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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2019

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: 001-38214

HAMILTON BEACH BRANDS HOLDING COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE	**31-1236686**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4421 WATERFRONT DR. **GLEN ALLEN, VA**	**23060**
(Address of principal executive offices)	(Zip code)

(804) 273-9777

(Registrant's telephone number, including area code)

N/A

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, Par Value $0.01 Per Share	**HBB**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **YES** ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **YES** ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	**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** ☑

Number of shares of Class A Common Stock outstanding at July 26, 2019: 9,298,337
Number of shares of Class B Common Stock outstanding at July 26, 2019: 4,380,649

HAMILTON BEACH BRANDS HOLDING COMPANY
TABLE OF CONTENTS

Part I
FINANCIAL INFORMATION
Item 1. Financial Statements

HAMILTON BEACH BRANDS HOLDING COMPANY
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	JUNE 30 2019	DECEMBER 31 2018	JUNE 30 2018
	(In thousands, except share data)		
ASSETS			
Current Assets			
Cash and cash equivalents	**$ 1,131**	$ 6,352	$ 1,962
Trade receivables, net	**89,579**	102,592	77,623
Inventories	**140,817**	144,691	165,237
Prepaid expenses and other current assets	**24,078**	24,514	20,996
Total Current assets	**255,605**	278,149	265,818
Property, plant and equipment, net	**23,204**	22,630	21,839
Goodwill	**6,253**	6,253	6,253
Other intangibles, net	**3,828**	4,519	5,209
Deferred income taxes	**6,169**	8,163	10,894
Deferred costs	**8,683**	8,012	9,973
Other non-current assets	**1,997**	2,701	3,282
Total Assets	**$ 305,739**	$ 330,427	$ 323,268
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	**$ 91,737**	$ 132,968	$ 103,461
Accounts payable to NACCO Industries, Inc.	**220**	2,419	2,769
Revolving credit agreements	**58,955**	11,624	75,476
Accrued payroll	**12,091**	17,023	12,531
Accrued product returns	**8,224**	10,941	9,648
Accrued cooperative advertising	**7,962**	10,314	4,532
Other current liabilities	**19,968**	21,612	14,567
Total Current liabilities	**199,157**	206,901	222,984
Revolving credit agreements	**32,000**	35,000	30,000
Other long-term liabilities	**15,485**	23,088	24,274
Total Liabilities	**246,642**	264,989	277,258
Stockholders' equity			
Preferred stock, par value $0.01 per share, 5 million shares authorized, no shares issued as of June 30, 2019, December 31, 2018, and June 30, 2018	**—**	—	—
Class A Common stock, par value $0.01 per share, 70 million shares authorized; 9,469,372, 9,291,122 and 9,218,372 shares issued as of June 30, 2019, December 31, 2018, and June 30, 2018, respectively	**95**	93	92
Class B Common stock, par value $0.01 per share, convertible into Class A on a one-for-one basis, 30 million shares authorized; 4,382,843, 4,421,644, and 4,476,796 shares issued as of June 30, 2019, December 31, 2018, and June 30, 2018, respectively	**44**	44	45
Capital in excess of par value	**53,342**	51,714	50,721
Treasury stock, at cost; 129,687 shares as of June 30, 2019, no shares as of December 31, 2018 and June 30, 2018	**(2,334)**	—	—
Retained earnings	**25,773**	30,897	10,152
Accumulated other comprehensive loss	**(17,823)**	(17,310)	(15,000)
Total Stockholders' equity	**59,097**	65,438	46,010
Total Liabilities and Stockholders' equity	**$ 305,739**	$ 330,427	$ 323,268

See Notes to Unaudited Condensed Consolidated Financial Statements.

HAMILTON BEACH BRANDS HOLDING COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2019	2018	**2019**	2018
	(In thousands, except per share data)		(In thousands, except per share data)	
Revenue	**$ 148,427**	$ 157,941	**$ 293,804**	$ 304,574
Cost of sales	**112,770**	117,088	**223,424**	225,928
Gross profit	**35,657**	40,853	**70,380**	78,646
Selling, general and administrative expenses	**35,617**	40,123	**72,124**	78,117
Amortization of intangible assets	**346**	346	**691**	691
Operating (loss) profit	**(306)**	384	**(2,435)**	(162)
Interest expense, net	**904**	889	**1,650**	1,421
Other (income) expense, net	**(126)**	687	**(458)**	173
Loss before income taxes	**(1,084)**	(1,192)	**(3,627)**	(1,756)
Income tax benefit	**(140)**	(318)	**(922)**	(464)
Net loss	**$ (944)**	$ (874)	**$ (2,705)**	$ (1,292)
Basic and diluted loss per share	**$ (0.07)**	$ (0.06)	**$ (0.20)**	$ (0.09)
Basic and diluted weighted average shares outstanding	**13,813**	13,695	**13,800**	13,689

See Notes to Unaudited Condensed Consolidated Financial Statements.

HAMILTON BEACH BRANDS HOLDING COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2019	2018	**2019**	2018
	(In thousands)		(In thousands)	
Net loss	**$ (944)**	$ (874)	**$ (2,705)**	$ (1,292)
Other comprehensive (loss) income:				
Foreign currency translation adjustment	**226**	(892)	**556**	25
Gain (loss) on long-term intra-entity foreign currency transactions, net of tax of $13 and $30 in the three and six months ended June 30, 2019, respectively, and $94 in the three and six months ended June 30, 2018.	**121**	(1,013)	**136**	(1,013)
Current period cash flow hedging activity, net of tax of $321 and $528 in the three and six months ended June 30, 2019, respectively, and $160 and $250 in the three and six months ended June 30, 2018, respectively.	**(877)**	464	**(1,443)**	753
Reclassification of hedging activities into earnings, net of tax of $58 and $57 in the three and six months ended June 30, 2019, respectively, and $13 and $77 in the three and six months ended June 30, 2018, respectively.	**144**	41	**146**	207
Reclassification of pension adjustments into earnings, net of tax of $40 and $79 in the three and six months ended June 30, 2019, respectively, and $46 and $88 in the three and six months ended June 30, 2018, respectively.	**102**	142	**92**	300
Total other comprehensive (loss) income	**(284)**	(1,258)	**(513)**	272
Comprehensive loss	**$ (1,228)**	$ (2,132)	**$ (3,218)**	$ (1,020)

See Notes to Unaudited Condensed Consolidated Financial Statements.

HAMILTON BEACH BRANDS HOLDING COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED JUNE 30	
	2019	2018
	(In thousands)	
Operating Activities		
Net loss	**$ (2,705)**	$ (1,292)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	**2,153**	2,462
Deferred income taxes	**1,800**	1,795
Share-based compensation expense	**1,629**	2,625
Other	**117**	(4,464)
Net changes in operating assets and liabilities:		
Affiliates payable	**(2,199)**	(6,420)
Trade receivables	**13,956**	31,071
Inventories	**4,375**	(30,493)
Other assets	**(133)**	(6,755)
Accounts payable	**(41,259)**	(39,551)
Other liabilities	**(19,841)**	(5,152)
Net cash used for operating activities	**(42,107)**	(56,174)
Investing Activities		
Expenditures for property, plant and equipment	**(2,091)**	(4,555)
Other	**36**	6
Net cash used for investing activities	**(2,055)**	(4,549)
Financing Activities		
Net additions to revolving credit agreements	**44,302**	54,130
Cash dividends on Class A Common and Class B Common	**(2,419)**	(2,327)
Purchase of treasury stock	**(2,334)**	—
Net cash provided by financing activities	**39,549**	51,803
Effect of exchange rate changes on cash	**(608)**	(24)
Cash and Cash equivalents		
Decrease for the period	**(5,221)**	(8,944)
Balance at the beginning of the period	**6,352**	10,906
Balance at the end of the period	**$ 1,131**	$ 1,962

See Notes to Unaudited Condensed Consolidated Financial Statements.

[Table of Contents](#)

HAMILTON BEACH BRANDS HOLDING COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

						Accumulated Other Comprehensive (Loss) Income			
	Class A Common Stock	Class B Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Foreign Currency	Deferred Gain (Loss) on Cash Flow Hedging	Pension Plan Adjustment	Total Stockholders' Equity
	(In thousands)								
Balance, January 1, 2019	$ 93	$ 44	$ 51,714	$ —	$ 30,897	$ (9,099)	$ 1,023	$ (9,234)	$ 65,438
Net loss	—	—	—	—	(1,761)	—	—	—	(1,761)
Issuance of common stock, net of conversions (1)(2)	2	—	(1)	—	—	—	—	—	1
Share-based compensation expense	—	—	807	—	—	—	—	—	807
Cash dividends on Class A Common and Class B Common: $0.085 per share	—	—	—	—	(1,177)	—	—	—	(1,177)
Current period other comprehensive loss	—	—	—	—	—	345	(566)	—	(221)
Reclassification adjustment to net loss	—	—	—	—	—	—	2	(10)	(8)
Balance, March 31, 2019	$ 95	$ 44	$ 52,520	$ —	$ 27,959	$ (8,754)	$ 459	$ (9,244)	$ 63,079
Net loss	**—**	**—**	**—**	**—**	**(944)**	**—**	**—**	**—**	**(944)**
Purchase of treasury stock	**—**	**—**	**—**	**(2,334)**	**—**	**—**	**—**	**—**	**(2,334)**
Share-based compensation expense	**—**	**—**	**822**	**—**	**—**	**—**	**—**	**—**	**822**
Cash dividends on Class A Common and Class B Common: $0.09 per share	**—**	**—**	**—**	**—**	**(1,242)**	**—**	**—**	**—**	**(1,242)**
Current period other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**347**	**(877)**	**—**	**(530)**
Reclassification adjustment to net loss	**—**	**—**	**—**	**—**	**—**	**—**	**144**	**102**	**246**
Balance, June 30, 2019	**$ 95**	**$ 44**	**$ 53,342**	**$ (2,334)**	**$ 25,773**	**$ (8,407)**	**$ (274)**	**$ (9,142)**	**$ 59,097**
Balance, January 1, 2018	$ 88	$ 48	$ 47,773	$ —	$ 12,603	$ (7,934)	$ 508	$ (6,678)	$ 46,408
Net loss	—	—	—	—	(418)	—	—	—	(418)
Issuance of common stock, net of conversions (1)(2)	4	(3)	323	—	—	—	—	—	324
Share-based compensation expense	—	—	955	—	—	—	—	—	955
Cash dividends on Class A Common and Class B Common: $0.085 per share	—	—	—	—	(1,162)	—	—	—	(1,162)
Reclassification due to adoption of ASU 2018-02	—	—	—	—	1,168	—	118	(1,286)	—
Current period other comprehensive income	—	—	—	—	—	917	289	—	1,206
Reclassification adjustment to net loss	—	—	—	—	—	—	166	158	324
Balance, March 31, 2018	$ 92	$ 45	$ 49,051	$ —	$ 12,191	$ (7,017)	$ 1,081	$ (7,806)	$ 47,637
Net loss	—	—	—	—	(874)	—	—	—	(874)
Issuance of common stock, net of conversions (1)(2)	—	—	198	—	—	—	—	—	198
Share-based compensation expense	—	—	1,472	—	—	—	—	—	1,472
Cash dividends on Class A Common and Class B Common: $0.085 per share	—	—	—	—	(1,165)	—	—	—	(1,165)
Current period other comprehensive loss	—	—	—	—	—	(1,905)	464	—	(1,441)
Reclassification adjustment to net loss	—	—	—	—	—	—	41	142	183
Balance, June 30, 2018	$ 92	$ 45	$ 50,721	$ —	$ 10,152	$ (8,922)	$ 1,586	$ (7,664)	$ 46,010

(1) Class B Common converted to Class A Common were 2 and 39 shares during the three and six months ending June 30, 2019, respectively, and 45 and 331 shares during the three and six months ending June 30, 2018, respectively.

(2) The Company issued Class A Common shares of 10 and 139 during the three and six months ending June 30, 2019, respectively, and 9 and 22 during the three and six months ending June 30, 2018, respectively.

See Notes to Unaudited Condensed Consolidated Financial Statements.

HAMILTON BEACH BRANDS HOLDING COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019
(Tabular amounts in thousands, except as noted and per share amounts)

NOTE 1— Nature of Operations and Basis of Presentation

Nature of Operations

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of Hamilton Beach Brands Holding Company and its wholly-owned subsidiaries ("Hamilton Beach Holding" or the "Company"). The Company manages its subsidiaries primarily by reportable segment, which are Hamilton Beach Brands, Inc. ("HBB") and The Kitchen Collection, LLC ("KC"). The Company includes the required intercompany eliminations between its reportable segments. Costs incurred as a stand-alone public entity are allocated to the HBB segment. The only material assets held by Hamilton Beach Brands Holding Company are its investments in consolidated subsidiaries. Substantially all of its cash flows are provided by dividends paid or distributions made by its subsidiaries.

HBB is a leading designer, marketer and distributor of branded, small electric household and specialty housewares appliances, as well as commercial products for restaurants, bars and hotels. KC is a national specialty retailer of kitchenware primarily in outlet malls throughout the United States ("U.S.").

Prior period interest income amounts have been reclassified from other (income) expense, net to interest expense, net and prior period non-trade customer receivable amounts have been reclassified from trade receivables, net to prepaid expenses and other current assets to conform to the current period presentation.

Basis of Presentation

These financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's consolidated balance sheets as of June 30, 2019 and 2018, the statements of operations, comprehensive loss, and changes in equity for the three and six months ended June 30, 2019 and 2018, and the statements of cash flows for the six months ended June 30, 2019 and 2018 have been included. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

The balance sheet at December 31, 2018 has been derived from the audited financial statements at that date, but does not include all of the information or notes required by U.S. GAAP for complete financial statements.

Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the remainder of the year due to the highly seasonal nature of our primary markets. A majority of revenue and operating profit occurs in the second half of the calendar year when sales of our products to retailers and consumers increase significantly for the fall holiday-selling season.

These quarterly financial statements reflect the significant accounting policies that are described in Note 2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The following new accounting policy is reflected in these quarterly financial statements as a result of the share repurchases made during the second quarter of 2019:

Treasury Stock

The Company records the aggregate purchase price of treasury stock at cost and includes treasury stock as a reduction to equity.

NOTE 2— Recently Issued Accounting Standards

Accounting Standards Adopted

In March 2017, the FASB issued ASU 2017-07, "Compensation - Retirement Benefits (Topic 715)," which amends the requirements in U.S. GAAP related to the income statement presentation of the components of net periodic benefit cost for an entity's sponsored defined benefit pension and other post-retirement plans. The Company adopted this guidance on January 1, 2019. The change in presentation of the components of net periodic pension cost was applied retrospectively which resulted in $0.2 million and $0.4 million of net periodic pension income for the three and six months ended June 30, 2018, respectively, being reclassified from selling, general and administrative expenses to other (income) expense, net.

Accounting Standards Not Yet Adopted

The Company is an emerging growth company and has elected not to opt out of the extended transition period for complying with new or revised accounting standards, which means that when a standard is issued or revised and it has different application dates for public or nonpublic entities, the Company can adopt the new or revised standard at the time nonpublic entities adopt the new or revised standard.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)," which requires an entity to recognize assets and liabilities for the rights and obligations created by leased assets. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is planning to adopt ASU 2016-02 for its year ending December 31, 2020 and is currently evaluating to what extent ASU 2016-02 will affect the Company's financial position, results of operations, cash flows and related disclosures.

In June 2016, the FASB issued ASU 2016-03, “Financial Instruments - Credit Losses (Topic 326)," which requires an entity to recognize credit losses as an allowance rather than as a write-down. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is planning to adopt ASU 2016-03 for its year ending December 31, 2021 and is currently evaluating to what extent ASU 2016-03 will affect the Company's financial position, results of operations, cash flows and related disclosures.

NOTE 3— Revenue

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. A description of the performance obligations for each segment is as follows:

Hamilton Beach Brands

- Product revenue - Product revenue consist of sales of small electric household and specialty housewares appliances to traditional brick and mortar and e-commerce retailers, distributors and directly to the end consumer as well as sales of commercial products for restaurants, bars and hotels. Transactions with these customers generally originate upon the receipt of a purchase order from the customer, which in some cases are governed by master sales agreements, specifying product(s) that the customer desires. Contracts for product revenue generally have an original duration of one year or less, and payment terms are generally standard and based on customer creditworthiness. Revenue from product sales is recognized at the point in time when control transfers to the customer, which is either when product is shipped from the Company's facility, or delivered to customers, depending on the shipping terms. The amount of consideration received and revenue recognized varies with changes in incentives, returns and consideration paid to customers for advertising arrangements.

- License revenues - From time to time, the Company enters into exclusive and non-exclusive licensing agreements which grant the right to use certain of the Company's intellectual property (IP) in connection with designing, manufacturing, distributing, advertising, promoting and selling the licensees' products during the term of the agreement. The IP that is licensed generally consists of trademarks, tradenames, patents, trade dress, and/or logos (the "Licensed IP"). In exchange for granting the right to use the Licensed IP, the Company receives a royalty payment, which is a function of (1) the total net sales of products that use the Licensed IP and (2) the royalty percentage that is stated in the licensing agreement. The Company recognizes revenue at the later of when the subsequent sales occur or satisfying the performance obligation (over time).

Kitchen Collection

- Product revenue - KC sells a variety of kitchenware products from a number of highly recognizable name brands to individual consumers. Products are sold through brick and mortar retail stores whereby customers come into KC stores, explore the assortment of merchandise available for sale, select various products that they desire to purchase, bring those products to the sales register and pay the cashier the agreed-upon price using either cash, check or credit card. Once the sale is complete, a receipt is generated and provided to the customer as proof of purchase. Therefore, the sales process is both originated and completed simultaneously at the point of sale. Revenue from product sales is recognized at the point in time when control transfers to the customer, which occurs when the products are scanned at the sales register. The amount of consideration received and revenue recognized varies with changes in returns.

HBB's warranty program to the consumer consists generally of an assurance-type limited warranty lasting for varying periods of up to ten years for electric appliances, with the majority of products having a warranty of one to three years . There is no guarantee to the customer as HBB may repair or replace, at its option, those products returned under warranty. Accordingly, the Company determined that no separate performance obligation exists.

The following table presents the Company's revenue on a disaggregated basis for the three and six months ending:

	THREE MONTHS ENDED JUNE 30					
	2019			2018		
	HBB	KC	Consolidated [1]	HBB	KC	Consolidated [1]
Type of good or service:						
Products	**$ 129,606**	**$ 18,283**	**$ 147.182**	$ 135,014	$ 22,762	$ 157,086
Licensing	**1,245**	**—**	**1,245**	855	—	855
Total revenue	**$ 130,851**	**$ 18,283**	**$ 148,427**	$ 135,869	$ 22,762	$ 157,941

	SIX MONTHS ENDED JUNE 30					
	2019			2018		
	HBB	KC	Consolidated [1]	HBB	KC	Consolidated [1]
Type of good or service:						
Products	**$ 255,253**	**$ 37,536**	**$ 291,478**	$ 259,595	$ 44,862	$ 302,886
Licensing	**2,326**	**—**	**2,326**	1,688	—	1,688
Total revenue	**$ 257,579**	**$ 37,536**	**$ 293,804**	$ 261,283	$ 44,862	$ 304,574

[1] Includes the required intercompany eliminations between HBB and KC.

NOTE 4— Inventories

Inventories are summarized as follows:

	JUNE 30 2019	DECEMBER 31 2018	JUNE 30 2018
Sourced inventories - HBB	**$ 121,472**	$ 122,697	$ 138,721
Retail inventories - KC	**19,345**	21,994	26,516
Total inventories	**$ 140,817**	$ 144,691	$ 165,237

NOTE 5— Fair Value Disclosure

The following table presents the Company's assets and liabilities accounted for at fair value on a recurring basis:

Description	Balance Sheet Location		**JUNE 30 2019**		DECEMBER 31 2018		JUNE 30 2018
Assets:							
Interest rate swap agreements							
Current	Prepaid expenses and other current assets	**$**	**69**	$	349	$	383
Long-term	Other non-current assets		**—**		710		1,210
Foreign currency exchange contracts							
Current	Prepaid expenses and other current assets		**—**		231		474
		$	**69**	$	1,290	$	2,067
Liabilities:							
Interest rate swap agreements							
Long-term	Other long-term liabilities	**$**	**51**	$	—	$	—
Foreign currency exchange contracts							
Current	Other current liabilities		**357**		87		—
		$	**408**	$	87	**$**	—

The Company measures its derivatives at fair value using significant observable inputs, which is Level 2 as defined in the fair value hierarchy. The Company uses a present value technique that incorporates the LIBOR swap curve, foreign currency spot rates and foreign currency forward rates to value its derivatives, including its interest rate swap agreements and foreign currency exchange contracts, and also incorporates the effect of its subsidiary and counterparty credit risk into the valuation.

During the periods ended June 30, 2019 , December 31, 2018 and June 30, 2018, there were no transfers into or out of Levels 1, 2 or 3.

NOTE 6— Contingencies

Various legal and regulatory proceedings and claims have been or may be asserted against Hamilton Beach Holding and certain subsidiaries relating to the conduct of their businesses, including product liability, patent infringement, asbestos related claims, environmental and other claims. These proceedings and claims are incidental to the ordinary course of business of the Company. Management believes that it has meritorious defenses and will vigorously defend the Company in these actions. Any costs that management estimates will be paid as a result of these claims are accrued when the liability is considered probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss.

These matters are subject to inherent uncertainties, and unfavorable rulings could occur. If an unfavorable ruling were to occur, there exists the possibility of an adverse impact on the Company's financial position, results of operations and cash flows of the period in which the ruling occurs, or in future periods.

HBB is a defendant in a legal proceeding in which the plaintiff alleges that certain HBB products infringe the plaintiff's patents. On May 3, 2019, the jury returned its verdict finding that the Company had infringed certain patents of the plaintiff and, as a result, awarded the plaintiff damages in the amount of $3.2 million . Accordingly, the Company recorded $3.2 million expense in selling, general and administrative expenses in the second quarter of 2019 for the contingent loss. The Company believes that its products do not infringe on the plaintiff's patents and is evaluating post-trial motions and appeal of any adverse judgment.

Environmental matters

HBB is investigating or remediating historical environmental contamination at some current and former sites operated by HBB or by businesses it acquired. Based on the current stage of the investigation or remediation at each known site, HBB estimates the total investigation and remediation costs and the period of assessment and remediation activity required for each site. The estimate of future investigation and remediation costs is primarily based on variables associated with site clean-up, including, but not limited to, physical characteristics of the site, the nature and extent of the contamination and applicable regulatory programs and remediation standards. No assessment can fully characterize all subsurface conditions at a site. There is no assurance that additional assessment and remediation efforts will not result in adjustments to estimated remediation costs or the time frame for remediation at these sites.

HBB's estimates of investigation and remediation costs may change if it discovers contamination at additional sites or additional contamination at known sites, if the effectiveness of its current remediation efforts change, if applicable federal or state regulations change or if HBB's estimate of the time required to remediate the sites changes. HBB's revised estimates may differ materially from original estimates.

At June 30, 2019 , December 31, 2018 , and June 30, 2018, HBB had accrued undiscounted obligations of $4.6 million , $8.2 million , and $8.5 million respectively, for environmental investigation and remediation activities. The reduction in the amount accrued at June 30, 2019 compared to December 31, 2018 is the result of a change in the expected type and extent of investigation and remediation activities associated with one of the sites, due to additional testing and assessment performed with respect to that site. In addition, HBB estimates that it is reasonably possible that it may incur additional expenses in the range of zero to $3.9 million related to the environmental investigation and remediation at these sites.

NOTE 7— Business Segments

As described in Note 1, the Company's reportable segments include HBB and KC. The accounting policies of the reportable segments are the same as the Company described in Note 2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The line “Eliminations” in the revenue section eliminates revenue from HBB sales to KC. Intercompany revenue is based on current market prices of similar third-party transactions.

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2019	2018	**2019**	2018
Revenue				
HBB	**$ 130,851**	$ 135,869	**$ 257,579**	$ 261,283
KC	**18,283**	22,762	**37,536**	44,862
Eliminations	**(707)**	(690)	**(1,311)**	(1,571)
Total	**$ 148,427**	$ 157,941	**$ 293,804**	$ 304,574
Operating profit (loss)				
HBB	**$ 2,974**	$ 4,190	**$ 4,614**	$ 7,974
KC	**(3,220)**	(3,834)	**(6,920)**	(8,138)
Eliminations	**(60)**	28	**(129)**	2
Total	**$ (306)**	$ 384	**$ (2,435)**	$ (162)

NOTE 8— Transfer of Financial Assets

T he Company has entered into an arrangement with a financial institution to sell certain U.S. trade receivables on a non-recourse basis. The Company utilizes this arrangement as an integral part of financing working capital. Under the terms of the agreement, the Company receives cash proceeds and retains no rights or interest and has no obligations with respect to the sold receivables. These transactions are accounted for as sold receivables which result in a reduction in trade receivables because the agreement transfers effective control over and risk related to the receivables to the buyer. Under this arrangement, the Company derecognized $33.4 million and $67.9 million of trade receivables during the three and six months ending June 30, 2019 , respectively, $38.8 million and $70.2 million of trade receivables during the three and six months ending June 30, 2018, respectively, and $165.4 million during the year ending December 31, 2018. The loss incurred on sold receivables in the consolidated results of operations for the three and six months ended June 30, 2019 and 2018 was not material. The Company does not carry any servicing assets or liabilities. Cash proceeds from this arrangement are reflected as operating activities in the Unaudited Condensed Consolidated Statements of Cash Flows.

Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations
(Dollars in thousands, except as noted and per share data)

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to various uncertainties and changes in circumstances. Important factors that could cause actual results to differ materially from those described in these forward-looking statements are set forth below under the heading “Forward-Looking Statements."

Hamilton Beach Brands Holding Company operates through its wholly-owned subsidiaries, Hamilton Beach Brands, Inc. ("HBB") and The Kitchen Collection, LLC ("KC") (collectively “Hamilton Beach Holding” or the “Company”), in the consumer, commercial and specialty small appliances and specialty retail markets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

For a summary of the Company's critical accounting policies, refer to “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies” in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 as there have been no material changes from those disclosed in our Annual Report.

CONSOLIDATED FINANCIAL SUMMARY

The Company’s business is seasonal and a majority of revenue and operating profit typically occurs in the second half of the year when sales of small electric appliances and kitchenware increase significantly for the fall holiday-selling season.

The consolidated financial summary of the Company includes the required intercompany eliminations between its reportable segments. Costs incurred as a stand-alone public entity are allocated to the HBB segment. Detailed comparisons of revenue and operating profit (loss) are presented in the discussions of the reportable segments, which follow the Hamilton Beach Holding results discussion.

Second Quarter of 2019 Compared with Second Quarter of 2018

The consolidated results of operations for Hamilton Beach Holding were as follows for the three months ended June 30:

	THREE MONTHS ENDED JUNE 30					
	2019	% of Revenue	2018	% of Revenue	$ Change	% Change
Revenue	**$ 148,427**	100.0 %	$ 157,941	100.0 %	$ (9,514)	(6.0)%
Cost of sales	**112,770**	76.0 %	117,088	74.1 %	(4,318)	(3.7)%
Gross profit	**35,657**	24.0 %	40,853	25.9 %	(5,196)	(12.7)%
Selling, general and administrative expenses	**35,617**	24.0 %	40,123	25.4 %	(4,506)	(11.2)%
Amortization of intangible assets	**346**	0.2 %	346	0.2 %	—	— %
Operating (loss) income	**(306)**	(0.2)%	384	0.2 %	(690)	(179.7)%
Interest expense, net	**904**	0.6 %	889	0.6 %	15	1.7 %
Other (income) expense, net	**(126)**	(0.1)%	687	0.4 %	(813)	(118.3)%
Loss before income taxes	**(1,084)**	(0.7)%	(1,192)	(0.8)%	108	(9.1)%
Income tax benefit	**(140)**	(0.1)%	(318)	(0.2)%	178	(56.0)%
Net loss	**$ (944)**	(0.6)%	$ (874)	(0.6)%	$ (70)	8.0 %
Effective income tax rate	**12.9%**		26.7%			

Revenue - Revenue decreased $9.5 million, or 6.0%. KC's revenue decreased 19.7% primarily due to the closure of underperforming stores and a decline in comparable store sales. HBB revenue decreased 3.7% primarily due to lower sales volume.

Gross profit - Gross profit decreased $5.2 million, or 12.7%. As a percentage of revenue, gross profit declined from 25.9% to 24.0% due to a decline in gross profit margin in both the HBB and KC segments.

Selling, general and administrative expenses - Selling, general and administrative expenses decreased $4.5 million, or 11.2%. The decrease is primarily due to KC's lower selling, general and administrative expenses due to a reduction in net corporate expenses and the benefits realized from closing unprofitable stores. HBB selling, general and administrative expenses also decreased primarily due to a $3.7 million decline in the environmental reserve at one site and lower employee-related costs, partially offset by a one-time charge of $3.2 million for a contingent loss related to patent litigation.

Interest expense, net - Interest expense, net remained consistent with the prior year. A decrease in average borrowings outstanding under HBB's revolving credit facilities was offset by higher average interest rates.

Other (income) expense, net - Other income for the second quarter of 2019 includes currency gains of $0.1 million compared with other expense in 2018 related to currency losses of $0.7 million.

First Six Months of 2019 Compared with First Six Months of 2018

The consolidated results of operations for Hamilton Beach Holding were as follows for the six months ended June 30:

	SIX MONTHS ENDED JUNE 30					
	2019	% of Revenue	2018	% of Revenue	$ Change	% Change
Revenue	**$ 293,804**	100.0 %	$ 304,574	100.0 %	$ (10,770)	(3.5)%
Cost of sales	**223,424**	76.0 %	225,928	74.2 %	(2,504)	(1.1)%
Gross profit	**70,380**	24.0 %	78,646	25.8 %	(8,266)	(10.5)%
Selling, general and administrative expenses	**72,124**	24.5 %	78,117	25.6 %	(5,993)	(7.7)%
Amortization of intangible assets	**691**	0.2 %	691	0.2 %	—	— %
Operating loss	**(2,435)**	(0.8)%	(162)	(0.1)%	(2,273)	1,403.1 %
Interest expense, net	**1,650**	0.6 %	1,421	0.5 %	229	16.1 %
Other (income) expense, net	**(458)**	(0.2)%	173	0.1 %	(631)	(364.7)%
Loss before income taxes	**(3,627)**	(1.2)%	(1,756)	(0.6)%	(1,871)	106.5 %
Income tax benefit	**(922)**	(0.3)%	(464)	(0.2)%	(458)	98.7 %
Net loss	**$ (2,705)**	(0.9)%	$ (1,292)	(0.4)%	$ (1,413)	109.4 %
Effective income tax rate	**25.4%**		26.4%			

Revenue - Revenue decreased $10.8 million, or 3.5%. KC's revenue decreased 16.3% primarily due to the closure of underperforming stores and a decline in comparable store sales. HBB's revenue declined 1.4% primarily due to lower sales volume and unfavorable foreign currency movements.

Gross profit - Gross profit decreased $8.3 million, or 10.5%. As a percentage of revenue, gross profit declined from 25.8% to 24.0% due to a decline in gross profit margin in both the HBB and KC segments.

Selling, general and administrative expenses - Selling, general and administrative expenses decreased $6.0 million, or 7.7%. The decrease is primarily due to KC's lower selling, general and administrative expenses due to a reduction in net corporate expenses and the benefits realized from closing unprofitable stores. HBB selling, general and administrative expenses also decreased primarily due to a $3.7 million decline in the environmental reserve at one site and lower employee-related costs, partially offset by a one-time charge of $3.2 million for a contingent loss related to patent litigation and an increase in legal and professional service fees.

Interest expense, net - Interest expense, net increased $0.2 million primarily due to HBB higher average interest rates and increased average borrowings outstanding under KC's revolving credit facility.

Other (income) expense, net - Other income for the first six months of 2019 includes currency gains of $0.4 million compared with other expense in 2018 related to currency losses of $0.3 million.

Income tax benefit - The Company recognized an income tax benefit of $0.9 million on a loss before income taxes of $3.7 million, an effective tax rate of 25.4% for the six months ended June 30, 2019. The effective tax rate decreased from 26.4% in the first six months of 2018 primarily due to increased tax credits reflected in the forecasted 2019 effective tax rate.

SEGMENT RESULTS

Hamilton Beach Brands, Inc.

Second Quarter of 2019 Compared with Second Quarter of 2018

The results of operations for HBB were as follows for the three months ended June 30 :

	THREE MONTHS ENDED JUNE 30			
	2019	% of Revenue	2018	% of Revenue
Revenue	**$ 130,851**	100.0%	$ 135,869	100.0%
Cost of sales	**103,149**	78.8%	105,421	77.6%
Gross profit	**27,702**	21.2%	30,448	22.4%
Operating expenses	**24,728**	18.9%	26,258	19.3%
Operating profit	**$ 2,974**	2.3%	$ 4,190	3.1%

The following table identifies the components of the change in revenue for the second quarter of 2019 compared with the second quarter of 2018 :

	Revenue
2018	$ 135,869
(Decrease) increase from:	
Unit volume and product mix	(5,920)
Foreign currency	(527)
Average sales price	1,429
2019	**$ 130,851**

Revenue decreased $5.0 million , or 3.7% . The decrease in revenue is primarily due to lower sales volume in the U.S. consumer and global commercial markets, partially offset by increased sales in the international consumer market. Unfavorable foreign currency movements also contributed to the decline in revenue as the Canadian dollar, Brazilian real and Chinese yuan weakened against the U.S. dollar.

The following table identifies the components of the change in operating profit for the second quarter of 2019 compared with the second quarter of 2018 :

	Operating Profit
2018	$ 4,190
(Decrease) increase from:	
Gross profit	(2,746)
Selling, general and administrative expenses	1,530
2019	**$ 2,974**

HBB's operating profit decreased $1.2 million primarily due to a $2.8 million decrease in gross profit offset by a $1.5 million decrease in selling, general and administrative expenses. The decline in gross profit is primarily due to lower sales volume. As a percentage of revenue, HBB gross profit margin declined from 22.4% to 21.2% primarily due to increased inbound freight expenses and unfavorable foreign currency movements.

The decrease in selling, general and administrative expenses was mainly attributable to a $3.7 million decline in the environmental reserve at one site and $0.6 million in lower employee-related costs that included a decrease in accrued incentive compensation driven by a lower market price of the Company's stock during the second quarter of 2019. The decrease was partially offset by a one-time charge of $3.2 million for a contingent loss related to patent litigation . The decline in the environmental reserve is the result of a change in the expected type and extent of investigation and remediation activities associated with one site, due to additional testing and assessment performed with respect to that site.

First Six Months of 2019 Compared with First Six Months of 2018

The results of operations for HBB were as follows for the six months ended June 30 :

	SIX MONTHS ENDED JUNE 30			
	2019	% of Revenue	2018	% of Revenue
Revenue	**$ 257,579**	100.0%	$ 261,283	100.0%
Cost of sales	**203,618**	79.1%	203,131	77.7%
Gross profit	**53,961**	20.9%	58,152	22.3%
Operating expenses	**49,347**	19.2%	50,178	19.2%
Operating profit	**$ 4,614**	1.8%	$ 7,974	3.1%

The following table identifies the components of the change in revenue for the first six months of 2019 compared with the first six months of 2018 :

	Revenue
2018	$ 261,283
(Decrease) increase from:	
Unit volume and product mix	(5,723)
Foreign currency	(1,380)
Average sales price	3,399
2019	**$ 257,579**

Revenue decreased $3.7 million , or 1.4% . The decrease in revenue is primarily due to lower sales in the global commercial and international consumer markets. Unfavorable foreign currency movements also contributed to the decline in revenue as the Canadian dollar, Chinese yuan, Brazilian real, and Mexican peso weakened against the U.S. dollar.

The following table identifies the components of the change in operating profit for the first six months of 2019 compared with the first six months of 2018 :

	Operating Profit
2018	$ 7,974
(Decrease) increase from:	
Gross profit	(4,190)
Selling, general and administrative expenses	830
2019	**$ 4,614**

HBB's operating profit decreased $3.4 million primarily due to a $4.2 million decrease in gross profit offset by a $0.8 million decrease in selling, general and administrative expenses. The decline in gross profit is primarily due to lower sales volumes. As a percentage of revenue, gross profit margin declined from 22.3% to 20.9%, primarily due to increased inbound freight expenses and unfavorable foreign currency movements.

The decrease in selling, general and administrative expenses was mainly attributable to a $3.7 million decline in the environmental reserve at one site and $0.5 million in lower employee-related costs that included a decrease in accrued incentive compensation driven by a lower market price of the Company's stock during the first six months of 2019. The decrease was partially offset by a one-time charge of $3.2 million for a contingent loss related to patent litigation and $0.7 million increase in legal and professional service fees primarily due to patent litigation expenses.

The Kitchen Collection, LLC

At June 30, 2019 , KC operated 162 stores compared with 199 stores at June 30, 2018 and 189 stores at December 31, 2018.

Second Quarter of 2019 Compared with Second Quarter of 2018

The results of operations for KC were as follows for the three months ended June 30 :

	THREE MONTHS ENDED JUNE 30			
	2019	% of Revenue	2018	% of Revenue
Revenue	**$ 18,283**	100.0 %	$ 22,762	100.0 %
Cost of sales	**10,268**	56.2 %	12,385	54.4 %
Gross profit	**8,015**	43.8 %	10,377	45.6 %
Operating expenses	**11,235**	61.5 %	14,211	62.4 %
Operating loss	**$ (3,220)**	(17.6)%	$ (3,834)	(16.8)%

The following table identifies the components of the change in revenue for the second quarter of 2019 compared with the second quarter of 2018 :

	Revenue
2018	$ 22,762
(Decrease) increase from:	
Closed stores	(2,410)
Comparable stores	(1,684)
Other	(480)
New stores	95
2019	**$ 18,283**

Revenue for the second quarter of 2019 decreased $4.5 million , or 19.7% , primarily due to the closure of 37 underperforming stores and a decline in comparable store sales. The decrease in comparable store sales was due to a decline in customer traffic.

Gross profit margin as a percentage of revenue declined from 45.6% to 43.8% primarily due to increased inbound freight.

The following table identifies the components of the change in operating loss for the second quarter of 2019 compared with the second quarter of 2018 :

	Operating Loss
2018	$ (3,834)
Decrease (increase) from:	
Selling, general and administrative expenses and other	715
Closed stores	212
New stores	30
Comparable stores	(343)
2019	**$ (3,220)**

KC's operating loss decreased $0.6 million in the second quarter of 2019 compared with the second quarter of 2018 primarily due to a reduction in corporate expenses and the benefits realized from closing unprofitable stores, which was partially offset by increased operating losses at comparable stores.

First Six Months of 2019 Compared with First Six Months of 2018

The results of operations for KC were as follows for the first six months ended June 30 :

	SIX MONTHS ENDED JUNE 30			
	2019	% of Revenue	2018	% of Revenue
Revenue	**$ 37,536**	100.0 %	$ 44,862	100.0 %
Cost of sales	**20,988**	55.9 %	24,370	54.3 %
Gross profit	**16,548**	44.1 %	20,492	45.7 %
Operating expenses	**23,468**	62.5 %	28,630	63.8 %
Operating loss	**$ (6,920)**	(18.4)%	$ (8,138)	(18.1)%

The following table identifies the components of the change in revenue for the first six months of 2019 compared with the first six months of 2018 :

	Revenue
2018	$ 44,862
(Decrease) increase from:	
Closed stores	(3,959)
Comparable stores	(2,764)
Other	(843)
New stores	240
2019	**$ 37,536**

Revenue for the first six months of 2019 decreased $7.3 million , or 16.3% , primarily due to the closure of 37 underperforming stores and a decline in comparable store sales. The decrease in comparable store sales was due to a decline in customer traffic.

Gross profit margin as a percentage of revenue declined from 45.7% to 44.1% primarily due to increased inbound freight and liquidation sales at twenty-seven stores which closed during the first six months of 2019.

The following table identifies the components of the change in operating loss for the first six months of 2019 compared with the first six months of 2018 :

	Operating Loss
2018	$ (8,138)
Decrease (increase) from:	
Selling, general and administrative expenses and other	1,066
Closed stores	471
New stores	45
Comparable stores	(364)
2019	**$ (6,920)**

KC's operating loss decreased $1.2 million in the first six months of 2019 compared with the first six months of 2018 primarily due to a reduction in corporate expenses and the benefits realized from closing unprofitable stores, which was partially offset by increased operating losses at comparable stores.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Hamilton Beach Brands Holding Company operates through its wholly-owned subsidiaries, HBB and KC, thus the only material assets held by it are the investments in consolidated subsidiaries. Substantially all of its cash flows are provided by dividends paid or distributions made by its subsidiaries. As a result, certain statutory limitations or regulatory or financing agreements could affect the levels of distributions allowed to be made by its subsidiaries. The following is a discussion of the changes in the Company's cash flows for the six months ended June 30, 2019 compared with June 30, 2018.

	SIX MONTHS ENDED JUNE		
	2019	2018	Change
Operating Activities			
Net loss	**$ (2,705)**	$ (1,292)	$ (1,413)
Depreciation and amortization	**2,153**	2,462	(309)
Deferred income taxes	**1,800**	1,795	5
Share-based compensation expense	**1,629**	2,625	(996)
Other	**117**	(4,464)	4,581
Net changes in operating assets and liabilities			
Trade receivables	**13,956**	31,071	(17,115)
Inventories	**4,375**	(30,493)	34,868
Accounts payable	**(41,259)**	(39,551)	(1,708)
Other operating assets and liabilities	**(22,173)**	(18,327)	(3,846)
Net cash used for operating activities	**(42,107)**	(56,174)	14,067
Investing Activities			
Expenditures for property, plant and equipment	**(2,091)**	(4,555)	2,464
Other	**36**	6	30
Net cash used for investing activities	**(2,055)**	(4,549)	2,494
Financing Activities			
Net additions to revolving credit agreements	**44,302**	54,130	(9,828)
Cash dividends on Class A Common and Class B Common	**(2,419)**	(2,327)	(92)
Purchase of treasury stock	**(2,334)**	—	(2,334)
Net cash provided by financing activities	**39,549**	51,803	(12,254)
Effect of exchange rate changes on cash	**(608)**	(24)	(584)
Decrease in cash	**$ (5,221)**	$ (8,944)	$ 3,723

Operating activities - Net cash used for operating activities decreased $14.1 million in the first six months of 2019 compared to the prior year primarily due to efficient management of net working capital in both the HBB and KC segments, which included a $24.4 million decline in inventory as of June 30, 2019 compared with the prior year. The decrease in net cash used for operating activities was partially offset by decreased HBB accrued payroll, product returns and cooperative advertising.

HBB had a use of cash related to net working capital of $18.3 million in 2019 compared to $31.7 million in 2018. The improvement was driven by improved management of inventory, partially offset by changes in trade receivables due to timing of collections.

KC had a use of cash related to net working capital of $4.7 million in 2019 compared to $8.8 million in 2018 primarily due to lower inventory as a result of store closures.

Investing activities - Net cash used for investing activities decreased in the first six months of 2019 primarily due to lower capital expenditures related to HBB internal-use software development costs.

Financing activities - Net cash provided by financing activities decreased $12.3 million primarily due to HBB's decreased net borrowings on the revolving credit facility of $10.1 million and treasury stock purchases of $2.3 million during the first six months of 2019.

Financing Activities

HBB: HBB has a $115.0 million senior secured floating-rate revolving credit facility (the "HBB Facility") that expires in June 2021. The current portion of borrowings outstanding represents expected voluntary repayments to be made in the next twelve months. The obligations under the HBB Facility are secured by substantially all of HBB's assets. The approximate book value of HBB's assets held as collateral under the HBB Facility was $278.1 million as of June 30, 2019 . At June 30, 2019 , the borrowing base under the HBB Facility was $113.3 million and borrowings outstanding were $81.5 million . At June 30, 2019 , the excess availability under the HBB Facility was $31.8 million .

The maximum availability under the HBB Facility is governed by a borrowing base derived from advance rates against eligible trade receivables, inventory and trademarks of the borrowers, as defined in the HBB Facility. Borrowings bear interest at a floating rate, which can be a base rate, LIBOR or bankers' acceptance rate, as defined in the HBB Facility, plus an applicable margin. The applicable margins, effective June 30, 2019 , for base rate loans and LIBOR loans denominated in U.S. dollars were 0.0% and 1.5%, respectively. The applicable margins, effective June 30, 2019 , for base rate loans and bankers' acceptance loans denominated in Canadian dollars were 0.0% and 1.5%, respectively. The HBB Facility also requires a fee of 0.25% per annum on the unused commitment. The margins and unused commitment fee under the HBB Facility are subject to quarterly adjustment based on average excess availability. The weighted average interest rate applicable to the HBB Facility at June 30, 2019 was 3.7% including the floating rate margin and the effect of the interest rate swap agreements described below.

To reduce the exposure to changes in the market rate of interest, HBB has entered into interest rate swap agreements for a portion of the HBB Facility. Terms of the interest rate swap agreements require HBB to receive a variable interest rate and pay a fixed interest rate. HBB has interest rate swaps with notional values totaling $35.0 million at June 30, 2019 at an average fixed interest rate of 1.5%. HBB also has delayed-start interest rate swaps with notional values totaling $10.0 million as of June 30, 2019 , with fixed rates of 1.7%.

The HBB Facility includes restrictive covenants, which, among other things, limit the payment of dividends to Hamilton Beach Holding, subject to achieving availability thresholds. Under Amendment No. 6 to the HBB Facility, dividends to Hamilton Beach Holding are not to exceed $5.0 million during any calendar year to the extent that for the thirty days prior to the dividend payment date, and after giving effect to the dividend payment, HBB maintains excess availability of not less than $15.0 million. Dividends to Hamilton Beach Holding are discretionary to the extent that for the thirty days prior to the dividend payment date, and after giving effect to the dividend payment, HBB maintains excess availability of not less than $25.0 million. The HBB Facility also requires HBB to achieve a minimum fixed charge coverage ratio in certain circumstances, as defined in the HBB Facility. At June 30, 2019 , HBB was in compliance with all financial covenants in the HBB Facility.

HBB believes funds available from cash on hand, the HBB Facility and operating cash flows will provide sufficient liquidity to meet its operating needs and commitments arising during the next twelve months and until the expiration of the HBB Facility.

KC: KC has a $20.0 million secured revolving line of credit that expires in October 2022 (the "KC Facility"). The obligations under the KC Facility are secured by substantially all assets of KC. The approximate book value of KC's assets held as collateral under the KC Facility was $27.4 million as of June 30, 2019 . At June 30, 2019 , the borrowing base under the KC Facility, net of required minimum availability, was $10.3 million and borrowings outstanding under the KC Facility were $9.5 million . At June 30, 2019 , the excess availability under the KC Facility was $0.8 million .

The maximum availability under the KC Facility is derived from a borrowing base formula using KC's eligible inventory and eligible trade receivables, as defined in the KC Facility. Borrowings bear interest at a floating rate plus a margin based on the excess availability under the agreement, as defined in the KC Facility, which can be either a base rate plus a margin of 0.75% or LIBOR plus a margin of 1.75% as of June 30, 2019 . The KC Facility also requires a fee of 0.25% per annum on the unused commitment.

The KC Facility allows for the payment of dividends to Hamilton Beach Holding, subject to certain restrictions based on availability and meeting a fixed charge coverage ratio as described in the KC Facility. Dividends are limited to (i) $6.0 million in any twelve-month period, so long as KC has excess availability, as defined in the KC Facility, of at least $5.0 million after giving effect to such payment and maintaining a minimum fixed charge coverage ratio of 1.1 to 1.0, as defined in the KC Facility; (ii) $2.0 million in any twelve-month period, so long as KC has excess availability, as defined in the KC Facility, of at least $5.0 million after giving effect to such payment; and (iii) in such amounts as determined by KC, so long as KC has excess availability under the KC Facility of $10.0 million after giving effect to such payment. At June 30, 2019 , KC was in compliance with all financial covenants in the KC Facility.

KC believes funds available from cash on hand, the KC Facility and operating cash flows will provide sufficient liquidity to meet its operating needs and commitments arising during the next twelve months and until the expiration of the KC Facility.

Contractual Obligations, Contingent Liabilities and Commitments

For a summary of the Company's contractual obligations, contingent liabilities and commitments, refer to “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations, Contingent Liabilities and Commitments” in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 as there have been no material changes from those disclosed in our Annual Report.

Off Balance Sheet Arrangements

For a summary of the Company's off balance sheet arrangements, refer to "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Off Balance Sheet Arrangements” in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 as there have been no material changes from those disclosed in our Annual Report.

Capital Expenditures

The Company's capital expenditures were $2.1 million and $4.6 million for the six months ended June 30, 2019 and 2018. Planned capital expenditures for the remainder of 2019 are $2.8 million which are primarily for the continued investment in the Company's information technology infrastructure and HBB's tooling for new products. These expenditures are expected to be funded from internally generated funds and bank borrowings.

Capital Structure

The Company's working capital is significantly affected by the seasonality of the segments. The following is a discussion of the changes in the Company's capital structure as of June 30, 2019 compared with both June 30, 2018 and December 31, 2018.

June 30, 2019 Compared with June 30, 2018

	June 30, 2019	June 30, 2018	Change
Cash and cash equivalents	**$ 1,131**	$ 1,962	$ (831)
Other net tangible assets	**138,840**	138,062	778
Goodwill and intangible assets, net	**10,081**	11,462	(1,381)
Net assets	**150,052**	151,486	(1,434)
Total debt	**(90,955)**	(105,476)	14,521
Total equity	**$ 59,097**	$ 46,010	$ 13,087
Debt to total capitalization	**60.6%**	69.6%	(9.0)%

Other net tangible assets - Other net tangible assets increased by $0.8 million from June 30, 2018.

HBB's other net tangible assets increased $5.3 million primarily due to increased trade receivables and decreased accounts payable due to timing of collections and payments, respectively, partially offset by a decrease in inventory of $17.3 million due to improved inventory management.

KC's other net tangible assets decreased $4.3 million primarily due to decreased inventory, partially offset by decreased accounts payable. The decrease in inventory is primarily due to the store closures since the second quarter of 2018 and the decrease in accounts payable was mainly attributable to the timing of inventory purchases.

Total debt - Total debt decreased by $14.5 million primarily due to the decline in net cash used for operating activities resulting from efficient management of net working capital in both the HBB and KC segments, partially offset by the 2019 share repurchases.

June 30, 2019 Compared with December 31, 2018

	June 30, 2019	December 31, 2018	Change
Cash and cash equivalents	**$ 1,131**	$ 6,352	$ (5,221)
Other net tangible assets	**138,840**	94,938	43,902
Goodwill and intangible assets, net	**10,081**	10,772	(691)
Net assets	**150,052**	112,062	37,990
Total debt	**(90,955)**	(46,624)	(44,331)
Total equity	**$ 59,097**	$ 65,438	$ (6,341)
Debt to total capitalization	**60.6%**	41.6%	19.0%

Other net tangible assets - Other net tangible assets increased by $43.9 million in the first six months of 2019.

HBB's other net tangible assets increased $38.0 million primarily due to decreases in accounts payable and other liabilities attributable to the timing of payments. This was partially offset by a reduction in trade receivables consistent with the seasonality of sales.

KC's other net tangible assets increased $5.7 million primarily due to a decrease in accounts payable, partially offset by decreased inventory. The change in accounts payable was due to the timing of inventory purchases and the decrease in inventory is primarily due to store closures in the first six months of 2019.

Total debt - Total debt increased by $44.3 million to fund HBB and KC working capital due to seasonality.

OUTLOOK

HBB: HBB's business is seasonal and a majority of its revenue and operating profit is earned in the second half of the year when sales of small electric appliances to retailers and consumers increase significantly for the fall holiday-selling season. For the past five years, on average, 60% of revenue and 86% of operating profit have been earned in the second half of the year. HBB is pleased with the level of placements and promotional support that have been secured thus far for the second half of 2019 and expects operating profit to increase compared to the second half of 2018. HBB continues to finalize customer commitments for the holiday-selling season and may revise its second half outlook as plans are confirmed in the third quarter. Consumer confidence in the economy and household finances and trends in spending levels and items purchased will ultimately determine the success of the 2019 holiday-selling season. For the full year 2019, HBB expects revenue to grow moderately as a result of the continued successful implementation of its Strategic Initiatives, including new consumer and commercial product introductions, Only-the-Best placements, and continued expansion in the e-commerce channel and international markets. Revenue for each of the Strategic Initiatives is expected to be above 2018. Operating profit for 2019 is expected to increase moderately compared to 2018. HBB expects cash flow before financing activities to increase significantly in 2019 compared to 2018, with a goal to exceed $20 million as the company works to return to pre-2018 levels. Capital expenditures are expected to be approximately $4.5 million in 2019.

KC: KC's business is seasonal and a majority of its revenue and operating profit is earned in the second half of the year when sales of kitchenware to consumers increase significantly for the fall holiday-selling season. For 2019, KC expects its revenue to decrease compared to 2018 as a result of store closures and lower comparable store sales. KC expects its operating loss and use of cash before financing activities in 2019 to improve compared to 2018. Capital expenditures in 2019 are expected to be approximately $0.3 million. KC is working aggressively to significantly improve performance in 2019 and 2020.

Hamilton Beach Brands Holding Company: Based on the outlooks for the HBB and KC segments, the Company expects 2019 net income to increase and cash flow before financing activities to increase significantly over 2018.

FORWARD-LOOKING STATEMENTS

The statements contained in this Form 10-Q that are not historical facts are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are made subject to certain risks and uncertainties, which could cause actual results to differ materially from those presented. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Such risks and uncertainties with respect to each subsidiary's operations include, without limitation:

HBB: (1) changes in the sales prices, product mix or levels of consumer purchases of small electric and specialty housewares appliances, (2) changes in consumer retail and credit markets, including the increasing volume of transactions made through third-party internet sellers, (3) bankruptcy of or loss of major retail customers or suppliers, (4) changes in costs, including transportation costs, of sourced products, (5) delays in delivery of sourced products, (6) changes in or unavailability of quality or cost effective suppliers, (7) exchange rate fluctuations, changes in the import tariffs and monetary policies and other changes in the regulatory climate in the countries in which HBB buys, operates and/or sells products, (8) product liability, regulatory actions or other litigation, warranty claims or returns of products, (9) customer acceptance of, changes in costs of, or delays in the development of new products, (10) increased competition, including consolidation within the industry, (11) shifts in consumer shopping patterns, gasoline prices, weather conditions, the level of consumer confidence and disposable income as a result of economic conditions, unemployment rates or other events or conditions that may adversely affect the level of customer purchases of HBB products, (12) changes mandated by federal, state and other regulation, including tax, health, safety or environmental legislation, and (13) other factors listed in the Company's filings with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K.

KC: (1) decreased levels of consumer visits to brick and mortar stores, (2) increased competition, including through online channels, (3) shifts in consumer shopping patterns, gasoline prices, weather conditions, the level of consumer confidence and disposable income as a result of economic conditions, unemployment rates or other events or conditions that may adversely affect the number of customers visiting Kitchen Collection ® stores, (4) the ability to renegotiate existing leases and effectively and efficiently close under-performing stores, (5) changes in the sales prices, product mix or levels of consumer purchases of kitchenware and small electric appliances, (6) changes in costs of inventory, including transportation costs, (7) delays in delivery or the unavailability of inventory, (8) customer acceptance of new products, (9) changes in the import tariffs and monetary policies and other changes in the regulatory climate in the countries in which KC buys, operates and/or sells products, and (10) other factors listed in the Company's filings with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

INTEREST RATE RISK

The Company's subsidiaries, HBB and KC, have entered into certain financing arrangements that require interest payments based on floating interest rates. As such, the Company's financial results are subject to changes in the market rate of interest. There is an inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and business financing requirements. To reduce the exposure to changes in the market rate of interest, HBB has entered into interest rate swap agreements for a portion of its floating rate financing arrangements. The Company does not enter into interest rate swap agreements for trading purposes. Terms of the interest rate swap agreements require the subsidiaries to receive a variable interest rate and pay a fixed interest rate.

For purposes of risk analysis, the Company uses sensitivity analysis to measure the potential loss in fair value of financial instruments sensitive to changes in interest rates. The Company assumes that a loss in fair value is an increase to its receivables. The fair value of the Company's interest rate swap agreements was a net receivable of $0.1 million at June 30, 2019 . A hypothetical 10% decrease in interest rates would result in a payable with a fair value of $0.1 million. Additionally, a hypothetical 10% increase in interest rates would not have a material impact to the Company's interest expense of $1.8 million for the six months ended June 30, 2019 .

FOREIGN CURRENCY EXCHANGE RATE RISK

HBB operates internationally and enters into transactions denominated in foreign currencies, principally the Canadian dollar, the Mexican peso and, to a lesser extent, the Chinese yuan and Brazilian real. As such, HBB's financial results are subject to the variability that arises from exchange rate movements. The fluctuation in the value of the U.S. dollar against other currencies affects the reported amounts of revenues, expenses, assets and liabilities. The potential impact of currency fluctuation increases as international expansion increases.

HBB uses forward foreign currency exchange contracts to partially reduce risks related to transactions denominated in foreign currencies and not for trading purposes. These contracts generally mature within twelve months and require HBB to buy or sell the functional currency in which the applicable subsidiary operates and buy or sell U.S. dollars at rates agreed to at the inception of the contracts.

For purposes of risk analysis, the Company uses sensitivity analysis to measure the potential loss in fair value of financial instruments sensitive to changes in foreign currency exchange spot rates. The Company assumes that a loss in fair value is either a decrease to its assets or an increase to its liabilities. The fair value of the Company's foreign currency exchange contracts was a payable of $0.4 million at June 30, 2019 . Assuming a hypothetical 10% weakening of the U.S. dollar at June 30, 2019 , the fair value of foreign currency-sensitive financial instruments, which represents forward foreign currency exchange contracts, would be decreased by $1.9 million compared with its fair value at June 30, 2019 .

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures: An evaluation was carried out under the supervision and with the participation of the Company's management, including the principal executive officer and the principal financial officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, these officers have concluded that the Company's disclosure controls and procedures are effective.

Changes in internal control over financial reporting: During the three months ended June 30, 2019, there have been no changes in the Company's internal control over financial reporting that have 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 information required by this Item 1 is set forth in Note 6 "Contingencies" included in our Financial Statements contained in Part I of this Form 10-Q and is hereby incorporated herein by reference to such information.

Item 1A Risk Factors
There has been no material changes to the risk factors for the Company since the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

	Issuer Purchases of Equity Securities [1]					
	(a)	(b)		(c)	(d)	
Period	Total Number of Shares Purchased	Average Price Paid per Share		Total Number of Shares Purchased as Part of the Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program	
Month #1 (April 1 to 30, 2019)	—	$	—	—	$	25,000,000
Month #2 (May 1 to 31, 2019)	46,405	$	18.39	46,405	$	24,146,770
Month #3 (June 1 to 30, 2019)	83,282	$	17.78	83,282	$	22,665,653
	129,687	$	18.00	129,687	$	22,665,653

(1) In May 2018, the Company established a stock repurchase program allowing for the purchase of up to $25.0 million of the Company's Class A Common Stock outstanding through December 31, 2019.

Item 3 Defaults Upon Senior Securities
None.

Item 4 Mine Safety Disclosures
None.

Item 5 Other Information
None.

Item 6 Exhibits

Exhibit Number*	Description of Exhibits
31(i)(1)	Certification of Gregory H. Trepp pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act
31(i)(2)	Certification of Michelle O. Mosier pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act
32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Gregory H. Trepp and Michelle O. Mosier
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Numbered in accordance with Item 601 of Regulation S-K.

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.

Hamilton Beach Brands Holding Company
(Registrant)

Date: July 31, 2019

/s/ Michelle O. Mosier

Michelle O. Mosier

Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)/(Principal Accounting Officer)

Exhibit 31(i)(1)

Certifications

I, Gregory H. Trepp , certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hamilton Beach Brands Holding Company;

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(s) 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(s) 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 31, 2019

/s/ Gregory H. Trepp

Gregory H. Trepp
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31(i)(2)

Certifications

I, Michelle O. Mosier , certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hamilton Beach Brands Holding Company;

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(s) 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(s) 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 31, 2019

/s/ Michelle O. Mosier

Michelle O. Mosier

Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)/(Principal Accounting Officer)

Exhibit 32

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 of Hamilton Beach Brands Holding Company (the "Company") on Form 10-Q for the quarter ended June 30, 2019 , as filed with the Securities and Exchange Commission on the date hereof (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 31, 2019

/s/ Gregory H. Trepp

Gregory H. Trepp

President and Chief Executive Officer (Principal Executive Officer)

Date: July 31, 2019

/s/ Michelle O. Mosier

Michelle O. Mosier

Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)/(Principal Accounting Officer)