

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, 2022

or

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

For the transition period from _____ to _____

Commission File Number: 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 29, 2022: 9,992,776

Number of shares of Class B Common Stock outstanding at July 29, 2022: 3,864,787

HAMILTON BEACH BRANDS HOLDING COMPANY
TABLE OF CONTENTS

		<u>Page Number</u>
<u>Part I.</u>	<u>FINANCIAL INFORMATION</u>	
<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>18</u>
<u>Item 4</u>	<u>Controls and Procedures</u>	<u>19</u>
<u>Part II.</u>	<u>OTHER INFORMATION</u>	
<u>Item 1</u>	<u>Legal Proceedings</u>	<u>20</u>
<u>Item 1A</u>	<u>Risk Factors</u>	<u>20</u>
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>20</u>
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u>	<u>20</u>
<u>Item 4</u>	<u>Mine Safety Disclosures</u>	<u>20</u>
<u>Item 5</u>	<u>Other Information</u>	<u>20</u>
<u>Item 6</u>	<u>Exhibits</u>	<u>21</u>
<u>Signatures</u>		<u>22</u>

Part I
FINANCIAL INFORMATION
Item 1. Financial Statements

HAMILTON BEACH BRANDS HOLDING COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	JUNE 30 2022	DECEMBER 31 2021	JUNE 30 2021
	(In thousands)		
Assets			
Current assets			
Cash and cash equivalents	\$ 701	\$ 1,125	\$ 1,108
Trade receivables, net	99,723	119,580	102,898
Inventory	228,353	183,382	151,728
Prepaid expenses and other current assets	13,105	14,273	18,220
Total current assets	341,882	318,360	273,954
Property, plant and equipment, net	28,680	30,485	30,319
Goodwill	6,253	6,253	6,253
Other intangible assets, net	1,592	1,692	1,792
Deferred income taxes	1,364	4,006	3,425
Deferred costs	19,411	18,703	14,192
Other non-current assets	5,509	3,005	3,070
Total assets	\$ 404,691	\$ 382,504	\$ 333,005
Liabilities and stockholders' equity			
Current liabilities			
Accounts payable	\$ 121,552	\$ 131,912	\$ 99,387
Accrued compensation	7,376	11,719	7,666
Accrued product returns	5,286	6,429	6,276
Other current liabilities	12,939	14,116	17,957
Total current liabilities	147,153	164,176	131,286
Revolving credit agreements	127,003	96,837	99,170
Other long-term liabilities	13,733	19,212	19,461
Total liabilities	287,889	280,225	249,917
Stockholders' equity			
Class A Common stock	106	103	102
Class B Common stock	39	40	41
Capital in excess of par value	63,390	61,586	60,881
Treasury stock	(7,600)	(5,960)	(5,960)
Retained earnings	70,145	60,753	45,188
Accumulated other comprehensive loss	(9,278)	(14,243)	(17,164)
Total stockholders' equity	116,802	102,279	83,088
Total liabilities and stockholders' equity	\$ 404,691	\$ 382,504	\$ 333,005

See notes to unaudited consolidated financial statements.

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

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2022	2021	2022	2021
	(In thousands, except per share data)		(In thousands, except per share data)	
Revenue	\$ 147,527	\$ 154,655	\$ 293,878	\$ 303,904
Cost of sales	115,549	126,272	233,670	243,828
Gross profit	31,978	28,383	60,208	60,076
Selling, general and administrative expenses	26,503	27,447	41,936	53,826
Amortization of intangible assets	50	50	100	100
Operating profit (loss)	5,425	886	18,172	6,150
Interest expense, net	867	698	1,600	1,418
Other expense (income), net	(252)	(224)	1,214	(53)
Income (loss) before income taxes	4,810	412	15,358	4,785
Income tax expense (benefit)	(279)	326	3,096	1,823
Net income (loss)	\$ 5,089	\$ 86	\$ 12,262	\$ 2,962
Basic and diluted earnings (loss) per share	\$ 0.36	\$ 0.01	\$ 0.87	\$ 0.21
Basic weighted average shares outstanding	14,068	13,875	14,065	13,865
Diluted weighted average shares outstanding	14,095	13,887	14,093	13,881

See notes to unaudited consolidated financial statements.

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

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2022	2021	2022	2021
	(In thousands)		(In thousands)	
Net income (loss)	\$ 5,089	\$ 86	\$ 12,262	\$ 2,962
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(926)	(755)	(2,116)	(77)
(Loss) gain on long-term intra-entity foreign currency transactions	140	1,367	1,598	334
Cash flow hedging activity	1,368	(560)	3,421	(396)
Reclassification of foreign currency adjustments into earnings	—	—	2,085	—
Reclassification of hedging activities into earnings	(35)	101	(132)	226
Reclassification of pension adjustments into earnings	84	112	109	225
Total other comprehensive income (loss), net of tax	631	265	4,965	312
Comprehensive income (loss)	\$ 5,720	\$ 351	\$ 17,227	\$ 3,274

See notes to unaudited consolidated financial statements.

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

	SIX MONTHS ENDED JUNE 30	
	2022	2021
	(In thousands)	
Operating activities		
Net income (loss)	\$ 12,262	\$ 2,962
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	2,465	1,847
Deferred income taxes	1,533	3,925
Stock compensation expense	1,806	2,532
Brazil foreign currency loss	2,085	—
Other	223	(55)
Net changes in operating assets and liabilities:		
Affiliate payable	—	(471)
Trade receivables	19,846	45,150
Inventory	(45,714)	23,159
Other assets	1,019	(6,824)
Accounts payable	(10,275)	(53,674)
Other liabilities	(10,706)	(10,126)
Net cash provided by (used for) operating activities	(25,456)	8,425
Investing activities		
Expenditures for property, plant and equipment	(661)	(7,616)
Net cash provided by (used for) investing activities	(661)	(7,616)
Financing activities		
Net additions (reductions) to revolving credit agreements	30,237	686
Purchase of treasury stock	(1,640)	—
Cash dividends paid	(2,870)	(2,689)
Other financing	—	(163)
Net cash provided by (used for) financing activities	25,727	(2,166)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(36)	78
Cash, cash equivalents and restricted cash		
Increase (decrease) for the period	(426)	(1,279)
Balance at the beginning of the period	2,150	3,436
Balance at the end of the period	\$ 1,724	\$ 2,157
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 701	\$ 1,108
Restricted cash included in prepaid expenses and other current assets	62	213
Restricted cash included in other non-current assets	961	836
Total cash, cash equivalents, and restricted cash	\$ 1,724	\$ 2,157

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)							
Balance, January 1, 2022	\$ 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
Balance, March 31, 2022	105	39	62,349	(5,960)	66,534	(9,909)	113,158
Net income (loss)	—	—	—	—	5,089	—	5,089
Purchase of treasury stock	—	—	—	(1,640)	—	—	(1,640)
Issuance of common stock, net of conversions	1	—	(1)	—	—	—	—
Share-based compensation expense	—	—	1,042	—	—	—	1,042
Cash dividends, \$0.105 per share	—	—	—	—	(1,478)	—	(1,478)
Other comprehensive income (loss), net of tax	—	—	—	—	—	582	582
Reclassification adjustment to net income (loss)	—	—	—	—	—	49	49
Balance, June 30, 2022	\$ 106	\$ 39	\$ 63,390	\$ (7,600)	\$ 70,145	\$ (9,278)	\$ 116,802
Balance, January 1, 2021	\$ 100	\$ 41	\$ 58,485	\$ (5,960)	\$ 44,915	\$ (17,476)	\$ 80,105
Net income (loss)	—	—	—	—	2,876	—	2,876
Issuance of common stock, net of conversions	2	—	(2)	—	—	—	—
Share-based compensation expense	—	—	973	—	—	—	973
Cash dividends, \$0.095 per share	—	—	—	—	(1,302)	—	(1,302)
Other comprehensive income (loss), net of tax	—	—	—	—	—	(191)	(191)
Reclassification adjustment to net income (loss)	—	—	—	—	—	238	238
Balance, March 31, 2021	102	41	59,456	(5,960)	46,489	(17,429)	82,699
Net income (loss)	—	—	—	—	86	—	86
Share-based compensation expense	—	—	1,425	—	—	—	1,425
Cash dividends, \$0.10 per share	—	—	—	—	(1,387)	—	(1,387)
Other comprehensive income (loss), net of tax	—	—	—	—	—	52	52
Reclassification adjustment to net income (loss)	—	—	—	—	—	213	213
Balance, June 30, 2021	\$ 102	\$ 41	\$ 60,881	\$ (5,960)	\$ 45,188	\$ (17,164)	\$ 83,088

See notes to unaudited consolidated financial statements.

HAMILTON BEACH BRANDS HOLDING COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

(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 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 branded, small electric household and specialty housewares appliances, as well as commercial products for restaurants, bars, and hotels. HBB operates in the consumer, commercial, and specialty appliance markets.

The financial statements have been prepared in accordance with US generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and notes required by US 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, 2021.

Operating results for the six months ended June 30, 2022 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 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. We will lose our status as an emerging growth company as of December 31, 2022, the last day of the fiscal year following the fifth anniversary of our spin-off from NACCO Industries, Inc.

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 currently effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is planning to adopt ASU 2016-02 when required using the modified retrospective transition method applied on the effective date. The Company’s preliminary assessment has focused on the policy elections and practical expedients permitted by the standard. The Company currently anticipates electing to apply the package of practical expedients to all leases that commenced prior to the date of adoption. Based on the analysis performed to date, the Company anticipates making a policy election to not include short-term leases on the Consolidated Balance Sheets and to not separate lease and non-lease components. The assessment is ongoing and the preliminary conclusions are subject to change. We continue to evaluate to what extent ASU 2016-02 will affect the Company’s financial position, results of operations, cash flows and related disclosures. The Company expects to record additional material assets and corresponding liabilities related to operating leases in the statement of financial position.

In June 2016, the FASB issued ASU 2016-13, “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 and smaller reporting companies, the amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company is planning to adopt ASU 2016-13 for its year beginning January 1, 2023 and subsequent interim periods and is currently evaluating to what extent ASU 2016-13 will affect the Company’s financial position, results of operations, cash flows and related disclosures.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” The new accounting rules reduce complexity by removing specific exceptions to general principles related to intraperiod tax allocations, ownership changes in foreign investments, and interim period income tax accounting for year-to-date losses that exceed anticipated losses. The new accounting rules also simplify accounting for franchise taxes that are partially based on income, transactions with a government that result in a step up in the tax basis of goodwill, separate financial statements of legal entities that are not subject to tax, and enacted changes in tax laws in interim periods. The Company will adopt ASU 2019-12 for the fiscal year ending December 31, 2022 and the adoption of this guidance is not expected to have a material impact on the Company’s financial condition, results of operations or cash flows.

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The new accounting rules provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform. The amendments in this standard can be applied anytime between the first quarter of 2020 and the fourth quarter of 2022. The Company is currently in the process of evaluating the impact of adoption of the new rules on the Company’s financial condition, results of operations, cash flows and disclosures.

Assets Held for Sale

During the fourth quarter of 2020, the Company committed to a plan to sell its Brazilian subsidiary and determined that it met all of the criteria to classify the assets and liabilities of this business as held for sale. In April 2021, the Company made the decision to wind down the Brazilian subsidiary and enter into a licensing agreement with a third party to service the Brazilian market. The carrying amounts of the assets were reclassified to held and used during the second quarter of 2021. During the first quarter of 2022, the criteria for substantially complete liquidation were met, and \$2.1 million of accumulated other comprehensive losses were released into other expense (income), net in the consolidated results of operations during the three months ended March 31, 2022.

Insurance Recovery

In the first quarter of 2022, the Company recognized \$10.0 million of insurance recovery associated with unauthorized transactions by former employees at our Mexican subsidiaries, which were identified in the quarter ended March 31, 2020. The Company maintains fidelity insurance and filed a claim, which was approved during the first quarter of 2022, to recover losses incurred up to the policy maximum of \$10.0 million. The insurance recovery receivable was collected during the second quarter of 2022, and the benefit was recognized in selling, general and administrative expenses in our Consolidated Statement of Operations during the first quarter of 2022.

U.S. Pension Plan Termination

During the second quarter of 2022, the Board of Directors of HBB approved the termination of the Company's U.S. defined benefit pension plan (the "Plan") with an effective date of September 30, 2022. The Plan was previously frozen, effective December 31, 1996, for participation and benefit accrual purposes (except cash balance interest credits required by law). The Company has started the process to terminate and settle 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. As of June 30, 2022, December 31, 2021, and June 30, 2021, the plan was overfunded under U.S. generally accepted accounting principles (“GAAP”) measures by \$16.9 million, \$16.0 million and \$12.9 million, respectively. In light of the termination process, the Plan transferred a significant portion of its assets to lower risk investments in 2022. 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.

NOTE 2—Transfer of Financial Assets

The Company has entered into an arrangement with a financial institution to sell certain US 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 \$24.7 million and \$52.3 million of trade receivables during the three and six months ending June 30, 2022, respectively, \$36.2 million and \$66.0 million of trade receivables during the three and six months ending June 30, 2021, respectively, and \$140.7 million during the year ending December 31, 2021. The loss incurred on sold receivables in the consolidated results of operations for the six months ended June 30, 2022 and 2021 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	JUNE 30 2022	DECEMBER 31 2021	JUNE 30 2021
Assets:				
Interest rate swap agreements				
Current	Prepaid expenses and other current assets	\$ 685	\$ —	\$ —
Long-term	Other non-current assets	2,883	—	—
Foreign currency exchange contracts				
Current	Prepaid expenses and other current assets	79	73	47
		<u>\$ 3,647</u>	<u>\$ 73</u>	<u>\$ 47</u>
Liabilities:				
Interest rate swap agreements				
Current	Other current liabilities	\$ —	\$ 216	\$ 336
Long-term	Other long-term liabilities	—	655	1,188
Foreign currency exchange contracts				
Current	Other current liabilities	154	41	390
		<u>\$ 154</u>	<u>\$ 912</u>	<u>\$ 1,914</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 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.

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 and six months ended June 30, 2022.

NOTE 4—Stockholders' Equity

Capital Stock

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

	JUNE 30 2022	DECEMBER 31 2021	JUNE 30 2021
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 ⁽¹⁾⁽²⁾	10,592	10,267	10,214
Treasury Stock	516	365	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 ⁽¹⁾	3,865	4,000	4,025

⁽¹⁾ Class B Common converted to Class A Common were 4 and 135 shares during the three and six months ending June 30, 2022, respectively, and 12 and 20 shares during the three and six months ending June 30, 2021.

⁽²⁾ The Company issued Class A Common of 22 and 190 shares during the three and six months ending June 30, 2022, respectively, and 16 and 188 shares during the three and six months ending June 30, 2021.

Stock Repurchase Program: On February 22, 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 six months ended June 30, 2022, the Company repurchased 151,221 shares at prevailing market prices for an aggregate purchase price of \$1.6 million. There were no share repurchases during the six months ended June 30, 2021 or the twelve months ended December 31, 2021.

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
Balance, January 1, 2022	\$ (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
Balance, March 31, 2022	(7,524)	1,318	(3,703)	(9,909)
Other comprehensive income (loss)	(726)	1,789	—	1,063
Reclassification adjustment to net income (loss)	—	(49)	109	60
Tax effects	(60)	(407)	(25)	(492)
Balance, June 30, 2022	<u>\$ (8,310)</u>	<u>\$ 2,651</u>	<u>\$ (3,619)</u>	<u>\$ (9,278)</u>
Balance, January 1, 2021	\$ (9,775)	\$ (1,344)	\$ (6,357)	\$ (17,476)
Other comprehensive income (loss)	(276)	222	—	(54)
Reclassification adjustment to net income (loss)	—	182	156	338
Tax effects	(79)	(115)	(43)	(237)
Balance, March 31, 2021	(10,130)	(1,055)	(6,244)	(17,429)
Other comprehensive income (loss)	725	(800)	—	(75)
Reclassification adjustment to net income (loss)	—	145	155	300
Tax effects	(113)	196	(43)	40
Balance, June 30, 2021	<u>\$ (9,518)</u>	<u>\$ (1,514)</u>	<u>\$ (6,132)</u>	<u>\$ (17,164)</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 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 its customers for incentive offerings, special pricing agreements, price competition, promotions or other volume-based arrangements. The Company evaluated such agreements with its 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 to restaurants, fast-food chains, bars and hotels. Approximately one-half of commercial sales are 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, and/or logos (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 and six months ended June 30:

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2022	2021	2022	2021
Type of good or service:				
Consumer products	\$ 130,698	\$ 142,216	\$ 260,458	\$ 281,729
Commercial products	15,092	10,990	30,172	19,583
Licensing	1,737	1,449	3,248	2,592
Total revenues	<u>\$ 147,527</u>	<u>\$ 154,655</u>	<u>\$ 293,878</u>	<u>\$ 303,904</u>

NOTE 6—Contingencies

Hamilton Beach Brands Holdings Company and its subsidiaries 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, management 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 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.

Proceedings and claims asserted against the Company or its subsidiaries 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.

Hamilton Beach Brands Holding Company (HBBHC) is a defendant in a legal proceeding instituted in February 2020 in which the plaintiff seeks to hold the Company liable for the unsatisfied portion of an agreed final judgment that plaintiff obtained against The Kitchen Collection, LLC ("KC") related to KC's failure to continue to operate forty-nine stores during the term of the store leases. In February 2020, KC agreed to the entry of a final judgment in favor of the plaintiff in the amount of \$8.1 million and in April 2020 the plaintiff received \$0.3 million in the final distribution of KC assets to KC creditors. The Company believes that the plaintiff's claims are without merit and will vigorously defend against plaintiff's claims.

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, 2022, December 31, 2021, and June 30, 2021, HBB had accrued undiscounted obligations of \$3.4 million, \$3.4 million and \$3.5 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 \$1.7 million related to the environmental investigation and remediation at these 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 income was 20.2% and 38.1% for the six months ended June 30, 2022 and 2021, respectively. The effective tax rate was higher for the six months ended June 30, 2021 due to the inclusion of interest and penalties on unrecognized tax benefits as a discrete expense item. The interest and penalties on unrecognized tax benefits were reversed during the second quarter of 2022 due to a change in the Company's position on an unresolved Mexico tax matter, favorably impacting the effective tax rate for the six months ended June 30, 2022, partially offset by a valuation allowance on certain foreign deferred tax assets related to the Brazil liquidation.

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, 2021 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.

Second Quarter of 2022 Compared with Second Quarter of 2021

	THREE MONTHS ENDED JUNE 30					
	2022	% of Revenue	2021	% of Revenue	Increase / (Decrease) \$ Change	% Change
Revenue	\$ 147,527	100.0 %	\$ 154,655	100.0 %	\$ (7,128)	(4.6)%
Cost of sales	115,549	78.3 %	126,272	81.6 %	(10,723)	(8.5)%
Gross profit	31,978	21.7 %	28,383	18.4 %	3,595	12.7 %
Selling, general and administrative expenses	26,503	18.0 %	27,447	17.7 %	(944)	(3.4)%
Amortization of intangible assets	50	— %	50	— %	—	— %
Operating profit (loss)	5,425	3.7 %	886	0.6 %	4,539	512.3 %
Interest expense, net	867	0.6 %	698	0.5 %	169	24.2 %
Other expense (income), net	(252)	(0.2)%	(224)	(0.1)%	(28)	12.5 %
Income (loss) before income taxes	4,810	3.3 %	412	0.3 %	4,398	1,067.5 %
Income tax expense (benefit)	(279)	(0.2)%	326	0.2 %	(605)	(185.6)%
Net income (loss)	\$ 5,089	3.4 %	\$ 86	0.1 %	\$ 5,003	5,817.4 %
Effective income tax rate		(5.8)%		79.1 %		

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

	Revenue
2021	\$ 154,655
Increase (decrease) from:	
Unit volume and product mix	(18,756)
Average sales price	12,164
Foreign currency	(536)
2022	\$ 147,527

Revenue - Revenue decreased \$7.1 million, or 4.6%, due primarily to lower sales volume in the US, Latin American and Mexican Consumer markets compared to prior year. Additionally, there was a decrease in revenue compared to the prior year due to the Company's decision to move to a licensing model from a company-managed model for its consumer business in Brazil and China, as reported in early 2021. Partially offsetting these decreases were revenue increases in the Canadian and Global Commercial markets. The Company continues to implement price increases which have partially offset the overall volume decline.

Gross profit - As a percentage of revenue, gross profit margin increased from 18.4% in the prior year to 21.7% in the current year primarily due to the impact of a full quarter of price increases which offset the higher product and transportation costs. Additionally, there was a reduction in carrier storage charges as compared to the second quarter of 2021.

Selling, general and administrative expenses - Selling, general and administrative expenses decreased \$0.9 million due primarily to incremental expenses incurred during the relocation to the Company's new distribution center in the second quarter of 2021 that did not recur. Additionally, outside services decreased, and overall employee-related costs were lower, driven by a decrease in incentive compensation as a result of a decrease in the Company's stock price.

Interest expense - Interest expense, net increased \$0.2 million due to rising interest rates, as well as increased average borrowings outstanding under HBB's revolving credit facility.

Income tax expense (benefit) - The effective tax rate on income was (5.8)% and 79.1% for the three months ended June 30, 2022 and 2021, respectively. The effective tax rate was higher for the three months ended June 30, 2021 due to the inclusion of interest and penalties on unrecognized tax benefits as a discrete expense item. The interest and penalties on unrecognized tax benefits were reversed during the second quarter of 2022 due to a change in the Company's position on an unresolved Mexico tax matter, favorably impacting the effective tax rate for the three months ended June 30, 2022.

First Six Months of 2022 Compared with First Six Months of 2021

	SIX MONTHS ENDED JUNE 30					
	2022	% of Revenue	2021	% of Revenue	\$ Change	% Change
Revenue	\$ 293,878	100.0 %	\$ 303,904	100.0 %	\$ (10,026)	(3.3)%
Cost of sales	233,670	79.5 %	243,828	80.2 %	(10,158)	(4.2)%
Gross profit	60,208	20.5 %	60,076	19.8 %	132	0.2 %
Selling, general and administrative expenses	41,936	14.3 %	53,826	17.7 %	(11,890)	(22.1)%
Amortization of intangible assets	100	— %	100	— %	—	— %
Operating profit	18,172	6.2 %	6,150	2.0 %	12,022	195.5 %
Interest expense, net	1,600	0.5 %	1,418	0.5 %	182	12.8 %
Other expense (income), net	1,214	0.4 %	(53)	— %	1,267	(2,390.6)%
Income (loss) before income taxes	15,358	5.2 %	4,785	1.6 %	10,573	221.0 %
Income tax expense (benefit)	3,096	1.1 %	1,823	0.6 %	1,273	69.8 %
Net income (loss)	\$ 12,262	4.2 %	\$ 2,962	1.0 %	\$ 9,300	314.0 %
Effective income tax rate	20.2 %		38.1 %			

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

	Revenue
2021	\$ 303,904
Increase (decrease) from:	
Unit volume and product mix	(31,023)
Average sales price	21,559
Foreign currency	(562)
2022	\$ 293,878

Revenue - Revenue decreased by \$10.0 million or 3.3% over the prior year due primarily to lower sales volume in the US and Canadian Consumer markets compared to prior year. Additionally, revenue decreased compared to the prior year due to the Company's decision to move to a licensing model from a company-managed model for its consumer business in Brazil and China. Revenue in the Global Commercial market grew more than 50% as compared to prior year due to the continued rebound of customer demand from pandemic-driven softness. Additionally, the Company has successfully implemented price increases which have partially offset the volume decline.

Gross profit - Gross profit margin increased to 20.5% from 19.8% due to price increases that fully offset the higher product and transportation costs during the second quarter. Additionally, for the six months ended June 30, 2022, there was a reduction in carrier storage charges as compared to the same period in 2021.

Selling, general and administrative expenses - Selling, general and administrative expenses decreased \$11.9 million due primarily to the \$10.0 million insurance recovery recognized during the first quarter. Compared to prior year, outside services decreased, and overall employee-related costs were lower, driven by a decrease in incentive compensation as a result of a decrease in the Company's stock price. Additionally, incremental expenses incurred during the relocation to the Company's new distribution center in the second quarter of 2021 did not recur.

Interest expense - Interest expense, net increased \$0.2 million due to increased average borrowings outstanding under HBB's revolving credit facility.

Other expense (income), net - Other expense (income), net includes currency losses of \$1.8 million in the current year compared to currency losses of \$0.4 million in the prior year. The currency losses arise from the remeasurement of liabilities related to inventory purchases by foreign subsidiaries denominated in US dollars. This increase is 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 was 20.2% compared to 38.1% in the prior year. The effective tax rate was higher for the six months ended June 30, 2021 due to the inclusion of interest and penalties on unrecognized tax benefits as a discrete expense item. The interest and penalties on unrecognized tax benefits were reversed during the second quarter of 2022 due to a change in the Company's position on an unresolved Mexico tax matter, favorably impacting the effective tax rate for the six months ended June 30, 2022, partially offset by a valuation allowance on certain foreign deferred tax assets related to the Brazil liquidation.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Hamilton Beach Brands Holding Company cash flows are provided by dividends paid or distributions made by its subsidiaries. The only material assets held by it are the investments in consolidated 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. Hamilton Beach Brands Holding Company has not guaranteed any of the obligations of its subsidiaries.

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, cash dividends, and payments of principal and interest on debt.

HBB maintains 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:

	SIX MONTHS ENDED JUNE 30	
	2022	2021
Net cash provided by (used for) operating activities	\$ (25,456)	\$ 8,425
Net cash provided by (used for) investing activities	\$ (661)	\$ (7,616)
Net cash provided by (used for) financing activities	\$ 25,727	\$ (2,166)

Operating activities - Net cash used for operating activities was \$25.5 million compared to cash provided by operating activities of \$8.4 million in the prior year primarily due to net working capital which was a use of cash of \$36.1 million in 2022 compared to providing cash of \$14.6 million in 2021. In 2022, trade receivables provided net cash of \$19.8 million compared to \$45.2 million in the prior year due to the timing of collections and decreased sales in 2022 compared to 2021. Net cash used for inventory and accounts payable combined was \$55.9 million in 2022 compared to \$30.6 million in 2021. Inventory has increased compared to the quarter-ended June 30, 2021 and the year-ended December 31, 2021 driven by longer lead times as a result of supply chain and transportation disruptions.

Investing activities - Net cash used for investing activities decreased in 2022 compared to 2021 due to capital spending for the Company's new distribution center leased facility in 2021 that did not recur.

Financing activities - Net cash provided by financing activities was \$25.7 million in 2022 compared to a use of cash of \$2.2 million in 2021. The change is due to an increase 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 June 30, 2022, the borrowing base under the HBB Facility was \$149.1 million and borrowings outstanding were \$127.0 million. At June 30, 2022, the excess availability under the HBB Facility was \$22.1 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, LIBOR or bankers' acceptance rate, as defined in the HBB Facility, plus an applicable margin. The applicable margins, effective June 30, 2022, for base rate loans and LIBOR loans denominated in US dollars were 0.0% and 1.75%, respectively. The applicable margins, effective June 30, 2022, for base rate loans and bankers' acceptance loans denominated in Canadian dollars were 0.0% and 1.75%, 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 six months ended June 30, 2022 was 2.59% 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 June 30, 2022 at an average fixed interest rate of 0.95%. HBB also entered into delayed-start interest rate swaps. These swaps have notional values totaling \$50.0 million as of June 30, 2022, with an average fixed interest rate of 1.67%.

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 June 30, 2022, 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 US 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, 2021 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, 2021 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 ongoing constraints throughout the global transportation supply chain, (3) the unpredictable nature of the COVID-19 pandemic and its potential impact on the Company's business; (4) the direct and indirect impacts of the increasingly volatile global economic conditions as a result of the conflict in Ukraine; (5) changes in the sales prices, product mix or levels of consumer purchases of small electric and specialty housewares appliances, (6) changes in consumer retail and credit markets, including the increasing volume of transactions made through third-party internet sellers, (7) bankruptcy of or loss of major retail customers or suppliers, (8) changes in costs, including transportation costs, of sourced products, (9) delays in delivery of sourced products, (10) changes in or unavailability of quality or cost effective suppliers, (11) 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, (12) the impact of tariffs on customer purchasing patterns, (13) product liability, regulatory actions or other litigation, warranty claims or returns of products, (14) customer acceptance of, changes in costs of, or delays in the development of new products, (15) increased competition, including consolidation within the industry, (16) 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, (17) changes mandated by federal, state and other regulation, including tax, health, safety or environmental legislation, and (18) 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, 2021. Furthermore, the situation surrounding COVID-19, including the mutation of variants, continues to remain fluid globally and the Company continues to manage ongoing challenges associated with the pandemic as they relate to demand, supply and operations. The potential for a material impact on the Company's results of operations, financial condition, liquidity, and stock price remains a risk. The Company cannot reasonably estimate with any degree of certainty any future impact of COVID-19. The extent of any impact will depend on the scope of any new virus mutations and outbreaks, the nature of government public health guidelines and the public's adherence to those guidelines, the success of business and economic recovery as the pandemic recedes, the easing of pandemic-driven supply chain disruptions, unemployment levels, and the extent to which new lockdowns may be needed or are required in particular countries including China.

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 \$3.4 million at June 30, 2022. A hypothetical 10% 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% increase in interest rates would cause an increase of \$0.3 million in the fair value of interest rate swap agreements. Neither would have a material impact to the Company's interest expense, net of \$1.6 million for the six months ended June 30, 2022.

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 US dollar against other currencies affects the reported amounts of revenues, expenses, assets and liabilities.

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 US 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 \$0.1 million at June 30, 2022. Assuming a hypothetical 10% weakening of the US dollar at June 30, 2022, the fair value of foreign currency-sensitive financial instruments, which represents forward foreign currency exchange contracts, would be decreased by \$1.3 million compared with its fair value at June 30, 2022.

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 June 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2022.

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 June 30, 2022, 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, 2021.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Period	Issuer Purchases of Equity Securities ⁽¹⁾				Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of the Publicly Announced Program	(d)	
Month #1 April 1 to 30, 2022	—	\$ —	—	\$	25,000,000
Month #2 May 1 to 31, 2022	15,525	\$ 10.06	15,525	\$	24,843,869
Month #3 June 1 to 30, 2022	135,696	\$ 10.93	135,696	\$	23,360,036
	151,221	\$ 10.84	151,221	\$	23,360,036

(1) On February 22, 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 six months ended June 30, 2021.

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
10.1	Hamilton Beach Brands Holding Company Executive Long-Term Equity Incentive Plan, amended and restated effective March 1, 2022 is incorporated herein by reference to Exhibit 4.4 to the Hamilton Beach Brands Holding Company Registration Statement on Form S-8 (No. 333-265031) filed on May 18, 2022.
10.2	Amendment No. 11 to Amended and Restated Credit Agreement by and among Wells Fargo Bank, National Association, as Administrative Agent, the Lenders that are Parties thereto as the Lenders, Hamilton Beach Brands, Inc., as U.S. Borrower, and Hamilton Beach Brands Canada, Inc., as Canadian Borrower, dated June 28, 2022.
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
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: August 3, 2022

Hamilton Beach Brands Holding Company
(Registrant)

/s/ Michelle O. Mosier

Michelle O. Mosier
Senior Vice President, Chief Financial Officer and
Treasurer (Principal Financial Officer)/(Principal
Accounting Officer)

AMENDMENT NO. 11 TO AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 11 TO AMENDED AND RESTATED CREDIT AGREEMENT, dated as of June 28, 2022 (this “Amendment No. 11”), is by and among Wells Fargo Bank, National Association, in its capacity as agent pursuant to the Credit Agreement (as hereinafter defined) acting for and on behalf of the parties thereto as lenders (in such capacity, “Agent”), the parties to the Credit Agreement as lenders (individually, each a “Lender” and collectively, “Lenders”), Hamilton Beach Brands, Inc., formerly known as Hamilton Beach/Proctor-Silex Inc., a Delaware corporation (“US Borrower”), and Hamilton Beach Brands Canada, Inc., formerly known as Proctor-Silex Canada Inc., an Ontario corporation (“Canadian Borrower”, and together with US Borrower, each individually a “Borrower” and collectively, “Borrowers”).

W I T N E S S E T H :

WHEREAS, Agent, Lenders and Borrowers have entered into financing arrangements pursuant to which Lenders (or Agent on behalf of Lenders) have made and may make loans and advances and provide other financial accommodations to Borrowers as set forth in the Amended and Restated Credit Agreement, dated as of May 31, 2012, by and among Agent, Lenders and Borrowers, as amended by Amendment No. 1 to Amended and Restated Credit Agreement, dated July 29, 2014, Amendment No. 2 to Amended and Restated Credit Agreement, dated November 20, 2014, Amendment No. 3 to Amended and Restated Credit Agreement, dated December 23, 2015, Amendment No. 4 to Amended and Restated Credit Agreement, dated as of June 30, 2016, Amendment No. 5 to Amended and Restated Credit Agreement, dated as of September 13, 2017, Amendment No. 6 to Amended and Restated Credit Agreement, dated as of May 14, 2018, Amendment No. 7 to Amended and Restated Credit Agreement and Waiver, dated as of May 20, 2020, Amendment No. 8 to Amended and Restated Credit Agreement and Joinder, dated as of November 23, 2020 and Amendment No. 9 to Amended and Restated Credit Agreement, dated as of April 9, 2021 and Amendment No. 10 to Amended and Restated Credit Agreement, dated as of September 17, 2021 (as the same now exists and as amended and supplemented pursuant hereto and as may hereafter be further amended, modified, supplemented, extended, renewed, restated or replaced, the “Credit Agreement”) and the other Loan Documents;

WHEREAS, Borrowers, Agent and Lenders have agreed to amend the Credit Agreement pursuant to the terms and conditions of this Amendment No. 11;

WHEREAS, by this Amendment No. 11, Agent, Lenders and Borrowers desire and intend to evidence such amendments;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Additional Definitions. Schedule 1.1 to the Credit Agreement is hereby amended by inserting the following new definitions in the appropriate alphabetical order:

(i) “Amendment No. 11” shall mean Amendment No. 11 to Amended and Restated Credit Agreement, dated as of June 28, 2022, by and among Agent, Lenders and Borrowers, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(ii) “Amendment No. 11 Effective Date” shall mean the date upon which all of the conditions precedent set forth in Amendment No. 11 are satisfied.

(iii) “Mississippi State Bond Agreements” shall mean, collectively, the following documents expected to be entered into within approximately 15 days after the Amendment No. 11 Effective Date and substantially in the forms provided to the Agent and Lenders as of the Amendment No. 11 Effective Date (as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced): (a) Trust Indenture between Mississippi Business Finance Corporation and Hancock Whitney Bank, as Trustee, (b) Loan Agreement between Mississippi Business Finance Corporation and US Borrower, (c) Industrial Development Revenue Bonds, Series 2022 (Hamilton Beach Brands, Inc. Project) issued by the Mississippi Business Finance Corporation in the original principal amount of \$15,000,000 and (d) all agreements, documents and instruments at any time executed and/or delivered by any Loan Party in connection with any of the foregoing.

(b) Amendments to Definitions.

(iv) The definition of “Permitted Indebtedness” set forth in the Credit Agreement is hereby amended by (A) deleting the period at the end of clause (z) thereof and replacing it with “, and” and (B) adding the new clause (aa) at the end thereof:

“(aa) Indebtedness of US Borrower evidenced by or arising under the Mississippi State Bond Agreements as in effect on the date hereof; provided, that:

(i) the principal amount of such indebtedness shall not exceed \$15,000,000, less the aggregate amount of all repayments, repurchases or redemptions, whether optional or mandatory in respect thereof,

(ii) such Indebtedness is not secured by any assets or properties of any Loan Party,

(iii) no Loan Party shall, directly or indirectly, make any payments in respect of such Indebtedness, except, that, US Borrower may make regularly scheduled payments of interest and principal when due in accordance with the terms of the Mississippi State Bond Agreements as in effect on the date hereof, and

(iv) no Loan Party shall, directly or indirectly, (A) amend, modify, alter or change any terms of such Indebtedness or any of the Mississippi State Bond Agreements, except that US Borrower may, after prior written notice to Agent, amend, modify, alter or change the terms thereof so as to extend the maturity thereof or defer the timing of any payments in respect thereof, or to forgive or cancel any portion of such Indebtedness other than pursuant to payments thereof, or to reduce the interest rate or any fees in connection therewith, or (A) redeem, retire, defease, purchase or otherwise acquire such Indebtedness, or set aside or otherwise deposit or invest any sums for such purpose.

(v) The definition of “Permitted Investment” set forth in the Credit Agreement is hereby amended by (A) deleting the period at the end of clause (w) thereof and replacing it with “, and” and (B) adding the new clause (x) at the end thereof:

“(x) Investments in connection with the Mississippi State Bond Agreements consisting of (i) the purchase by Weston Brands, LLC of the Industrial Development Revenue Bonds, Series 2022 (Hamilton Beach Brands, Inc. Project) from the Mississippi Business Finance Corporation, and (ii) an intercompany loan from the US Borrower to Weston Brands, LLC in an amount necessary for the purchase by Weston Brands, LLC of the Industrial Development Revenue Bonds, Series 2022 (Hamilton Beach Brands, Inc. Project) from the Mississippi Business Finance Corporation (but, in any event, not to exceed the aggregate principal amount of \$15,000,000).”

(c) Interpretation. For purposes of this Amendment No. 11, all terms used herein which are not otherwise defined herein, including but not limited to, those terms used in the recitals hereto, shall have the respective meanings assigned thereto in the Credit Agreement as amended by this Amendment No. 11.

2. Representations and Warranties. Borrowers, jointly and severally, represent and warrant with and to Agent and Lenders as follows, which representations and warranties shall survive the execution and delivery hereof:

(d) no Default or Event of Default exists or has occurred and is continuing as of the date of this Amendment No. 11;

(e) this Amendment No. 11 and each other agreement to be executed and delivered by Borrowers in connection herewith (together with this Amendment No. 11, the “Amendment Documents”) has been duly authorized, executed and delivered by all necessary corporate or organizational action on the part of each Borrower which is a party and is in full force and effect as of the date hereof, as the case may be, and the agreements and obligations of each of the Borrowers, as the case may be, contained herein and therein constitute legal, valid and binding obligations of each of the Borrowers, enforceable against them in accordance with their terms, except as enforceability is limited by equitable principals or by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights generally;

(f) the execution, delivery and performance of this Amendment No. 11 and the other Amendment Documents are all within each Borrower’s corporate or other organizational powers and are not in contravention of law or the terms of any Borrower’s certificate of incorporation, bylaws, or other organizational documentation, or any material indenture, agreement or undertaking to which any Borrower is a party or by which any Borrower or its property are bound which such contravention could individually or in the aggregate reasonably be expected to have a Material Adverse Effect; and

(g) all of the representations and warranties set forth in the Credit Agreement and the other Loan Documents, each as amended hereby, are true and correct in all material respects on and as of the date hereof, as if made on the date hereof, except to the extent any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such date.

3. Conditions Precedent. The amendments contained herein shall only be effective upon the satisfaction of each of the following conditions precedent in a manner reasonably satisfactory to Agent or waived in writing by Agent (the date on which each of such conditions precedent are completed or waived, the “Amendment No. 11 Effective Date”):

(h) Agent shall have received counterparts of this Amendment No. 11, duly authorized, executed and delivered by Borrowers and Lenders;

(i) Agent shall have received the consent or authorization from such Lenders as are required for the amendments provided for herein to execute this Amendment No. 11 on behalf of the Lenders;

(j) Agent shall have received a true and correct copy of each consent, waiver or approval (if any) to or of this Amendment No. 11, which any Borrower is required to obtain from any other Person, and such consent, approval or waiver (if any) shall be in form and substance reasonably satisfactory to Agent; and

(k) no Default or Event of Default shall exist or have occurred and be continuing as of the date of this Amendment No. 11 and immediately after giving effect to this Amendment No. 11.

4. Release. In consideration of the Agent's and the Lenders' willingness to enter into this Amendment No. 11, each Borrower hereby releases and forever discharges the Agent and the Lenders and each of their respective affiliates, predecessors, successors and assigns, and the officers, managers, directors, employees, agents, attorneys, advisors and representatives of the foregoing (hereinafter all of the above collectively referred to as "Releasees"), from (and agrees not to sue the Releasees for) any and all claims, counterclaims, demands, damages, debts, suits, liabilities, actions and causes of action of any nature whatsoever (whether arising in contract, tort, in law or in equity or otherwise) that such Borrower may have or claim to have against any of the Releasees on or prior to the Amendment No. 11 Effective Date, arising under or in connection with this Amendment No. 11, the Credit Agreement, the Loan Documents, any documents or instruments delivered pursuant thereto, the transactions governed thereby or the dealings among each Borrower and its Affiliates with the Releasees with respect thereto, or in any way based on or related to any of the foregoing, including any transactions contemplated by or funded with the proceeds of the foregoing, in each case based on facts, circumstances, acts or omissions occurring or in existence on or prior to the date hereof.

5. Effect of this Amendment. Except as expressly set forth herein, no other amendments, changes or modifications to the Loan Documents are intended or implied, and in all other respects the Loan Documents are hereby specifically ratified, restated and confirmed by all parties hereto as of the Amendment No. 11 Effective Date and Borrowers shall not be entitled to any other or further amendment by virtue of the provisions of this Amendment No. 11 or with respect to the subject matter of this Amendment No. 11. To the extent of conflict between the terms of this Amendment No. 11 and the other Loan Documents, the terms of this Amendment No. 11 shall control. The Credit Agreement and this Amendment No. 11 shall be read and construed as one agreement.

6. Governing Law. The validity, interpretation and enforcement of this Amendment No. 11 and any dispute arising out of the relationship between the parties hereto whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

7. Binding Effect. This Amendment No. 11 shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

8. Further Assurances. Borrowers shall execute and deliver such additional documents and take such additional action as may be reasonably requested by Agent to effectuate the provisions and purposes of this Amendment No. 11.

9. Entire Agreement. This Amendment No. 11 represents the entire agreement and understanding concerning the subject matter hereof among the parties hereto, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

10. Headings. The headings listed herein are for convenience only and do not constitute matters to be construed in interpreting this Amendment No. 11.

11. Counterparts. This Amendment No. 11, any documents executed in connection herewith and any notices delivered under this Amendment No. 11, may be executed by means of (i) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law; (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Agent reserves the right, in its sole discretion, to accept, deny, or condition acceptance of any electronic signature on this Amendment No. 11 or on any notice delivered to Agent under this Amendment No. 11. This Amendment No. 11 and any notices delivered under this Amendment No. 11 may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. Delivery of an executed counterpart of a signature page of this Amendment No. 11 and any notices as set forth herein will be as effective as delivery of a manually executed counterpart of the Amendment No. 11 or notice.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 11 to be duly executed and delivered by their authorized officers as of the day and year first above written.

US BORROWER

HAMILTON BEACH BRANDS, INC.

By: /s/ Michelle Mosier

Title: Senior Vice President and Chief Financial Officer

CANADIAN BORROWER

HAMILTON BEACH BRANDS CANADA, INC.

By: /s/ Michelle Mosier

Title: Senior Vice President and Chief Financial Officer

[Signatures Continued on Following Page]

AGENT AND LENDERS

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Agent and a Lender

By: /s/ Sang Kim

Title: Authorized Signatory

WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as a Lender

By: /s/ Carmela Massari

Title: Senior Vice President

BANK OF AMERICA, N.A., as a Lender

By: /s/ Michelle L. Pepera

Title: Vice President

TRUIST BANK, as a Lender

By: /s/ Elizabeth H. Riley

Title: Vice President

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: August 3, 2022

/s/ Gregory H. Trepp

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

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: August 3, 2022

/s/ Michelle O. Mosier

 Michelle O. Mosier
 Senior Vice President, Chief Financial Officer and
 Treasurer
 (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 June 30, 2022, 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: August 3, 2022

/s/ Gregory H. Trepp

Gregory H. Trepp

President and Chief Executive Officer (Principal Executive Officer)

Date: August 3, 2022

/s/ Michelle O. Mosier

Michelle O. Mosier

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