of the Optionee's employment with the Company or any Subsidiary, the Optionee terminates employment with the Company or any Subsidiary after either (A) the Optionee attains age 60 and completes five years of continuous employment or (B) the Optionee attains age 55 and completes 15 years of continuous employment ("Retirement"), then the Option shall become immediately exercisable in full upon such Retirement (to the extent not already exercisable).

7. Exercise of Option.

(a) To the extent that the Option shall have become exercisable in accordance with the terms of this Agreement, it may be exercised in whole or in part from time to time thereafter as described in this Agreement and will be settled in Common Shares.

(b) To exercise an Option, the Optionee shall give notice (in a manner prescribed by the Company), specifying the number of Common Shares as to which the Option is to be exercised and the date of exercise, and shall provide payment of the Option Price and any applicable taxes, along with any other documentation that may be required by the Company.

- (c) The Option Price shall be payable upon exercise:
- (i) by certified or bank check or other cash equivalent acceptable to the Company;
 - (ii) by transfer to the Company of nonforfeitable, unrestricted Common Shares of the Company that have been owned by the Optionee for at least six (6) months prior to the date of exercise;
 - (iii) pursuant to a net exercise arrangement as described in the Plan; or
 - (iv) by any combination of these methods.

Nonforfeitable, unrestricted Common Shares that are transferred by the Optionee or Common Shares that are withheld in payment of all or any part of the Option Price shall be valued on the basis of their Market Value per Share on the date of exercise.

8. Termination of Option. The Option shall terminate on the earliest of the following dates as provided below:

(a) automatically and without further notice three (3) months after the date upon which the Optionee ceases to be an employee of the Company or a Subsidiary, unless (i) the cessation of employment is a result of the death or Retirement of the Optionee, (ii) the cessation of employment is a result of the Optionee's termination by the Company or any Subsidiary as a result of the Optionee becoming Disabled, (iii) the cessation of employment occurs in connection with a Change in Control as described in Section 12(c)(i)(B) or 12(c)(iii) of the Plan (if and as applicable), or (iv) the cessation of employment occurs in a manner described in Section 8(d) or the last paragraph of this Section 8 below;

(b) automatically and without further notice (i) three (3) years after the date of the death of the Optionee while an employee of the Company or a Subsidiary, (ii) three (3) years after the date that the Optionee's employment is terminated by the Company or any Subsidiary as a result of the Optionee becoming Disabled, or (iii) ten (10) years after the Date of Grant in the case of Retirement of the Optionee;

(c) automatically and without further notice one (1) year after death of the Optionee, if the Optionee dies after the termination of employment with the Company or a Subsidiary and prior to the termination of the Option;

(d) automatically and without further notice upon the termination of the Optionee's employment for Cause; or

(e) automatically and without further notice ten years after the Date of Grant.

Notwithstanding anything in this Agreement to the contrary, unless otherwise determined by the Company, if the Optionee, either during employment by the Company or a Subsidiary or within two (2) years after termination of such employment, (i) shall become an employee of a competitor of the Company or a Subsidiary or (ii) shall engage in any other conduct that is competitive with the Company or a Subsidiary, in each case as reasonably determined by the Company

("Competition"), then the Option shall terminate automatically and without further notice at the time of such Company determination. In addition, if the Company shall so determine, the Optionee shall, promptly upon notice of such determination, (x) return to the Company, in exchange for payment by the Company of the Option Price paid therefor, all the Common Shares that the Optionee has not disposed of that were purchased pursuant to this Agreement within a period of one (1) year prior to the date of the commencement of such Competition, and (y) with respect to any Common Shares so purchased that the Optionee has disposed of, pay to the Company in cash the difference between (i) the Option Price and (ii) the Market Value per Share of the Common Shares on the date of exercise, in each case as reasonably determined by the Company. To the extent that such amounts are not promptly paid to the Company, the Company may set off the amounts so payable to it against any amounts (other than amounts of non-qualified deferred compensation as so defined under Section 409A of the Code) that may be owing from time to time by the Company or a Subsidiary to the Optionee, whether as wages or vacation pay or in the form of any other benefit or for any other reason.

9. Compliance with Law. Notwithstanding any other provision of this Agreement, the Option shall not be exercisable if the exercise thereof or the issuance of Common Shares pursuant thereto would result in a violation of any law. The Company will make reasonable efforts to comply with all applicable federal and state securities laws.

10. Transferability and Exercisability. Subject to Section 15 of the Plan, the Option, including any interest therein, shall not be transferable by the Optionee except by will or the laws of descent and distribution, and the Option shall be exercisable during the lifetime of the Optionee only by the Optionee or, in the event of the Optionee's legal incapacity to do so, by the Optionee's guardian or legal representative acting on behalf of the Optionee in a fiduciary capacity under state law and court supervision.

11. Withholding Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Optionee for applicable income and employment tax and other required withholding purposes with respect to the Option evidenced by this Agreement, the Optionee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Optionee agrees that any required minimum withholding obligations shall be settled by the withholding of a number of Common Shares required to be delivered to the Optionee upon exercise of the Option with a value equal to the amount of such required minimum withholding. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements.

12. No Right to Employment. This Option award is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This Option award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. The Plan and this Agreement will not confer upon the Optionee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Optionee at any time. For purposes of this Agreement, the continuous employment of the Optionee with the Company or a Subsidiary shall not be deemed interrupted, and the Optionee shall not be deemed to have ceased to be an employee

of the Company or any Subsidiary, by reason of (a) the transfer of the Optionee's employment among the Company and its Subsidiaries or (b) an approved leave of absence.

13. Relation to the Other Benefits. Any economic or other benefit to the Optionee under this Agreement or the Plan will not be taken into account in determining any benefits to which the Optionee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

14. Agreement Subject to Plan. The Option evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.

15. Data Privacy.

(a) The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Optionee's employer (the "Employer"), and the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

(b) The Optionee understands that the Company, its Subsidiaries and the Employer hold certain personal information about the Optionee, including, but not limited to, name, home address, email address and telephone number, date of birth, social security, passport or insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all Options or any other entitlement to Common Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Optionee's favor for the purpose of implementing, managing and administering the Plan ("Data").

(c) The Optionee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country or elsewhere (in particular the United States), and that the recipient country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that the Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources representative. The Optionee authorizes the Company, Morgan Stanley Smith Barney, LLC and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom the Optionee may elect to deposit any Common Shares acquired under the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage participation in the Plan. The Optionee understands that the Optionee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the local human resources representative in writing. The Optionee understands that refusing or withdrawing consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Optionee understands that the Optionee may contact the Optionee's local human resources representative.

(d) If the Optionee is resident in California, the Optionee's attention is drawn to Schedule 2 to this Agreement, Employee Data Privacy Notice (United States), which addresses the California Consumer Privacy Act of 2018, as amended (CCPA).

16. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 11 of the Plan and Section 20 of this Agreement, no such amendment will adversely affect the rights of the Optionee with respect to the Option without the Optionee's consent.

17. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

18. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.

19. Restrictive Covenant Agreement. The grant of the Option under this Agreement is contingent upon the Optionee having executed the most recent version of the Company's Proprietary Information, Inventions and Restrictive Covenant Agreement and having returned it to the Company.

20. Option Subject to Clawback Policy. Notwithstanding anything in this Agreement to the contrary, (a) this Option shall be subject to any clawback policy applicable to the Optionee (including, if applicable, the Company's Recovery of Funds Policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the "Compensation Recovery Policy"), and (b) the Optionee acknowledges and agrees that any and all applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

21. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Option and the Optionee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Optionee's consent to participate in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

22. Appendix. Notwithstanding any provisions in this Agreement, the grant of Option is also subject to the special terms and conditions set forth in Appendix A to this Agreement for the Optionee's country. Moreover, if the Optionee relocates to one of the countries included in Appendix A, the special terms and conditions for such country will apply to the Optionee, to the extent the Company determines that the application of such terms and conditions are necessary or

advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

The Optionee hereby acknowledges receipt of this Agreement and accepts the right to receive the Options evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that the Optionee understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if the Optionee manually signed this Agreement.

THIS AGREEMENT is executed by the Company on the Date of Grant.

LINCOLN ELECTRIC HOLDINGS, INC.

[INSERT SIGNATURE]

Name:

Title:

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. “Disabled” means that the Optionee is disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Optionee at the relevant time. In the event that the Company does not maintain a long-term disability plan at any relevant time, the Committee shall determine, in its sole discretion, that an Optionee is “Disabled” if the Optionee meets one of the following requirements: (a) the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) the Optionee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health or long-term disability plan or any similar plan maintained by a third party, but excluding governmental plans, or (c) the Social Security Administration determines the Optionee to be totally disabled.

LINCOLN ELECTRIC HOLDINGS, INC.

2023 EQUITY AND INCENTIVE COMPENSATION PLAN

Restricted Stock Unit Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2023 Equity and Incentive Compensation Plan, as may be amended from time to time (the "Plan"), pursuant to which the Company may award Restricted Stock Units ("RSUs") to officers and certain key employees of the Company and its Subsidiaries;

WHEREAS, the Grantee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Grantee was awarded RSUs under the Plan by the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 20__, as set forth on the Grant Summary (the "Date of Grant"), and the execution of an Evidence of Award in the form hereof (this "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Grantee the award of the number of RSUs set forth on the Grant Summary.

1. **Definitions.** Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meanings set forth on Exhibit A hereto.
 2. **Issuance of RSUs.** The RSUs covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. Each RSU entitles the Grantee to receive one Common Share (or to have one Common Share credited to the Grantee's account under the Deferred Compensation Plan, if elected) upon the Grantee's Distribution Date. The Grantee shall not have the rights of a shareholder with respect to such RSUs, except as provided in Section 10, provided that such RSUs, together with any additional RSUs that the Grantee may become entitled to receive by virtue of a share dividend, a merger or a reorganization in which Lincoln Electric Holdings, Inc. is the surviving corporation or any other change in the capital structure of Lincoln Electric Holdings, Inc., shall be subject to the restrictions hereinafter set forth.
 3. **Restrictions on Transfer of RSUs.** Subject to Section 15 of the Plan, the RSUs subject to this grant may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to the Company, until the Distribution Date; provided, however, that the Grantee's rights with respect to such RSUs may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 3 shall be void, and the other party
-

to any such purported transaction shall not obtain any rights to or interest in such RSUs or the underlying Common Shares. The Company in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the RSUs subject to this Agreement.

4. Vesting of RSUs. Subject to the terms and conditions of Sections 5, 6 and 7 hereof, all of the RSUs covered by this Agreement shall become nonforfeitable upon the Grantee remaining in the continuous employment of the Company or a Subsidiary until the third anniversary of the Date of Grant (the period of time from the Date of Grant to the third anniversary, the “Restriction Period”).
5. Effect of Change in Control. Unless otherwise determined by the Committee:
 - (a) In the event a Change in Control occurs during the Restriction Period, the RSUs covered by this Agreement shall become nonforfeitable to the extent provided in Section 12 of the Plan.
 - (b) If a Replacement Award is provided, notwithstanding anything in this Agreement or the Plan to the contrary, any outstanding RSUs that at the time of the Change in Control are not subject to a “substantial risk of forfeiture” (within the meaning of Section 409A of the Code) will be deemed to be nonforfeitable at the time of such Change in Control and will be paid within 15 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to Section 8.
6. Effect of Death, Disability or Retirement.
 - (a) The RSUs subject to this Agreement shall become immediately nonforfeitable in full (i) upon the death of the Grantee while in the employment of the Company or any Subsidiary, or (ii) if the Grantee’s employment with the Company or any Subsidiary is terminated by the Company or any Subsidiary as a result of the Grantee becoming Disabled.
 - (b) If, prior to the end of the Restriction Period and at a time when no grounds exist for a termination for Cause of the Grantee’s employment with the Company or any Subsidiary, (i) the Grantee terminates employment with the Company or any Subsidiary after either (A) the Grantee attains age 60 and completes five years of continuous employment or (B) the Grantee attains age 55 and completes 15 years of continuous employment, and (ii) prior to such termination of employment, the Grantee has taken all action necessary to accept the RSUs subject to this Agreement through the Morgan Stanley StockPlan Connect portal (or its successor), then the RSUs subject to this Agreement shall become immediately nonforfeitable in full upon such termination of employment.

7. Effect of Termination of Employment and Effect of Competitive Conduct.

- (a) In the event that the Grantee's employment shall terminate in a manner other than any specified in Section 5 or Section 6 hereof, the Grantee shall forfeit any RSUs that have not become nonforfeitable prior to or at the time of such termination as follows:
 - (i) except as described in the following clause (ii), at the time of such termination; or
 - (ii) if Section 12(c)(i)(B) of the Plan applies to the Grantee, then on the twelve-month anniversary of the Grantee's termination of employment if the RSUs do not become nonforfeitable on or prior to such twelve-month anniversary;

provided, however, that the Board upon recommendation of the Committee may order that part or all of such RSUs become nonforfeitable.

- (b) Notwithstanding anything in this Agreement to the contrary, unless otherwise determined by the Company, if the Grantee, either during employment by the Company or a Subsidiary or within two (2) years after termination of such employment, (i) shall become an employee of a competitor of the Company or a Subsidiary or (ii) shall engage in any other conduct that is competitive with the Company or a Subsidiary, in each case as reasonably determined by the Company ("Competition"), then, at the time of such Company determination, the Grantee shall forfeit any RSUs that have not become nonforfeitable. In addition, if the Company shall so determine, the Grantee shall, promptly upon notice of such determination, (x) return to the Company all the Common Shares that the Grantee has not disposed of that were issued in payment of RSUs that became nonforfeitable pursuant to this Agreement and an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, including amounts the Grantee elected to defer under Section 9 hereof, within a period of one (1) year prior to the date of the commencement of such Competition if the Grantee is an employee of the Company or a Subsidiary, or within a period of one (1) year prior to termination of employment with the Company or a Subsidiary if the Grantee is no longer an employee of the Company or a Subsidiary, and (y) with respect to any Common Shares so issued in payment of RSUs pursuant to this Agreement that the Grantee has disposed of, including amounts the Grantee elected to defer under Section 9 hereof, pay to the Company in cash the aggregate Market Value per Share of those Common Shares on the Distribution Date plus an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, in each case as reasonably determined by the Company. To the extent that such amounts are not promptly paid to the Company, the Company may set off the amounts so payable to it against any amounts (other than amounts of non-qualified deferred compensation as so defined under Section 409A of the Code) that may be owing from time to time by the Company or a Subsidiary to the Grantee, whether as wages or vacation pay or in the form of any other benefit or-for any other reason.

8. Time of Payment of RSUs.

- (a) With respect to RSUs (or any portion of RSUs) that constitute deferred compensation within the meaning of Section 409A of the Code (after taking into account any applicable exemptions from Section 409A of the Code), payment for such RSUs, if any, that are vested as of such date as determined in accordance with Section 409A of the Code (less any RSUs which became vested and were paid on an earlier date) shall be made on (or within 15 days after) the earliest of the following dates:
 - (i) the last day of the Restriction Period specified in Section 4;
 - (ii) the date of the Grantee's death;
 - (iii) the date the Grantee experiences a separation from service with the Company (determined in accordance with Section 409A of the Code); provided, however, that if the Grantee on the date of separation from service is a "specified employee" (within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time), payment for the RSUs will be made on the tenth business day of the seventh month after the date of the Grantee's separation from service or, if earlier, the date of the Grantee's death; and
 - (iv) the date of a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (each within the meaning of Section 409A of the Code).
- (b) With respect to RSUs (or any portion of RSUs) that do not constitute deferred compensation within the meaning of Section 409A of the Code (after taking into account any applicable exemptions from Section 409A of the Code), payment for such RSUs shall be made within 60 days of the date on which such RSUs become nonforfeitable and in all events within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

9. Deferral of RSUs. The Grantee may elect to defer receipt of the Common Shares underlying the RSUs subject to this Agreement beyond the Distribution Date, pursuant to and in accordance with the terms of the Deferred Compensation Plan.

10. Dividend Equivalents and Other Rights.

- (a) Except as provided in this Section, the Grantee shall not have any of the rights of a shareholder with respect to the RSUs covered by this Agreement; provided, however, that any additional Common Shares, share rights or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of Lincoln Electric Holdings, Inc. shall be subject to the same restrictions as the RSUs covered by this Agreement.

- (b) The Grantee shall have the right to receive dividend equivalents with respect to the Common Shares underlying the RSUs on a deferred basis and contingent on vesting of the RSUs. Dividend equivalents on the RSUs covered by this Agreement shall be sequestered by the Company from and after the Date of Grant until the Distribution Date, whereupon such dividend equivalents shall be paid to the Grantee in the form of cash (or credited to the Grantee's account under the Deferred Compensation Plan, if elected), to the extent such dividend equivalents are attributable to RSUs that have become nonforfeitable. To the extent that RSUs covered by this Agreement are forfeited pursuant to Section 7 hereof, all the dividend equivalents sequestered with respect to such RSUs shall also be forfeited. No interest shall be payable with respect to any such dividend equivalents.
 - (c) Under no circumstances will the Company distribute or credit dividend equivalents paid on RSUs as described in Section 10(b) until the Grantee's Distribution Date. The Grantee will not be entitled to vote the Common Shares underlying the RSUs until the Grantee receives such Common Shares on or after the Distribution Date.
 - (d) Notwithstanding anything to the contrary in this Section 10, to the extent that any of the RSUs become nonforfeitable pursuant to this Agreement and the Grantee elects pursuant to Section 9 to defer receipt of the Common Shares underlying the RSUs beyond the Distribution Date in accordance with the terms of the Deferred Compensation Plan, then the right to receive dividend equivalents thereafter will be governed by the Deferred Compensation Plan from and after the Distribution Date.
11. Withholding Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for applicable income and employment tax and other required withholding purposes with respect to the RSUs evidenced by this Agreement, the Grantee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Grantee agrees that any required minimum withholding obligations shall be settled by the withholding of a number of Common Shares that are payable to the Grantee upon vesting of RSUs under this Agreement with a value equal to the amount of such required minimum withholding. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements.
12. No Right to Employment. This award of RSUs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Grantee at any time. For purposes of this Agreement, the continuous employment of the Grantee with the Company or a Subsidiary shall not be deemed interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or any Subsidiary,

by reason of (a) the transfer of the Grantee's employment among the Company and any Subsidiary or (b) an approved leave of absence.

13. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Agreement Subject to the Plan. The RSUs evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.
15. Data Privacy.
 - (a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this document by and among, as applicable, the Grantee's employer (the "Employer"), and the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.
 - (b) The Grantee understands that the Company, its Subsidiaries and the Employer hold certain personal information about the Grantee, including, but not limited to, name, home address, email address and telephone number, date of birth, social security, passport or insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all RSUs or any other entitlement to Common Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Grantee's favor for the purpose of implementing, managing and administering the Plan ("Data").
 - (c) The Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country or elsewhere (in particular the United States), and that the recipient country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources representative. The Grantee authorizes the Company, Morgan Stanley Smith Barney, LLC and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom the Grantee may elect to deposit any Common Shares acquired under the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or

refuse or withdraw the consents herein, in any case without cost, by contacting the local human resources representative in writing. The Grantee understands that refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

- (d) If the Grantee is resident in California, the Grantee's attention is drawn to Schedule 2 to this Agreement, Employee Data Privacy Notice (United States), which addresses the California Consumer Privacy Act of 2018, as amended (CCPA).
16. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 11 of the Plan and Section 20 of this Agreement, no such amendment shall adversely affect the rights of the Grantee with respect to the RSUs without the Grantee's consent.
17. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.
18. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
19. Restrictive Covenant Agreement. The grant of the RSUs under this Agreement is contingent upon the Grantee having executed the most recent version of the Company's Proprietary Information, Inventions and Restrictive Covenant Agreement and having returned it to the Company.
20. RSUs Subject to Clawback Policy. Notwithstanding anything in this Agreement to the contrary, (a) the RSUs covered by this Agreement shall be subject to any clawback policy applicable to the Grantee (including, if applicable, the Company's Recovery of Funds Policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the "Compensation Recovery Policy"), and (b) the Grantee acknowledges and agrees that any and all applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.
21. Code Section 409A. To the extent applicable, it is intended that this Agreement be designed and operated within the requirements of Section 409A of the Code (including any applicable exemptions) and, in the event of any inconsistency between any provision of this Agreement or the Plan and Section 409A of the Code, the provisions of Section 409A of the Code shall

control. Any provision in the Plan or this Agreement that is determined to violate the requirements of Section 409A of the Code shall be void and without effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee). Any provision that is required by Section 409A of the Code to appear in the Agreement that is not expressly set forth herein shall be deemed to be set forth herein, and the Agreement shall be administered in all respects as if such provision was expressly set forth herein. Any reference in the Agreement to Section 409A of the Code or a Treasury Regulation section shall be deemed to include any similar or successor provisions thereto.

22. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the RSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
23. Appendix. Notwithstanding any provisions in this Agreement, the grant of RSUs is also subject to the special terms and conditions set forth in Appendix A to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in Appendix A, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

The Grantee hereby acknowledges receipt of this Agreement and accepts the right to receive the RSUs evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that the Grantee understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if the Grantee manually signed this Agreement.

THIS AGREEMENT is executed in the name and on behalf of the Company on the Date of Grant as set forth in the Grant Summary.

LINCOLN ELECTRIC HOLDINGS, INC.

[INSERT SIGNATURE]

Name:

Title:

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. “Deferred Compensation Plan” means the Lincoln Electric Holdings, Inc. 2005 Deferred Compensation Plan for Executives, in effect from time to time.
2. “Disabled” means that the Grantee is disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Grantee at the relevant time. In the event that the Company does not maintain a long-term disability plan at any relevant time, the Committee shall determine, in its sole discretion, that a Grantee is “Disabled” if the Grantee meets one of the following requirements: (a) the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health or long-term disability plan or any similar plan maintained by a third party, but excluding governmental plans, or (c) the Social Security Administration determines the Grantee to be totally disabled.
3. “Distribution Date” means the date on which the Common Shares represented by nonforfeitable RSUs shall be distributed to the Grantee as specified in Section 8 (or would have been so distributed absent an election under the Deferred Compensation Plan).
4. “Separation from Service” shall have the meaning given in Code Section 409A, and references to employment termination or termination of employment in this Agreement shall be deemed to refer to a Separation from Service. In accordance with Treasury Regulation §1.409A-1(h)(1)(ii) (or any similar or successor provisions), a Separation from Service shall be deemed to occur, without limitation, if the Company and the Grantee reasonably anticipate that the level of bona fide services the Grantee will perform after a certain date (whether as an employee or as an independent contractor) will permanently decrease to less than fifty percent (50%) of the average level of bona fide services provided in the immediately preceding thirty-six (36) months.

LINCOLN ELECTRIC HOLDINGS, INC.

2023 EQUITY AND INCENTIVE COMPENSATION PLAN

Performance Share Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2023 Equity and Incentive Compensation Plan, as may be amended from time to time (the "Plan"), pursuant to which the Company may award Performance Shares (the "Performance Shares") to officers and certain key employees of the Company and its Subsidiaries;

WHEREAS, the Grantee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Grantee was granted Performance Shares under the Plan by the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 20__, as set forth on the Grant Summary (the "Date of Grant"), and the execution of an Evidence of Award in the form hereof (this "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Grantee the award of the target number of Performance Shares set forth on the Grant Summary. Subject to the achievement of the Management Objectives described in Section 4 of this Agreement, the Grantee may earn from 0% to 200% of the Performance Shares.

1. **Definitions.** Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meanings set forth on Exhibit A hereto.
2. **Earnings of Performance Shares.** If the Performance Shares covered by this Agreement become nonforfeitable and payable ("Vest," or similar terms), the Grantee will be entitled to settlement of the Vested Performance Shares as specified in Section 8 of this Agreement. The Grantee shall not have the rights of a shareholder with respect to such Performance Shares, except as provided in Section 10, provided that such Performance Shares, together with any additional Performance Shares that the Grantee may become entitled to receive by virtue of a share dividend, a merger or a reorganization in which Lincoln Electric Holdings, Inc. is the surviving corporation or any other change in the capital structure of Lincoln Electric Holdings, Inc., shall be subject to the restrictions hereinafter set forth.
3. **Restrictions on Transfer of Performance Shares.** Subject to Section 15 of the Plan, the Performance Shares subject to this grant may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to the Company, until the Distribution Date; provided, however, that the Grantee's rights with respect to such Performance Shares may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this

Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Performance Shares or the underlying Common Shares. The Company in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the Performance Shares subject to this Agreement.

4. Vesting of Performance Shares. Subject to the terms and conditions of Sections 5, 6 and 7 hereof, the Performance Shares covered by this Agreement shall Vest based on the achievement of the Management Objectives for the Performance Period as follows:
 - (a) The applicable percentage of the Performance Shares that shall be earned by the Grantee for the Performance Period shall be determined by reference to the Statement of Management Objectives if the Grantee remains continuously employed by either the Company or any Subsidiary until the end of the Performance Period;
 - (b) In the event that achievement with respect to one of the Management Objectives is between the performance levels specified in the Statement of Management Objectives, the applicable percentage of the Performance Shares that shall be earned by the Grantee for the Performance Period for that particular Management Objective shall be determined by the Committee using straight-line mathematical interpolation; and
 - (c) To the extent the Management Objectives are not achieved by the end of the Performance Period, then the Performance Shares evidenced by this Agreement (including Performance Shares subject to Section 6(b) following the Grantee's Retirement, as described therein) will be forfeited without compensation or other consideration. The Vesting of the Performance Shares pursuant to this Section 4 shall be contingent upon a determination of the Committee that the Management Objectives have been satisfied.
5. Effect of Change in Control. Unless otherwise determined by the Committee, in the event a Change in Control occurs during the Performance Period, the Performance Shares covered by this Agreement shall become Vested to the extent provided in Section 12 of the Plan.
6. Effect of Death, Disability or Retirement.
 - (a) If, during the Performance Period, (i) the Grantee should die while in the employment of the Company or any Subsidiary or (ii) the Grantee's employment with the Company or any Subsidiary is terminated by the Company or any Subsidiary as a result of the Grantee becoming Disabled, then, in either such case, the Performance Shares shall become Vested upon such event at the target level.
 - (b) If, prior to the end of the Performance Period and at a time when no grounds exist for a termination for Cause of the Grantee's employment with the Company or any Subsidiary, the Grantee terminates employment with the Company or any Subsidiary after either (A) the Grantee attains age 60 and completes five years of

continuous employment or (B) the Grantee attains age 55 and completes 15 years of continuous employment ("Retirement"), then the Grantee shall Vest in the number of Performance Shares in which the Grantee would have Vested in accordance with the terms and conditions of Section 4 (or Section 12(c)(i) of the Plan, if applicable) if the Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the end of the Performance Period or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, reduced by the number of Performance Shares that were otherwise Vested on the date of such Retirement.

7. Effect of Termination of Employment and Effect of Competitive Conduct.

- (a) In the event that the Grantee's employment shall terminate in a manner other than as specified in Section 6(b) hereof, the Grantee shall forfeit any Performance Shares that have not become Vested prior to or at the time of such termination; as follows:
 - (i) except as described in the following clause (ii), at the time of such termination; or
 - (ii) if Section 12(c)(i)(B) of the Plan applies to the Grantee, on the twelve-month anniversary of the Grantee's termination of employment, if the Performance Shares do not become Vested on or prior to such twelve-month anniversary.
- (b) Notwithstanding anything in this Agreement to the contrary, unless otherwise determined by the Company, if the Grantee, either during employment by the Company or a Subsidiary or within two (2) years after termination of such employment, (i) shall become an employee of a competitor of the Company or a Subsidiary or (ii) shall engage in any other conduct that is competitive with the Company or a Subsidiary, in each case as reasonably determined by the Company ("Competition"), then, at the time of such Company determination, the Grantee shall forfeit any Performance Shares that have not become Vested. In addition, if the Company shall so determine, the Grantee shall, promptly upon notice of such determination, (x) return to the Company all the Common Shares that the Grantee has not disposed of that were issued in payment of Performance Shares that became Vested pursuant to this Agreement and an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, including amounts the Grantee elected to defer under Section 9 hereof, within a period of one (1) year prior to the date of the commencement of such Competition if the Grantee is an employee of the Company or a Subsidiary, or within a period of one (1) year prior to termination of employment with the Company or a Subsidiary if the Grantee is no longer an employee of the Company or a Subsidiary, and (y) with respect to any Common Shares so issued in payment of Performance Shares pursuant to this Agreement that the Grantee has disposed of, including amounts the Grantee elected to defer under Section 9 hereof, pay to the Company in cash the aggregate Market Value per Share of those Common Shares on the Distribution Date plus an amount in cash equal to any related dividend equivalents awarded under Section 10(b)

hereof, in each case as reasonably determined by the Company. To the extent that such amounts are not promptly paid to the Company, the Company may set off the amounts so payable to it against any amounts (other than amounts of non-qualified deferred compensation as so defined under Section 409A of the Code) that may be owing from time to time by the Company or a Subsidiary to the Grantee, whether as wages or vacation pay or in the form of any other benefit or for any other reason.

8. Form and Time of Payment of Performance Shares.

- (a) General. Subject to Section 7(a) and Section 8(b), payment for Vested Performance Shares will be made in Common Shares (rounded down to the nearest whole Common Share) between January 1, 2026 and March 15, 2026.
- (b) Other Payment Events. Notwithstanding Section 8(a), to the extent that the Performance Shares are Vested on the dates set forth below, payment with respect to the Performance Shares will be made as follows:
 - (i) Change in Control. Upon a Change in Control, the Grantee is entitled to receive payment for Vested Performance Shares in Common Shares (rounded down to the nearest whole Common Share) on the date of the Change in Control.
 - (ii) Death or Disability. On the date of the Grantee's death or the date the Grantee's employment is terminated by the Company or any Subsidiary as a result of the Grantee becoming Disabled, the Grantee is entitled to receive payment for Vested Performance Shares in Common Shares on such date.
 - (iii) Termination of Employment following Change in Control. Upon the Grantee's termination of employment during the two-year period following the occurrence of a Change in Control, the Grantee is entitled to receive payment for Vested Performance Shares in Common Shares on the date of such termination of employment.
 - (iv) Notwithstanding anything in this Agreement to the contrary, payment with respect to Vested Performance Shares shall be made in all events within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

9. Deferral of Performance Shares. The Grantee may elect to defer receipt of the Common Shares underlying the Vested Performance Shares subject to this Agreement beyond the Distribution Date, pursuant to and in accordance with the terms of the Deferred Compensation Plan.

10. Dividend Equivalents and Other Rights.

- (a) Except as provided in this Section, the Grantee shall not have any of the rights of a shareholder with respect to the Performance Shares covered by this Agreement; provided, however, that any additional Common Shares, share rights or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger,

consolidation, separation or reorganization or any other change in the capital structure of Lincoln Electric Holdings, Inc. shall be subject to the same restrictions as the Performance Shares covered by this Agreement.

- (b) The Grantee shall have the right to receive dividend equivalents with respect to the Common Shares underlying the Performance Shares on a deferred basis and contingent on vesting of the Performance Shares. Dividend equivalents on the Performance Shares covered by this Agreement shall be sequestered by the Company from and after the Date of Grant until the Distribution Date, whereupon such dividend equivalents shall be paid to the Grantee in the form of cash (or credited to the Grantee's account under the Deferred Compensation Plan, if elected) to the extent such dividend equivalents are attributable to Performance Shares that have become Vested. To the extent that Performance Shares covered by this Agreement are forfeited pursuant to Section 7 hereof, all the dividend equivalents sequestered with respect to such Performance Shares shall also be forfeited. No interest shall be payable with respect to any such dividend equivalents.
 - (c) Under no circumstances will the Company distribute or credit dividend equivalents paid on Performance Shares as described in Section 10(b) until the Grantee's Distribution Date. The Grantee will not be entitled to vote the Common Shares underlying the Performance Shares until the Grantee receives such Common Shares on or after the Distribution Date.
 - (d) Notwithstanding anything to the contrary in this Section 10, to the extent that any of the Performance Shares Vest pursuant to this Agreement and the Grantee elects pursuant to Section 9 to defer receipt of the Common Shares underlying the Performance Shares beyond the Distribution Date in accordance with the terms of the Deferred Compensation Plan, then the right to receive dividend equivalents thereafter will be governed by the Deferred Compensation Plan from and after the Distribution Date.
11. Withholding Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for applicable income and employment tax and other required withholding purposes with respect to the Performance Shares evidenced by this Agreement, the Grantee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Grantee agrees that any required minimum withholding obligations shall be settled by the withholding of a number of Common Shares that are payable to the Grantee upon vesting of Performance Shares under this Agreement with a value equal to the amount of such required minimum withholding. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements.
12. No Right to Employment. This award of Performance Shares is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance,

except as otherwise required by law. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Grantee at any time. For purposes of this Agreement, the continuous employment of the Grantee with the Company or a Subsidiary shall not be deemed interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or any Subsidiary, by reason of (a) the transfer of the Grantee's employment among the Company and any Subsidiary or (b) an approved leave of absence.

13. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Agreement Subject to the Plan. The Performance Shares evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.
15. Data Privacy.
 - (a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this document by and among, as applicable, the Grantee's employer (the "Employer"), and the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.
 - (b) The Grantee understands that the Company, its Subsidiaries and the Employer hold certain personal information about the Grantee, including, but not limited to, name, home address, email address and telephone number, date of birth, social security, passport or insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all Performance Shares or any other entitlement to Common Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Grantee's favor for the purpose of implementing, managing and administering the Plan ("Data").
 - (c) The Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country or elsewhere (in particular the United States), and that the recipient country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources

representative. The Grantee authorizes the Company, Morgan Stanley Smith Barney, LLC and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom the Grantee may elect to deposit any Common Shares acquired under the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the local human resources representative in writing. The Grantee understands that refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

- (d) If the Grantee is resident in California, the Grantee's attention is drawn to Schedule 2 to this Agreement, Employee Data Privacy Notice (United States), which addresses the California Consumer Privacy Act of 2018, as amended (CCPA).
- 16. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 11 of the Plan and Section 20 of this Agreement, no such amendment shall adversely affect the rights of the Grantee with respect to the Performance Shares without the Grantee's consent.
- 17. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.
- 18. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
- 19. Restrictive Covenant Agreement. The grant of the Performance Shares under this Agreement is contingent upon the Grantee having executed the most recent version of the Company's Proprietary Information, Inventions and Restrictive Covenant Agreement and having returned it to the Company.
- 20. Performance Shares Subject to Clawback Policy. Notwithstanding anything in this Agreement to the contrary, (a) the Performance Shares covered by this Agreement shall be subject to any clawback policy applicable to the Grantee (including, if applicable, the

Company's Recovery of Funds Policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the "Compensation Recovery Policy"), and (b) the Grantee acknowledges and agrees that any and all applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

21. Code Section 409A. To the extent applicable, it is intended that this Agreement be designed and operated within the requirements of Section 409A of the Code (including any applicable exemptions) and, in the event of any inconsistency between any provision of this Agreement or the Plan and Section 409A of the Code, the provisions of Section 409A of the Code shall control. Any provision in the Plan or this Agreement that is determined to violate the requirements of Section 409A of the Code shall be void and without effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee). Any provision that is required by Section 409A of the Code to appear in the Agreement that is not expressly set forth herein shall be deemed to be set forth herein, and the Agreement shall be administered in all respects as if such provision was expressly set forth herein. Any reference in the Agreement to Section 409A of the Code or a Treasury Regulation section shall be deemed to include any similar or successor provisions thereto.
22. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Performance Shares and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
23. Appendix. Notwithstanding any provisions in this Agreement, the grant of Performance Shares is also subject to the special terms and conditions set forth in Appendix A to this Agreement for the Grantee's country, if applicable. Moreover, if the Grantee relocates to one of the countries included in Appendix A, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

The Grantee hereby acknowledges receipt of this Agreement and accepts the right to receive the Performance Shares evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that the Grantee understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if the Grantee she manually signed this Agreement.

THIS AGREEMENT is executed in the name and on behalf of the Company on the Date of Grant as set forth in the Grant Summary.

LINCOLN ELECTRIC HOLDINGS, INC.

[INSERT SIGNATURE]

Name:

Title:

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. “Deferred Compensation Plan” means the Lincoln Electric Holdings, Inc. 2005 Deferred Compensation Plan for Executives, in effect from time to time.
2. “Disabled” means that the Grantee is disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Grantee at the relevant time. In the event that the Company does not maintain a long-term disability plan at any relevant time, the Committee shall determine, in its sole discretion, that a Grantee is “Disabled” if the Grantee meets one of the following requirements: (a) the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health or long-term disability plan or any similar plan maintained by a third party, but excluding governmental plans, or (c) the Social Security Administration determines the Grantee to be totally disabled.
3. “Distribution Date” means the date on which the Common Shares represented by Vested Performance Shares shall be distributed to the Grantee as specified in Section 8 (or would have been so distributed absent an election under the Deferred Compensation Plan);
4. “Management Objectives” means the threshold, target and maximum goals (as set forth in the Statement of Management Objectives) established by the Committee on the Date of Grant for the Performance Period with respect to both Net Income Growth and ROIC.
5. “Net Income Growth” has the meaning set forth in the Statement of Management Objectives.
6. “Performance Period” means the three-year period commencing January 1, 2023 and ending on December 31, 2025.
7. “Return on Invested Capital” or “ROIC” has the meaning set forth in the Statement of Management Objectives.
8. “Separation from Service” shall have the meaning given in Code Section 409A, and references to employment termination or termination of employment in this Agreement shall be deemed to refer to a Separation from Service. In accordance with Treasury Regulation §1.409A-1(h)(1)(ii) (or any similar or successor provisions), a Separation from Service shall be deemed to occur, without limitation, if the Company and the Grantee

reasonably anticipate that the level of bona fide services the Grantee will perform after a certain date (whether as an employee or as an independent contractor) will permanently decrease to less than fifty percent (50%) of the average level of bona fide services provided in the immediately preceding thirty-six (36) months.

9. “Statement of Management Objectives” means the Statement of Management Objectives for the Performance Period approved by the Committee on the Date of Grant and communicated to the Grantee in writing.

CERTIFICATION

I, Christopher L. Mapes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lincoln Electric Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023

/s/ Christopher L. Mapes

Christopher L. Mapes

Chairman, President and Chief Executive Officer

CERTIFICATION

I, Gabriel Bruno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lincoln Electric Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023

/s/ Gabriel Bruno

Gabriel Bruno

Executive Vice President, Chief Financial
Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Lincoln Electric Holdings, Inc. (the "Company") for the three months ended June 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: July 27, 2023

/s/ Christopher L. Mapes

Christopher L. Mapes

Chairman, President and Chief Executive Officer

/s/ Gabriel Bruno

Gabriel Bruno

Executive Vice President, Chief Financial
Officer and Treasurer
