

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

March 31, 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: 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 April 28, 2023: 10,467,586

Number of shares of Class B Common Stock outstanding at April 28, 2023: 3,628,766

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**TABLE OF CONTENTS**

		<u>Page Number</u>
<b><u>Part I.</u></b>	<b><u>FINANCIAL INFORMATION</u></b>	
<u>Item 1</u>	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets</u>	<u>2</u>
	<u>Consolidated Statements of Operations</u>	<u>3</u>
	<u>Consolidated Statements of Comprehensive Income (Loss)</u>	<u>4</u>
	<u>Consolidated Statements of Cash Flows</u>	<u>5</u>
	<u>Consolidated Statements of Changes in Equity</u>	<u>6</u>
	<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>16</u>
<u>Item 4</u>	<u>Controls and Procedures</u>	<u>17</u>
<b><u>Part II.</u></b>	<b><u>OTHER INFORMATION</u></b>	
<u>Item 1</u>	<u>Legal Proceedings</u>	<u>18</u>
<u>Item 1A</u>	<u>Risk Factors</u>	<u>18</u>
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>18</u>
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u>	<u>18</u>
<u>Item 4</u>	<u>Mine Safety Disclosures</u>	<u>18</u>
<u>Item 5</u>	<u>Other Information</u>	<u>18</u>
<u>Item 6</u>	<u>Exhibits</u>	<u>18</u>
	<u>Signatures</u>	<u>19</u>

**Part I**  
**FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

	MARCH 31 2023	DECEMBER 31 2022	MARCH 31 2022
	(In thousands)		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 2,218	\$ 928	\$ 1,022
Trade receivables, net	90,310	115,135	104,230
Inventory	131,542	156,038	195,555
Prepaid expenses and other current assets	11,618	12,643	25,639
<b>Total current assets</b>	<b>235,688</b>	<b>284,744</b>	<b>326,446</b>
Property, plant and equipment, net	27,216	27,830	29,555
Right-of-use lease assets	42,652	44,000	46,165
Goodwill	6,253	6,253	6,253
Other intangible assets, net	1,442	1,492	1,642
Deferred income taxes	3,047	3,117	3,221
Deferred costs	14,371	14,348	19,085
Other non-current assets	5,938	7,166	4,298
<b>Total assets</b>	<b>\$ 336,607</b>	<b>\$ 388,950</b>	<b>\$ 436,665</b>
<b>Liabilities and stockholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 51,261	\$ 61,759	\$ 103,367
Accrued compensation	13,464	11,310	13,709
Accrued product returns	5,551	6,474	5,094
Lease liabilities	5,918	5,875	5,105
Other current liabilities	12,072	16,150	16,229
<b>Total current liabilities</b>	<b>88,266</b>	<b>101,568</b>	<b>143,504</b>
Revolving credit agreements	79,333	110,895	119,302
Lease liabilities, non-current	45,317	46,801	49,673
Other long-term liabilities	5,262	5,152	11,028
<b>Total liabilities</b>	<b>218,178</b>	<b>264,416</b>	<b>323,507</b>
<b>Stockholders' equity</b>			
Class A Common stock	111	107	105
Class B Common stock	36	38	39
Capital in excess of par value	65,803	65,008	62,349
Treasury stock	(8,939)	(8,939)	(5,960)
Retained earnings	74,001	80,238	66,534
Accumulated other comprehensive loss	(12,583)	(11,918)	(9,909)
<b>Total stockholders' equity</b>	<b>118,429</b>	<b>124,534</b>	<b>113,158</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 336,607</b>	<b>\$ 388,950</b>	<b>\$ 436,665</b>

See notes to unaudited consolidated financial statements.

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	THREE MONTHS ENDED MARCH 31	
	2023	2022
	(In thousands, except per share data)	
<b>Revenue</b>	\$ 128,252	\$ 146,351
Cost of sales	107,342	118,121
<b>Gross profit</b>	20,910	28,230
Selling, general and administrative expenses	25,919	15,433
Amortization of intangible assets	50	50
<b>Operating profit (loss)</b>	(5,059)	12,747
Interest expense, net	1,269	733
Other expense (income), net	16	1,466
<b>Income (loss) before income taxes</b>	(6,344)	10,548
Income tax expense (benefit)	(1,567)	3,375
<b>Net income (loss)</b>	\$ (4,777)	\$ 7,173
<b>Basic and diluted earnings (loss) per share</b>	\$ (0.34)	\$ 0.51
<b>Basic weighted average shares outstanding</b>	14,073	14,061
<b>Diluted weighted average shares outstanding</b>	14,073	14,092

See notes to unaudited consolidated financial statements.

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(Unaudited)**

	THREE MONTHS ENDED MARCH 31	
	2023	2022
	(In thousands)	
<b>Net income (loss)</b>	\$ (4,777)	\$ 7,173
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	69	(1,190)
(Loss) gain on long-term intra-entity foreign currency transactions	452	1,458
Cash flow hedging activity	(1,437)	2,053
Reclassification of foreign currency adjustments into earnings	—	2,085
Reclassification of hedging activities into earnings	187	(97)
Reclassification of pension adjustments into earnings	64	25
<b>Total other comprehensive income (loss), net of tax</b>	<b>(665)</b>	<b>4,334</b>
<b>Comprehensive income (loss)</b>	<b>\$ (5,442)</b>	<b>\$ 11,507</b>

See notes to unaudited consolidated financial statements.

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	THREE MONTHS ENDED MARCH 31	
	2023	2022
	(In thousands)	
<b>Operating activities</b>		
Net income (loss)	\$ (4,777)	\$ 7,173
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,004	1,154
Deferred income taxes	—	(555)
Stock compensation expense	797	764
Brazil foreign currency loss	—	2,085
Other	(220)	121
Net changes in operating assets and liabilities:		
Trade receivables	25,292	15,547
Inventory	25,030	(12,069)
Other assets	1,082	(8,924)
Accounts payable	(10,392)	(28,349)
Other liabilities	(2,942)	2,298
<b>Net cash provided by (used for) operating activities</b>	<b>34,874</b>	<b>(20,755)</b>
<b>Investing activities</b>		
Expenditures for property, plant and equipment	(464)	(406)
Other	(150)	—
<b>Net cash provided by (used for) investing activities</b>	<b>(614)</b>	<b>(406)</b>
<b>Financing activities</b>		
Net additions (reductions) to revolving credit agreements	(31,567)	22,406
Cash dividends paid	(1,460)	(1,392)
<b>Net cash provided by (used for) financing activities</b>	<b>(33,027)</b>	<b>21,014</b>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	57	74
<b>Cash, cash equivalents and restricted cash</b>		
Increase (decrease) for the period	1,290	(73)
Balance at the beginning of the period	1,905	2,150
<b>Balance at the end of the period</b>	<b>\$ 3,195</b>	<b>\$ 2,077</b>
<b>Reconciliation of cash, cash equivalents and restricted cash</b>		
Cash and cash equivalents	\$ 2,218	\$ 1,022
Restricted cash included in prepaid expenses and other current assets	62	64
Restricted cash included in other non-current assets	915	991
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 3,195</b>	<b>\$ 2,077</b>

See notes to unaudited consolidated financial statements.

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)

	Class A Common Stock	Class B Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
(In thousands, except per share data)							
<b>Balance, January 1, 2023</b>	\$ 107	\$ 38	\$ 65,008	\$ (8,939)	\$ 80,238	\$ (11,918)	\$ 124,534
Net income (loss)	—	—	—	—	(4,777)	—	(4,777)
Issuance of common stock, net of conversions	4	(2)	(2)	—	—	—	—
Share-based compensation expense	—	—	797	—	—	—	797
Cash dividends, \$0.105 per share	—	—	—	—	(1,460)	—	(1,460)
Other comprehensive income (loss), net of tax	—	—	—	—	—	(916)	(916)
Reclassification adjustment to net income (loss)	—	—	—	—	—	251	251
<b>Balance, March 31, 2023</b>	<b>\$ 111</b>	<b>\$ 36</b>	<b>\$ 65,803</b>	<b>\$ (8,939)</b>	<b>\$ 74,001</b>	<b>\$ (12,583)</b>	<b>\$ 118,429</b>

  

<b>Balance, January 1, 2022</b>	\$ 103	\$ 40	\$ 61,586	\$ (5,960)	\$ 60,753	\$ (14,243)	\$ 102,279
Net income (loss)	—	—	—	—	7,173	—	7,173
Issuance of common stock, net of conversions	2	(1)	(1)	—	—	—	—
Share-based compensation expense	—	—	764	—	—	—	764
Cash dividends, \$0.10 per share	—	—	—	—	(1,392)	—	(1,392)
Other comprehensive income (loss), net of tax	—	—	—	—	—	2,321	2,321
Reclassification adjustment to net income (loss)	—	—	—	—	—	2,013	2,013
<b>Balance, March 31, 2022</b>	<b>\$ 105</b>	<b>\$ 39</b>	<b>\$ 62,349</b>	<b>\$ (5,960)</b>	<b>\$ 66,534</b>	<b>\$ (9,909)</b>	<b>\$ 113,158</b>

See notes to unaudited consolidated financial statements.

**HAMILTON BEACH BRANDS HOLDING COMPANY**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(Tabular amounts in thousands, except as noted and per share amounts)

**NOTE 1—Basis of Presentation and Recently Issued Accounting Standards**

**Basis of Presentation**

Hamilton Beach Brands Holding Company is a holding company and operates through its wholly-owned subsidiary, Hamilton Beach Brands, Inc. (“HBB”) (collectively “Hamilton Beach Holding” or the “Company”). HBB is a leading designer, marketer, and distributor of a wide range of branded small electric household and specialty housewares appliances, as well as commercial products for restaurants, fast food chains, bars, and hotels. HBB operates in the consumer, commercial and specialty small appliance markets.

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments of a normal recurring nature considered necessary for a fair presentation 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, 2022.

Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the remainder of the year due to the highly seasonal nature of the Company's primary markets. A majority of revenue and operating profit typically occurs in the second half of the calendar year when sales of products to retailers and consumers historically increase significantly for the fall holiday-selling season.

**Accounting Standards Adopted**

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326),” which requires an entity to recognize and present financial assets at the net amount expected to be collected. This guidance replaces the current incurred loss impairment methodology for recognizing credit losses for financial assets and requires consideration of a broader range of reasonable and supportable information for estimating credit losses. The Company considers a combination of factors, such as historical losses, the aging of trade receivables, customers’ financial strength, credit standing and payment and default history in determining the appropriate estimate of expected credit losses. The Company adopted ASU 2016-13 and related amendments for the fiscal year beginning January 1, 2023 and the adoption of this guidance did not have a material impact on the Company’s financial condition, results of operations or cash flows.

In September 2022, the FASB issued ASU 2022-04, “Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations.” The new accounting rules create certain disclosure requirements for a buyer in a supplier finance program. The new accounting rules require qualitative and quantitative disclosures including key terms of the program, balance sheet presentation of related amounts, and the obligation amount the buyer has confirmed as valid to the finance provider, including a rollforward of the obligation. Only the amount of the obligation outstanding is required to be disclosed in interim periods. The accounting rules do not impact the recognition, measurement, or financial statement presentation of supplier finance program obligations. The Company adopted this guidance in the first quarter of 2023. The new accounting rules did not have an impact on our financial condition, results of operations or cash flows. The Company included a new disclosure in accordance with the new accounting rules.

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. The Company previously qualified as an emerging growth company and elected to use the extended transition period for complying with new and revised financial accounting standards. The amendments were effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. On January 1, 2022, the Company adopted Topic 842. The impacts of the adoption were reflected in the Annual Report on Form 10-K for the year ended December 31, 2022. The Company lost the emerging growth company status as of December 31, 2022, the last day of the fiscal year following the fifth anniversary of our spin-off from NACCO Industries, Inc. The Consolidated Balance Sheet as of March 31, 2022 and the Consolidated Statement of Cash Flows for the three months ended March 31, 2022 have been revised to reflect the Company's adoption of Topic 842 on January 1, 2022.



### **U.S. Pension Plan Termination**

In the second quarter of 2022, the Company began the process of terminating its U.S. defined benefit pension plan (the "Plan"), which could take up to an estimated 24 months to complete. Benefit obligations under the Plan will be settled through a combination of lump sum payments to eligible plan participants and the purchase of a group annuity contract, under which future benefit obligations will be transferred to a third-party insurance company. The Plan continues to be overfunded and the Company expects that there will be no further required minimum contributions to the Plan. We currently expect that all surplus assets remaining after the Plan termination will be transferred to a qualified replacement plan. The deferred loss within Accumulated Other Comprehensive Income will be fully recognized when the plan is terminated or as settlements occur, which would trigger accelerated recognition.

### **Accounts payable - Supplier Finance Program**

The Company has an agreement with a third-party administrator to provide an accounts payable tracking system which facilitates participating suppliers' ability to monitor and voluntarily elect to sell payment obligations from the Company to the designated third-party financial institution. Participating suppliers can sell one or more of our payment obligations at their sole discretion, and our rights and obligations to our suppliers are not impacted. The Company has no economic interest in a supplier's decision to enter into these agreements. Our obligations to our suppliers, including amounts due and scheduled payment terms, are not impacted by our suppliers' decisions to sell amounts under these arrangements. The payment of these obligations by the Company is included in cash used in operating activities in the Consolidated Statement of Cash Flows. As of March 31, 2023, December 31, 2022 and March 31, 2022, \$30.4 million, \$23.3 million and \$40.2 million, respectively, of the Company's outstanding payment obligations had been placed in the accounts payable tracking system.

### **NOTE 2—Transfer of Financial Assets**

HBB has entered into an arrangement with a financial institution to sell certain U.S. trade receivables on a non-recourse basis. HBB utilizes this arrangement as an integral part of financing working capital. Under the terms of the agreement, HBB 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, HBB derecognized \$29.7 million and \$27.6 million of trade receivables during the three months ending March 31, 2023 and March 31, 2022, respectively, and \$118.5 million during the year ending December 31, 2022. The loss incurred on sold receivables in the consolidated results of operations for the three months ended March 31, 2023 and 2022 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 Consolidated Statements of Cash Flows.

### NOTE 3—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	MARCH 31 2023	DECEMBER 31 2022	MARCH 31 2022
<b>Assets:</b>				
Interest rate swap agreements				
Current	Prepaid expenses and other current assets	\$ 1,064	\$ 837	\$ 400
Long-term	Other non-current assets	3,168	4,539	1,656
Foreign currency exchange contracts				
Current	Prepaid expenses and other current assets	49	174	—
		<u>\$ 4,281</u>	<u>\$ 5,550</u>	<u>\$ 2,056</u>
<b>Liabilities:</b>				
Interest rate swap agreements				
Current	Other current liabilities	\$ —	\$ —	\$ —
Long-term	Other long-term liabilities	—	—	—
Foreign currency exchange contracts				
Current	Other current liabilities	357	101	383
		<u>\$ 357</u>	<u>\$ 101</u>	<u>\$ 383</u>

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 SOFR 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.

### Other Fair Value Measurement Disclosures

The carrying amounts of cash and cash equivalents, trade receivables and accounts payable approximate fair value due to the short-term maturities of these instruments. The fair value of the revolving credit agreement, including book overdrafts, which approximate book value, was determined using current rates offered for similar obligations taking into account subsidiary credit risk, which is Level 2 as defined in the fair value hierarchy.

There were no transfers into or out of Levels 1, 2, or 3 during the three months ended March 31, 2023.

## NOTE 4—Stockholders' Equity

### Capital Stock

The following table sets forth the Company's authorized capital stock information:

	MARCH 31 2023	DECEMBER 31 2022	MARCH 31 2022
Preferred stock, par value \$0.01 per share			
Preferred stock authorized	5,000	5,000	5,000
Preferred stock outstanding	—	—	—
Class A Common stock, par value \$0.01 per share			
Class A Common authorized	70,000	70,000	70,000
Class A Common issued <sup>(1)(2)</sup>	11,070	10,663	10,566
Treasury Stock	626	626	365
Class B Common stock, par value \$0.01 per share, convertible into Class A on a one-for-one basis			
Class B Common authorized	30,000	30,000	30,000
Class B Common issued <sup>(1)</sup>	3,629	3,844	3,869

<sup>(1)</sup> Class B Common converted to Class A Common were 215 and 131 shares during the three months ending March 31, 2023 and 2022, respectively.

<sup>(2)</sup> The Company issued Class A Common of 192 and 168 shares during the three months ending March 31, 2023 and 2022, respectively.

**Stock Repurchase Program:** In February 2022, the Company's Board approved a stock repurchase program for the purchase of up to \$25 million of the Company's Class A Common outstanding starting February 22, 2022 and ending December 31, 2023. There were no share repurchases during the three months ended March 31, 2023 or 2022. During the year ended December 31, 2022, the Company repurchased 261,049 shares for an aggregate purchase price of \$3.0 million.

**Accumulated Other Comprehensive Loss:** The following table summarizes changes in accumulated other comprehensive loss by component and related tax effects for periods shown:

	Foreign Currency	Deferred Gain (Loss) on Cash Flow Hedging	Pension Plan Adjustment	Total
<b>Balance, January 1, 2023</b>	\$ (8,924)	\$ 4,158	\$ (7,152)	\$ (11,918)
Other comprehensive income (loss)	715	(1,881)	—	(1,166)
Reclassification adjustment to net income (loss)	—	252	87	339
Tax effects	(194)	379	(23)	162
<b>Balance, March 31, 2023</b>	<u>\$ (8,403)</u>	<u>\$ 2,908</u>	<u>\$ (7,088)</u>	<u>\$ (12,583)</u>
<b>Balance, January 1, 2022</b>	\$ (9,877)	\$ (638)	\$ (3,728)	\$ (14,243)
Other comprehensive income (loss)	359	2,691	—	3,050
Reclassification adjustment to net income (loss)	1,267	(126)	50	1,191
Tax effects	727	(609)	(25)	93
<b>Balance, March 31, 2022</b>	<u>\$ (7,524)</u>	<u>\$ 1,318</u>	<u>\$ (3,703)</u>	<u>\$ (9,909)</u>

## NOTE 5—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, which includes an estimate for variable consideration.

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.

HBB products are not sold with a general right of return. However, based on historical experience, a portion of products sold are estimated to be returned due to reasons such as product failure and excess inventory stocked by the customer, which, subject to certain terms and conditions, HBB will agree to accept. Product returns, customer programs and incentive offerings, including special pricing agreements, price competition, promotions, and other volume-based incentives are accounted for as variable consideration.

A description of revenue sources and performance obligations for HBB are as follows:

### *Consumer and Commercial product revenue*

Transactions with both consumer and commercial 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 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 a product is shipped from the Company's facility, or delivered to customers, depending on the shipping terms. The amount of revenue recognized varies primarily with price concessions and changes in returns. The Company offers price concessions to our customers for incentive offerings, special pricing agreements, price competition, promotions or other volume-based arrangements. The Company evaluated such agreements with our customers and determined returns and price concessions should be accounted for as variable consideration.

Consumer product revenue consists of sales of small electric household and specialty housewares appliances to traditional brick and mortar and ecommerce retailers, distributors and directly to the end consumer. A majority of this revenue is in North America.

Commercial product revenue consists of sales of products for restaurants, fast-food chains, bars and hotels. Approximately one-half of our commercial sales is in the U.S. and the other half is in markets across the globe.

### *License revenue*

From time to time, the Company enters into exclusive and non-exclusive licensing agreements which grant the right to use certain of HBB'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, trade names, patents, trade dress, logos and/or products (the "Licensed IP"). In exchange for granting the right to use the Licensed IP, HBB 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. HBB recognizes revenue at the later of when the subsequent sales occur or satisfying the performance obligation (over time).

The following table sets forth Company's revenue on a disaggregated basis for the three months ended March 31:

	THREE MONTHS ENDED MARCH 31	
	2023	2022
Type of good or service:		
Consumer products	\$ 113,432	\$ 129,760
Commercial products	13,404	15,080
Licensing	1,416	1,511
Total revenues	\$ 128,252	\$ 146,351

## **NOTE 6—Contingencies**

Hamilton Beach Holding and its subsidiary are involved in various legal and regulatory proceedings and claims that have arisen in the ordinary course of business, including product liability, patent infringement, asbestos related claims, environmental and other claims. Although it is difficult to predict the ultimate outcome of these proceedings and claims, the Company believes the ultimate disposition of these matters will not have a material adverse effect on the financial condition, results of operation or cash flows of the Company. Any costs that the Company 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.

Proceedings and claims asserted against the Company or its subsidiary 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 for the period in which the ruling occurs, or in future periods.

### **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 March 31, 2023, December 31, 2022, and March 31, 2022, HBB had accrued undiscounted obligations of \$3.3 million, \$3.2 million and \$3.4 million respectively, for environmental investigation and remediation activities. HBB estimates that it is reasonably possible that it may incur additional expenses in the range of zero to \$1.5 million related to the environmental investigation and remediation at these sites. As of March 31, 2023, HBB has \$1.0 million, classified as restricted cash, associated with reimbursement of environmental investigation and remediation costs from a responsible party in exchange for release from all future obligations for one site. Additionally, HBB has a \$1.2 million asset associated with the reimbursement of costs associated with two sites.

## **NOTE 7—Income Taxes**

The Company's provision for income taxes for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period.

The effective tax rate on loss was 24.7% for the three months ended March 31, 2023, and 32.0% on income for the three months ended March 31, 2022. The effective tax rate for the three months ended March 31, 2022 was unfavorably impacted by interest and penalties on unrecognized tax benefits and a valuation allowance on certain foreign deferred tax assets related to the Brazil liquidation as discrete expense items that did not recur in 2023.

## 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."

HBB is the Company's single reportable segment and intercompany balances and transactions have been eliminated.

### 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 and Estimates" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 as there have been no material changes from those disclosed in the Annual Report.

### RESULTS OF OPERATIONS

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 historically increase significantly for the fall holiday-selling season.

#### First Quarter of 2023 Compared with First Quarter of 2022

	THREE MONTHS ENDED MARCH 31					
	2023	% of Revenue	2022	% of Revenue	Increase / (Decrease)	
	\$		\$		\$ Change	% Change
<b>Revenue</b>	<b>128,252</b>	100.0 %	146,351	100.0 %	(18,099)	(12.4)%
Cost of sales	107,342	83.7 %	118,121	80.7 %	(10,779)	(9.1)%
<b>Gross profit</b>	<b>20,910</b>	16.3 %	28,230	19.3 %	(7,320)	(25.9)%
Selling, general and administrative expenses	25,919	20.2 %	15,433	10.5 %	10,486	67.9 %
Amortization of intangible assets	50	— %	50	— %	—	— %
<b>Operating profit (loss)</b>	<b>(5,059)</b>	(3.9)%	12,747	8.7 %	(17,806)	(139.7)%
Interest expense, net	1,269	1.0 %	733	0.5 %	536	73.1 %
Other expense (income), net	16	— %	1,466	1.0 %	(1,450)	(98.9)%
<b>Income (loss) before income taxes</b>	<b>(6,344)</b>	(4.9)%	10,548	7.2 %	(16,892)	(160.1)%
Income tax expense (benefit)	(1,567)	(1.2)%	3,375	2.3 %	(4,942)	(146.4)%
<b>Net income (loss)</b>	<b>\$ (4,777)</b>	(3.7)%	<b>\$ 7,173</b>	4.9 %	<b>\$ (11,950)</b>	(166.6)%
Effective income tax rate	24.7 %		32.0 %			

The following table identifies the components of the change in revenue:

	Revenue
2022	\$ 146,351
Increase (decrease) from:	
Unit volume and product mix	(22,295)
Average sales price	4,269
Foreign currency	(73)
<b>2023</b>	<b>\$ 128,252</b>

**Revenue** - Revenue decreased \$18.1 million, or 12.4% compared to the prior year, due to lower unit volume and unfavorable customer and product mix, partially offset by price increases. The decrease in volume is related to softer consumer consumption trends and inventory rebalancing by many retailers which impacted orders in the first quarter of 2023.

**Gross profit** - As a percentage of revenue, gross profit margin decreased from 19.3% in the prior year to 16.3% in the current year due to unfavorable customer and product mix and deleveraging of fixed charges. These were offset slightly by lower expenses for outside warehousing and labor compared to the prior year due to lower inventory levels.

**Selling, general and administrative expenses** - Selling, general and administrative expenses increased \$10.5 million due primarily to the \$10.0 million insurance recovery recognized during the three months ended March 31, 2022 which did not recur.

**Interest expense** - Interest expense, net increased \$0.5 million due to higher interest rates, offset slightly by lower average debt compared to the prior year.

**Other expense (income), net** - Other expense (income), net includes currency gains of \$0.1 million in the current year compared to currency losses of \$1.8 million in the prior year. The higher prior year losses were driven by the liquidation of the Brazilian subsidiary, which resulted in \$2.1 million of accumulated other comprehensive losses being released into other expense (income), net during the first quarter of 2022.

**Income tax expense (benefit)** - The effective tax rate on loss was 24.7% for the three months ended March 31, 2023, and 32.0% on income for the three months ended March 31, 2022. The effective tax rate for the three months ended March 31, 2022 was unfavorably impacted by interest and penalties on unrecognized tax benefits and a valuation allowance on certain foreign deferred tax assets related to the Brazil liquidation as discrete expense items that did not recur in 2023.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

Hamilton Beach Brands Holding Company cash flows are provided by dividends paid or distributions made by its subsidiary. The only material assets held by it are the investments in its consolidated subsidiary. As a result, certain statutory limitations or regulatory or financing agreements could affect the levels of distributions allowed to be made by its subsidiary. Hamilton Beach Brands Holding Company has not guaranteed any of the obligations of its subsidiary.

HBB's principal sources of cash to fund liquidity needs are: (i) cash generated from operations and (ii) borrowings available under the revolving credit facility, as defined below. HBB's primary use of funds consists of working capital requirements, operating expenses, capital expenditures, and payments of principal and interest on debt.

HBB has a \$150.0 million senior secured floating-rate revolving credit facility (the "HBB Facility") that expires on June 30, 2025. 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.

The following table presents selected cash flow information:

	THREE MONTHS ENDED MARCH 31	
	2023	2022
Net cash provided by (used for) operating activities	\$ 34,874	\$ (20,755)
Net cash provided by (used for) investing activities	\$ (614)	\$ (406)
Net cash provided by (used for) financing activities	\$ (33,027)	\$ 21,014

**Operating activities** - Net cash provided by operating activities was \$34.9 million compared to cash used for operating activities of \$20.8 million in the prior year primarily due to net working capital which provided cash of \$39.9 million in 2023 compared to a use of cash of \$24.9 million in 2022. Trade receivables provided net cash of \$25.3 million during 2023 compared to \$15.5 million provided in the prior year. Net cash provided by inventory and accounts payable combined was \$14.6 million in 2023 compared to \$40.4 million used in 2022. The Company effectively managed elevated inventory levels during 2022 and significantly reduced inventory and accounts payable as compared to the quarter-ended March 31, 2022 and the year-ended December 31, 2022.

*Investing activities* - Net cash used for investing activities in 2023 was flat compared to 2022.

*Financing activities* - Net cash used for financing activities was \$33.0 million in 2023 compared to net cash provided by financing activities of \$21.0 million in 2022. The change is due to a decrease in HBB's net borrowing activity on the revolving credit facility to fund net working capital.

## **Capital Resources**

The Company expects to continue to borrow against the HBB Facility and make voluntary repayments within the next twelve months. The obligations under the HBB Facility are secured by substantially all of HBB's assets. At March 31, 2023, the borrowing base under the HBB Facility was \$132.4 million and borrowings outstanding were \$79.3 million. At March 31, 2023, the excess availability under the HBB Facility was \$53.1 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, SOFR or bankers' acceptance rate, as defined in the HBB Facility, plus an applicable margin. The applicable margins, effective March 31, 2023, for base rate loans and SOFR loans denominated in U.S. dollars were 0.0% and 2.05%, respectively. The applicable margins, effective March 31, 2023, for base rate loans and bankers' acceptance loans denominated in Canadian dollars were 0.0% and 2.05%, 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 for the three months ended March 31, 2023 was 5.10% 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 \$50.0 million at March 31, 2023 at an average fixed interest rate of 1.47%. HBB also entered into delayed-start interest rate swaps. These swaps have notional values totaling \$25.0 million as of March 31, 2023, with an average fixed interest rate of 1.78%.

The HBB Facility includes restrictive covenants, which, among other things, limit the payment of dividends to Hamilton Beach Holding, subject to achieving availability thresholds. Dividends to Hamilton Beach Holding are not to exceed \$7.0 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 at least \$18.0 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 at least \$30.0 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 March 31, 2023, HBB was in compliance with all financial covenants in the HBB Facility.

In December 2015, the Company 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. See Note 2 of the unaudited consolidated financial statements.

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.

## **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, 2022 as there have been no material changes from those disclosed in the 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, 2022 as there have been no material changes from those disclosed in the Annual Report.

## 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 include, without limitation: (1) the Company's ability to source and ship products to meet anticipated demand, (2) the Company's ability to successfully manage constraints throughout the global transportation supply chain, (3) uncertain or unfavorable global economic conditions; (4) changes in the sales prices, product mix or levels of consumer purchases of small electric and specialty housewares appliances, (5) changes in consumer retail and credit markets, including the increasing volume of transactions made through third-party internet sellers, (6) bankruptcy of or loss of major retail customers or suppliers, (7) changes in costs, including transportation costs, of sourced products, (8) delays in delivery of sourced products, (9) changes in or unavailability of quality or cost effective suppliers, (10) exchange rate fluctuations, changes in the import tariffs and monetary policies and other changes in the regulatory climate in the countries in which the Company operates or buys and/or sells products, (11) the impact of tariffs on customer purchasing patterns, (12) product liability, regulatory actions or other litigation, warranty claims or returns of products, (13) customer acceptance of, changes in costs of, or delays in the development of new products, (14) increased competition, including consolidation within the industry, (15) 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, (16) changes mandated by federal, state and other regulation, including tax, health, safety or environmental legislation, and (17) other risk factors, including those described in the Company's filings with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2022. Furthermore, the future impact of unfavorable economic conditions, including inflation, rising interest rates, availability of capital markets and consumer spending rates remains uncertain. In uncertain economic environments, the Company cannot predict whether or when such circumstances may improve or worsen, or what impact, if any, such circumstances could have on its business, results of operations, cash flows and financial position.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### INTEREST RATE RISK

HBB enters 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 HBB 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 an asset of \$4.2 million at March 31, 2023. A hypothetical 10% relative decrease in interest rates would cause a decrease of \$0.3 million in the fair value of interest rate swap agreements. Additionally, a hypothetical 10% relative increase in interest rates would cause an increase of \$0.2 million in the fair value of interest rate swap agreements. Neither would have a material impact to the Company's interest expense, net of \$1.3 million for the three months ended March 31, 2023.

## **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 net payable of \$0.3 million at March 31, 2023. Assuming a hypothetical 10% weakening of the U.S. dollar at March 31, 2023, 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 March 31, 2023.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2023.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in the Company's internal control over financial reporting identified during the quarter ended March 31, 2023, in connection with the evaluation by the Company's management required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, 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 the 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**

No material changes to the risk factors for Hamilton Beach Holding or HBB, from the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**Item 2 Unregistered Sales of Equity Securities and Use of Proceeds**

In February 2022, the Company's Board approved a stock repurchase program for the purchase of up to \$25 million of the Company's Class A Common outstanding starting February 22, 2022 and ending December 31, 2023. During the year ended December 31, 2022, the Company repurchased 261,049 shares for an aggregate purchase price of \$3.0 million.

There were no share repurchases during the three months ended March 31, 2023 and March 31, 2022.

**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)	<a href="#">Certification of Gregory H. Trepp pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act</a>
31(i)(2)	<a href="#">Certification of Sally M. Cunningham pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act</a>
32	<a href="#">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 Sally M. Cunningham</a>
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
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* 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.

Date: May 3, 2023

Hamilton Beach Brands Holding Company  
(Registrant)

/s/ Sally M. Cunningham  
Sally M. Cunningham  
Senior Vice President, Chief Financial Officer (Principal  
Financial Officer)/(Principal Accounting Officer)

**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: May 3, 2023

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

**Certifications**

I, Sally M. Cunningham, 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: May 3, 2023

/s/ Sally M. Cunningham

Sally M. Cunningham  
Senior Vice President, Chief Financial Officer  
(Principal Financial Officer)/(Principal Accounting Officer)

**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 Holding Company (the “Company”) on Form 10-Q for the quarter ended March 31, 2023, 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:        May 3, 2023	<u>/s/ Gregory H. Trepp</u> Gregory H. Trepp President and Chief Executive Officer (Principal Executive Officer)
Date:        May 3, 2023	<u>/s/ Sally M. Cunningham</u> Sally M. Cunningham Senior Vice President, Chief Financial Officer (Principal Financial Officer)/(Principal Accounting Officer)