

Risk Factors Comparison 2025-02-26 to 2024-03-06 Form: 10-K

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Our business is subject to various risks and uncertainties. Any of the risks and uncertainties described below could materially adversely affect our business, financial condition and results of operations and should be considered in evaluating us. Although the risks are organized by headings and each risk is described separately, many of the risks are interrelated. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, performance or financial condition in the future. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized.

Industry Risks Our business is sensitive to the strength of the North American consumer markets and weakness in these markets could adversely affect our business. The strength of the economy in the U. S., and to a lesser degree in Canada and Mexico, has a significant impact on our performance. Weakness in consumer confidence and poor financial performance by mass merchandisers, ecommerce retailers, warehouse clubs, department stores or any of our other customers could result in reduced revenue and profitability. A general slowdown in the consumer sector could result in additional pricing and marketing support pressures on the Company. Additionally, in periods of uncertain economic conditions, such as tariffs, inflation, rising interest rates, recessions or economic slowdowns, our customers may purchase less of our products as they manage their inventory levels to adjust to changes in consumers' spending habits in response to such economic conditions. These circumstances could adversely impact our revenue and profitability. Our business is dependent on key customers and the loss of, or significant decline in business from, one or more of our key customers could materially reduce our revenue and profitability and our ability to sustain or grow our business. We rely on several key customers. During fiscal ~~2023~~ 2024, Walmart and Amazon. com accounted for approximately ~~27-29~~ 27-29 % and 24 % of our revenue, respectively. Although we have long- established relationships with many customers, including Walmart and Amazon, we do not have any long- term supply contracts with these customers, and purchases are generally made using individual purchase orders. A loss of or significant reduction in sales to any key customer could result in significant decreases in our revenue and profitability and an inability to sustain or grow our business. We must receive a continuous flow of new orders from our large, high- volume retail customers. Failure to obtain anticipated orders or delays or cancellations of orders or significant pressure to reduce prices from key customers could impair our ability to sustain or grow our business. In addition, we may be unable to continually meet the needs of those customers, which could damage our customer relationships and result in reduced new orders. As a result of dependence on key customers, we could experience a material adverse effect on our revenue and profitability if any of the following were to occur: • the insolvency or bankruptcy of any key customer; • a declining market in which customers materially reduce orders or demand lower prices; or • a strike or work stoppage at a key customer facility, which could affect both its suppliers and customers. If we were to lose, or experience a significant decline in business from any major customer, or if any major customers were to go bankrupt, we might be unable to find alternate distribution outlets. Additionally, as ~~cyber attacks~~ cybersecurity incidents are increasing in frequency, we are vulnerable to a decline in revenue in the event of cybersecurity incidents ~~a cyber attack~~ at any of our key customers. If our key customers' websites or systems are disrupted for a considerable amount of time, whether due to a ~~cyber attack~~ cybersecurity incident or other disruption, we could experience lost sales to consumers and the key customers' inability to submit new purchase orders, which could result in reduced revenue and profitability. The ~~increasing~~ increasing concentration of our branded small electric household and specialty housewares appliance sales among a few retailers and the trend toward private label brands could materially reduce revenue and profitability. During fiscal ~~2023~~ 2024, our five largest customers accounted for a total of approximately ~~64-65~~ 64-65 % of our revenue. With the growing continuing trend towards the concentration of the industry and our branded small electric household and specialty housewares appliance sales among fewer retailers, we are increasingly dependent upon fewer customers whose bargaining strength is growing as a result of this concentration. We sell a substantial quantity of products to mass merchandisers, ecommerce retailers, national department stores, variety store chains, warehouse clubs ~~drug store chains~~, specialty home retailers and other retail outlets. As a result, these retailers generally have a large selection of small electric household and specialty housewares appliance suppliers from which to choose. In addition, certain of our larger customers use their own private label brands on household appliances that compete directly with some of our products. As the retailers in the small electric household appliance industry become more concentrated, competition for sales to these retailers may increase and cause pricing pressures, which could materially reduce our revenue and profitability. If we are unable to continue to enhance existing products, as well as develop and market new products that respond to consumer needs and preferences and achieve market acceptance, we may experience a decrease in demand for our products, which could materially reduce revenue and profitability, which have historically benefited from sales of new products. We may not be able to compete as effectively with competitors, and ultimately satisfy the needs and preferences of consumers, unless we can continue to enhance existing products and develop new innovative products for the markets in which we compete. Product development requires significant financial, technological and other resources. Product improvements and new product introductions also require significant research, planning, design, development, engineering and testing at the technological and product process levels, and we may not be able to timely develop and introduce product improvements or new products. In addition, the development of new products in our Hamilton Beach Health ® business may require significant lead times for research and development, clinical investigations and product approvals, as well as significant capital investments. Competitors' new products may beat our products to market, be higher quality or more reliable, be more effective with more features, obtain better market acceptance or render our products obsolete.

Any new products that we develop may not receive market acceptance or otherwise generate any meaningful revenue or profit relative to our expectations based on, among other things, commitments to fund advertising, marketing, promotional programs and development. Our inability to compete effectively with competitors in our industry could result in lost market share and decreased revenue. The small electric household, specialty housewares appliances and commercial appliance industry **is highly competitive and** does not have substantial entry barriers. As a result, we compete with many manufacturers and distributors of housewares products. Additional competitors may also enter this market and cause competition to intensify. For example, some of our customers have expressed interest in sourcing, or expanding the extent of sourcing, small electric household and commercial appliances directly from manufacturers in Asia. We believe competition is based upon several factors, including product design and innovation, quality, price, product features, merchandising, promotion and warranty. If we fail to compete effectively with these manufacturers and distributors, we could lose market share and experience a decrease in revenue, which would adversely affect our results of operations. We also compete with established companies, a number of which have substantially greater facilities, personnel, financial and other resources. In addition, we compete with our retail customers, who use their own private label brands, and importers and foreign manufacturers of unbranded products. Some competitors may be willing to reduce prices and accept lower profit margins to compete. As a result of this competition, we could lose market share and revenue. Changes in consumer shopping trends and changes in distribution channels could result in lost market share and decreased revenue and profitability. Traditional brick- and- mortar retail channels have experienced low growth or declines in recent years, while the ecommerce channel has experienced significant growth. Consumer shopping preferences have shifted, and may continue to shift in the future, to distribution channels other than traditional brick- and- mortar retail channels. Success in the ecommerce channel requires providing products at the right price, products that earn strong ratings and reviews and meaningful engagement with online consumers. We have invested **significant resources** in **our industry**—leading-selling and marketing capabilities, while maintaining our presence in traditional brick- and- mortar retail channels. However, if we are not successful in utilizing ecommerce channels that consumers may prefer, we may experience a loss in market share and decreased revenue and profitability. The markets for our products are **highly seasonal and** dependent on consumer spending **and typically peak in the fourth quarter**, which could result in significant variations in revenue and profitability. Sales of our products **are related to fluctuate based on** consumer spending **, including patterns. Consumer spending patterns are subject to** general economic conditions affecting disposable consumer income **, such as unemployment rates, business conditions, inflation rates, interest rates, levels of consumer confidence, energy prices, mortgage rates, the level of consumer debt and taxation. Declines in consumer spending or a shift in consumer spending away from small electric household and specialty housewares appliances during certain periods** may significantly reduce demand for our products and reduce orders from retailers for our products, which could lead to increased inventories. Additionally, **this prolonged periods of lower consumer spending** may result in lower sales volume, higher price concessions and lower gross margins. In addition, the retail market for small electric household and specialty housewares appliances is **highly fairly steady throughout the year, but peaks during the fourth quarter due to the fall holiday- selling seasonal-- season** in nature. Accordingly **Similarly**, we generally recognize a substantial portion of our revenue **in typically increases during** the second half of the year **as sales increase significantly with and peaks during the fourth quarter due to** the fall holiday- selling season. Accordingly, quarter- to- quarter comparisons of our past operating results are meaningful only when comparing equivalent time periods, if at all. Business Risks **Uncertain Increases in costs of products may materially reduce or our profitability** unfavorable global economic conditions may have an adverse effect on our business, operating results and financial condition. Our business has in the past been, and may continue to be, adversely affected by **changes in global economic conditions including inflation, rising interest rates, consumer spending rates, availability and costs of raw materials and availability of capital markets and impacts from global military conflicts. Factors factors** that are largely beyond our control, such as **tariffs, inflation and commodity prices for the raw materials needed by suppliers of our products, as well as transportation, labor costs and availability. These factors** may affect the cost of **our products, and we may not be able to pass those costs on to our customers. Periods of inflation, rising interest rates, and shifts in consumer spending could cause the insolvency or bankruptcy of certain retail customers, which may result in material decreases in our revenue and profitability**. Historically, the costs of our products have fluctuated due to cost pressures resulting from economic conditions. As an example, our products require a substantial amount of plastic. Because the primary resource used in plastic is petroleum, the cost and availability of plastic varies to a great extent with the price of petroleum. When the prices of petroleum, as well as steel, aluminum and copper, increase significantly, supplier price increases may materially reduce our profitability if we are unable to pass price increases on to our customers. The Company has also experienced increased transportation costs in the past due to global supply chain challenges, including the cost of ocean freight from China, and could be subject to future increases in transportation costs. In addition, our ability to meet customers' demands depends, in part, on our ability to obtain the timely and adequate shipment of our products. Certain transportation industry vendors may experience capacity constraints due to increases in volume, shipping availability, port congestion, **port strikes, rail strikes,** labor shortages or other factors. If our transportation industry vendors become capacity constrained, then we may have to identify new vendors or explore alternative order fulfillment methods to ensure we have sufficient shipping capabilities. We cannot predict if we will be able to obtain alternative shipping sources within the time frames that we require and at a comparable cost, which could lead to significant delays in shipping our products and additional costs. Although we take measures to mitigate the impact of increased product and transportation costs through pricing, if inflationary pressures are sustained, or if pricing strategies are ineffective or are not implemented in a timely manner, we may only be able to recover a portion of our increased costs in future periods which may have a material adverse effect on our business, financial condition, results of operations and cash flows. Our ability to raise prices to reflect increased costs may also be limited by competitive conditions in the market for our products. **To the extent that we rely** **Substantial disruptions at any of our distribution centers could have an adverse effect** on newly acquired businesses or new product lines to expand our business, these acquisitions or new **operating results and financial**

condition. Our distribution network is limited to one distribution center per region, which could result in significant delays or loss of sales if there are disruptions at any of our distribution centers. There are several possibilities that could cause a disruption to our distribution network such as, fires **including but not limited to**, acts floods, loss of power **God**, severe weather, impacts from climate change, labor shortages, equipment failures and lack of access to equipment -, For **or cybersecurity incidents** example, our U. S. distribution center located **We have business continuity plans** in Byhalia **place**, however if we Mississippi is located in a geographic area **are unable** that is subject to **restore** greater risk of tornados. If operations **in a timely manner** at the Byhalia, Mississippi distribution center are disrupted, it could result in a material loss of revenue and additional costs to bring the facility back to full operating capacity. **Alternative** **Although we take measures to mitigate the.....** or acquired businesses may carry unexpected liabilities **facilities with sufficient capacity** -We may acquire partial or full ownership in businesses or may acquire rights to market and distribute particular products or lines of products. For example, in February 2024, our Hamilton Beach Health @ business acquired HealthBeacon, a developer of connected devices that enable patients to manage their injectable medication regimens at home. The acquisition of a business, or of the rights to market specific products or use specific product names, may involve a financial commitment by us, either in the form of cash or stock consideration. We may not be **available** able to acquire businesses and develop products that will contribute positively to our earnings. Anticipated synergies may not materialize, **may** cost **substantially more** savings may be less than expected **existing facilities**, or sales of products may not meet expectations **take significant time to become operational, which could further impact** or our acquired businesses -- **business and financial performance** may carry unexpected liabilities. We depend on third- party suppliers, **primarily located in the Asia- Pacific region**, for all of our products, which subjects the Company to risks, including unanticipated increases in expenses, decreases in revenue and disruptions in the supply chain. We are dependent on third- party suppliers for the manufacturing and distribution of our products. Our ability to select reliable suppliers that provide timely deliveries of quality products will impact our success in meeting customer demand. Any supplier' s inability to timely deliver products that meet desired specifications or any unanticipated changes in suppliers could be disruptive and costly. Any significant failure to obtain quality products, in sufficient quantities, on a timely basis, and at an affordable cost or any significant delays or interruptions of supply would have a material adverse effect on our revenue and profitability. Our supply chain is subject to additional risks including, among others: • currency fluctuations; • labor unrest; • potential political, economic or social instability and government restrictions; • restrictions on transfers of funds; • import and export duties and quotas; • changes in domestic and international customs and tariffs, including embargoes, **sanctions** and customs restrictions; • uncertainties involving the costs and ability to transport products; • long distance shipping routes dependent upon a small group of shipping and rail carriers and import facilities; • unexpected changes in regulatory environments; • regulatory issues involved in dealing with foreign suppliers and in exporting and importing products; • protection of intellectual property; • difficulty in complying with a variety of foreign laws; • difficulty in obtaining distribution and administrative support; • natural or human induced disasters such as earthquakes, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, power or water shortages, telecommunications failures and medical epidemics or pandemics; and • potentially adverse tax consequences, including significant changes in tax law. The foregoing factors could have a material adverse effect on our ability to maintain or increase the supply of products, which may result in material increases in our expenses and decreases in our revenue and profitability. **While** **Given that the majority of** our suppliers are **primarily located in the Asia- Pacific region, approximately three- fourths of our suppliers are currently** based in China . **As we take steps to diversify the geographic location of our suppliers**, finding suppliers outside of China could result in additional risks, including additional compliance requirements with foreign laws and taxes, obtaining distribution and administrative support and training new personnel. Certain products rely upon a single third- party supplier. In some cases, we use a single supplier to source a single product. An unforeseen disruption in the supplier' s operations could impact our ability to deliver products to customers in a timely manner to meet demand. We may experience significant delays while locating a new supplier, if able to at all, which could result in higher costs. Additionally, our reliance on a single supplier with respect to certain products could limit our negotiating leverage with such supplier. We are subject to changes in our customers' inventory management strategies. Retailers may adjust their purchasing patterns to reduce the amount of inventory they carry to more closely match consumers' spending habits. If our larger customers tighten their inventory on hand and do not provide us with sufficient lead time to react, we may be subject to excess or obsolete inventory, additional storage costs and / or missed sales. Without sufficient lead time, we may not be able to meet retailers demands as we are dependent on third- party suppliers for the manufacturing and distribution of our products and, therefore, must make purchases well in advance to deliver products to our customers. Additionally, if we are unable to source inventory at the correct levels in time with our customers' orders, we could lose sales and experience a reduction in revenue. **To the extent that we rely on newly acquired businesses or new product lines to expand our business, these acquisitions or new product lines may not contribute positively to our earnings because anticipated sales volumes and synergies may not materialize, cost savings may be less than expected or acquired businesses may carry unexpected liabilities. We may acquire partial or full ownership in businesses or may acquire rights to market and distribute particular products or lines of products. The acquisition of a business, or of the rights to market specific products or use specific product names, may involve a financial commitment by us, either in the form of cash or stock consideration. We may not be able to acquire businesses and develop products that will contribute positively to our earnings. Anticipated synergies may not materialize, cost savings may be less than expected, sales of products may not meet expectations or acquired businesses may carry unexpected liabilities. Our expansion into the health and wellness market may result in unexpected challenges and inefficiencies, which could have an adverse effect on our business, operating results and financial condition. Our ability to successfully expand into the health and wellness market is dependent upon several factors, including our ability to attract new customers and retain existing customers, provide customers with high- quality support, and enter into strategic partnerships with pharmaceutical and specialty pharmacy companies. In addition, for certain products in our**

Hamilton Beach Health® business, we may be subject to detailed laws and regulations regarding, among other matters, research and development, clinical investigations, product approvals and manufacturing, marketing and promotion, sampling, distribution, record-keeping, storage and disposal practices, and we may face additional compliance costs and unexpected challenges in complying with these laws and regulations. If we are unable to successfully navigate market dynamics, regulatory requirements and the competitive landscape in the health and wellness market, we may incur additional costs, which could have an adverse effect on our business, operating results and financial condition. Our ability to attract, retain and develop key talent is crucial to our results of operations and future growth. Employment and retention of qualified personnel, particularly senior management and skilled professionals with experience in our business, operations, engineering, technology and industry, is important to the successful conduct of our business. Our success also depends upon our ability to recruit, hire, train and retain current and additional skilled and experienced management personnel in a challenging labor market that may require increased wage costs. Our inability to hire and retain personnel with the requisite skills, or to effectively transfer knowledge when key employees depart, could impair our ability to develop new products, protect our proprietary information, manage and operate our consolidated business effectively and could significantly reduce our consolidated profitability. Labor market conditions may impact our ability to attract and retain qualified talent for key roles, which could impede our ability to execute certain strategic initiatives. Our business could suffer if information technology systems are disrupted, cease to operate effectively or become subject to a cybersecurity breach incident. We rely on information technology systems to operate websites, record and process transactions, respond to customer inquiries, manage inventory, purchase, sell and ship merchandise on a timely basis, maintain cost-efficient operations, and to comply with regulatory, legal, and tax requirements. Given the significant number of transactions that are completed annually, it is vital to maintain constant operation of computer hardware and software systems and maintain cybersecurity measures. In addition, we collect, store, have access to and otherwise process a variety of types of data, including personal data and certain confidential or sensitive data. Our information technology systems, some and the systems of our which are dependent on services provided by third-party business partners, may be vulnerable to damage, interruption or shutdown due to any number of causes outside of our control such as catastrophic events, natural disasters, fires, power outages, systems failures, telecommunications failures, employee error or malfeasance, fraud, security breaches, computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks, phishing or other social engineering attempts, hacking and other cyberattacks-cybersecurity incidents. Cybersecurity threat bad actors also may attempt to exploit vulnerabilities in software that is commonly used by companies in cloud-based services and bundled software. Additionally, the increase in hybrid working where employees, including third-party employees, access technology infrastructure remotely may create additional information technology and data security risks. If our systems are damaged, or fail to function properly, we may have to make monetary investments to repair or replace the systems and could endure delays in operations. Any material disruption or slowdown of our systems, or the systems of our third-party business partners, including our failure to successfully upgrade systems, could cause information, including data related to customer orders, to be lost, corrupted, altered or delayed. Such a loss or delay could reduce demand and cause our sales and / or profitability to decline. Cyber-Cybersecurity attacks are becoming more sophisticated and include computer viruses or other malicious codes, attacks to gain unauthorized access to data and other security breaches that could lead to the loss of valuable business data, misappropriation of our consumers' or employees' personal information or a disruption of our critical systems. Although we attempt to monitor and mitigate against cyber-cybersecurity threats and risks, including through investing in new technologies and developing third-party cybersecurity risk management capabilities, we may incur significant costs in protecting against threats or remediating cyberattacks-cybersecurity attacks or other cyber-cybersecurity incidents. While we maintain a cyber insurance policy that provides coverage for security incidents, we cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on financially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. If unauthorized access does occur, our systems, or the systems of our third-party business partners, we could also become the subject of regulatory action, sanctions or fines, or litigation from our customers, employees, suppliers and shareholders, administrative, civil or criminal investigations or actions and remediation costs, which could damage our reputation, require significant expenditures of capital and cause us to lose business and revenue. Additionally, unauthorized access-a cybersecurity incident could also cause interruptions in our operations and might require us to spend significant management time and other resources investigating the event and dealing with local and federal law enforcement. There is no assurance that the measures we have taken to protect our information systems will prevent or limit the impact of a future cyber-cybersecurity threats or incident incidents. While we are not aware of any cybersecurity incidents that have not experienced any occurred since the beginning of 2024 that have materially impacts from a cyber attack affected, or are reasonably likely to materially affect us, including our results of operations or financial condition, any one or more future cyberattacks-cybersecurity incidents could have a material adverse effect on our financial condition and or results of operations. We are in the process of implementing the enterprise resource planning ("ERP") system which was previously installed in the U. S. at our Canada subsidiary. Any significant disruption, delay or deficiency in the design and implementation of the ERP system could adversely affect our ability to process orders, ship products, send invoices and track payments, fulfill contractual obligations or otherwise operate our business. Failure to maintain-comply with personal data protection and privacy laws could have a material adverse effect on our business, financial condition and results of operations. The Company is subject to certain laws, rules and regulations enacted to protect businesses and personal data ("Privacy Laws"), which may include the General Data Protection Regulation and the California Consumer Privacy Act, as well as industry self-regulatory codes that create new compliance obligations. The administration, enforcement and regulation of Privacy Laws are quickly evolving and subject to changes in interpretation, with

requirements varying across jurisdictions. As a retailer accepting various payment methods, we must also comply with payment card network rules and may face substantial liability to payment card issuers if payment card data is compromised. Future changes in Privacy Laws may require the Company to incur additional and unexpected expenses and may subject the Company to additional compliance risk. Any failure to comply with Privacy Laws **or payment card industry requirements could result in substantial penalties, litigation, regulatory proceedings, reputational damage, and** could have a material adverse impact on our financial condition and results of operations. **The Company's good reputation is critical to the success of our business. The Company has a strong reputation within our portfolio of trusted and well-known brands. Our customers' and consumers' perceptions of the Company and our brands as safe, reliable and of high quality are key to our continued success. This reputation depends on maintaining high standards in product quality, ethical business practices, environmental and social responsibility, regulatory compliance, and effective management of public communications including social media. Additionally, we have strategic alliances and licensing agreements with third-party brands, and our success also relies upon the reputation of these third-party brands. Failure to maintain our reputation and brand image through any of these factors, including product quality issues, recalls, or negative public perception, could have a material adverse effect on our business, financial condition, results of operations and cash flows.**

Financial Risks Our financing arrangements contain various restrictions that could limit operating flexibility. Our credit facility contains covenants and other restrictions that, among other things, require us to satisfy certain financial tests, maintain certain financial ratios and restrict our ability to incur additional indebtedness. The restrictions and covenants in our credit facility, and other future financing arrangements may limit our ability to respond to market conditions, provide for capital investment needs, pay dividends or take advantage of business opportunities by limiting the amount of additional borrowings we may incur. Additionally, our exposure to rising interest rates subjects us to increased debt obligations with respect to existing floating rate debt during periods where such rates are in effect. We are subject to foreign currency exchange risk. As a result of our international operations, we are exposed to foreign currency risks that arise from our normal business operations, including risks in connection with our transactions that are denominated in foreign currencies. In addition, we translate sales and other results denominated in foreign currencies into U. S. dollars for purposes of our consolidated financial statements. As a result, appreciation of the U. S. dollar against these foreign currencies generally will have a negative impact on our reported revenues and profitability, while depreciation of the U. S. dollar against these foreign currencies will generally have a positive effect on reported revenues and profitability. Any hedging activities we engage in may only offset a portion of the adverse financial impact resulting from unfavorable changes in foreign currency exchange rates. We cannot predict with any certainty changes in foreign currency exchange rates or the degree to which we can mitigate these risks.

Regulatory Risks We may become subject to claims under foreign laws and regulations, which may be expensive, time-consuming and distracting. Because we have employees, property and business operations outside of the U. S., we are subject to the laws and the court systems of many jurisdictions. We may become subject to claims outside the U. S. for violations or alleged violations of laws with respect to our current or future foreign operations. In addition, these laws may be changed or new laws may be enacted in the future. International litigation is often expensive, time-consuming and distracting. As a result, any of these risks could significantly reduce our profitability and our ability to operate our businesses effectively. Our obligations relating to environmental matters may exceed our expectations. We are subject to laws and regulations relating to the protection of the environment, including those governing the management and disposal of hazardous substances. We are investigating or remediating historical contamination at some current and former sites related to our prior manufacturing operations or the operations of businesses that we have acquired. The costs of investigating and remediating historical contamination may increase based on the findings of investigations and the effectiveness of remediation methods. In addition, the discovery of additional contamination at these or other sites could result in significant cleanup costs that could have a material adverse effect on our financial conditions and results of operations. Future changes to environmental laws could require us to incur significant additional expense. We could, under some circumstances, also be held financially liable for or suffer other adverse effects due to environmental violations or contamination caused by prior owners of businesses we have acquired. In certain circumstances, our financial liability for cleanup costs takes into account agreements with an unrelated third party. Our liability for these costs could increase if the unrelated third party does not, or cannot, perform its obligations under those agreements. In addition, under some of the agreements through which we have sold real estate, we have retained responsibility for certain contingent environmental liabilities arising from pre-closing operations. These liabilities may not arise, if at all, until years after we sold these operations and could require us to incur significant additional expenses, which could materially adversely affect our results of operations and financial condition. The Company is subject to litigation risk which could adversely affect our financial condition, results of operations and liquidity. From time to time we are subject to claims involving product liability, **employment practices, consumer protection, class actions, securities laws, antitrust, environmental matters,** infringement of intellectual property and patent rights of third parties and other matters. Any such claims, with or without merit, could be time-consuming and expensive, and may require the Company to incur substantial costs and divert the resources of management. **We evaluate claims to assess potential losses and establish appropriate reserves based on available information and legal judgment.** Due to the uncertainties of litigation, unfavorable rulings could occur. If an unfavorable ruling were to occur, there exists the possibility of an adverse impact on the Company's **reputation, financial position, results of operations and cash flows of the period in which the ruling occurs, or in future periods.** **Our intellectual property rights could be infringed and adverse events regarding licensed intellectual property could harm our business. We possess intellectual property that is important to our business. This intellectual property includes trademarks, copyrights, patents, business processes and other trade secrets. We cannot be certain that the legal steps taken to protect our rights will be sufficient or that others will not infringe or misappropriate our rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products**

may be eroded and our business could suffer. We and third parties, including competitors, could come into conflict over intellectual property rights, resulting in disruptive and expensive litigation. If we are unable to adequately protect our intellectual property rights, our competitors may bring to market identical or similar products. We also license intellectual property to and from third parties, and in some countries, third parties own rights that we own elsewhere.

Adverse events affecting those third parties or their products could also negatively impact our brands. Our business subjects us to product liability claims, which could affect our reputation, revenue and profitability. We face exposure to product liability claims if one of our products is alleged to have caused property damage, bodily injury or other adverse effects up to a defined self-insured loss limit per claim and maintain product liability insurance for claims above this self-insured level. If a product liability claim is brought against us, our revenue and profitability could be affected adversely as a result of negative publicity related to the claim, costs associated with any replacement of the product or expenses related to defending these claims. This could be true even if the claims themselves are ultimately settled for immaterial amounts. In addition, we may not be able to maintain product liability insurance on terms acceptable to us in the future. If the number of product liability claims we experience exceeds historical amounts, if we are unable to maintain product liability insurance or if our product liability claims exceed the amount of our insurance coverage, our results of operations and financial condition could be affected adversely. Our business involves the potential for product recalls, which could affect our revenue and profitability. The products that we sell are subject to various mandatory and voluntary standards. As a marketer and distributor of consumer products, we are subject to the Consumer Products Safety Act and the Federal Hazardous Substances Act, which empower the CPSC to seek to exclude from the market those products that are found to be unsafe or hazardous. In addition, the FDA and other governmental authorities regulate the development, manufacture, sale and distribution of certain of our products. Under certain circumstances, the CPSC, the FDA or other government agencies could require us to repair, replace or refund the purchase price of one or more of our products, or we may voluntarily do so. Any repurchases or recalls of our products could be costly to us and could damage our reputation or the value of our brands. If we are required to remove, or we voluntarily remove our products from the market, our reputation or brands could be tarnished, and we might have large quantities of finished products that could not be sold. Furthermore, failure to timely notify the CPSC, the FDA or other applicable government agencies of a potential safety hazard can result in fines being assessed against us. Additionally, laws regulating certain of our products exist in some states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future. Our results of operations are also susceptible to adverse publicity regarding the quality and safety of our products. In particular, product recalls may result in a decline in sales for a particular product. Failure to comply with public health, consumer protection and other regulations could affect our reputation, revenue and profitability. Some jurisdictions require that products be listed by UL, a not-for-profit organization that sets safety standards for products, or other similar recognized laboratories. We endeavor to design our products to meet the certification requirements of, and to be certified in, each of the jurisdictions in which they are sold. **Some jurisdictions have begun to require labeling of products that contain per- and polyfluoroalkyl substances (PFAS) which leads to additional costs and efforts.** Failure to comply with such certification or labeling requirements could result in additional re-design expenses, fines, or product liability claims. **The Company's good**

Our expansion into a new industry through the acquisition involves the collection, use, and storage of personal data, including sensitive health-related information, in connection with the development and operation of our digitally connected devices. Any failure to adequately safeguard personal data, or a significant breach in our data security systems, could expose us to legal liability, damage our reputation is critical to the success of our business. The Company has a strong reputation within our portfolio of trusted and well-known brands. Our customers' and consumers' perceptions of the Company and our brands as safe, reliable and of high quality are key to our continued success. Additionally, we have strategic alliances and licensing agreements with third-party brands, and our success also relies upon the reputation of these third-party brands. Failure to maintain our reputation and brand -- **and image could have a material adverse effect on our business, financial condition, results-**

result in regulatory penalties of operations and cash flows. Compliance with multiple, and potentially conflicting, international laws and regulations, including anti-corruption laws, may be difficult, burdensome or expensive. We are subject to many statutes, ordinances, rules and regulations in the U. S. , **Canada, Mexico, Europe** and elsewhere **other countries in which we conduct business** that, if violated by us or our affiliates, partners or vendors, could have a material adverse effect on our business. **These laws and regulations apply to many aspects of our business, including the manufacture, safety, sourcing, labeling, storing, transportation, marketing, advertising, distribution, pricing and sale of our products. Additional regulations govern environmental matters, relations with distributors and retailers, employment, privacy, trade practices and regulation of per- and polyfluoroalkyl substances (PFAS) and other contaminants. Our international business is also subject to U. S. laws, regulations and policies, including anti-corruption and export requirements. Any significant change in these laws or regulations, or their interpretation, could result in increased compliance costs or challenge our ability to produce and sell products competitively. Increasing governmental and societal attention to environmental, social and governance matters has resulted in new laws and regulatory requirements, including expanded disclosure obligations that continue to increase the complexity of our reporting requirements.**

For example, we are required to comply with the U. S. Foreign Corrupt Practices Act ("FCPA") and similar anti-bribery, anti-corruption and anti-kickback laws adopted in many of the countries in which we do business which prohibit the Company from engaging in bribery or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business and also require maintenance of adequate record-keeping and internal accounting practices to accurately reflect transactions. Under the FCPA, companies operating in the U. S. may be held liable for actions taken by their strategic or local partners or representatives. **Additionally, we are required to comply with the Uyghur Forced Labor Prevention Act ("UFLPA") which has requirements to prevent forced labor, particularly from the Xinjiang Uyghur Autonomous Region (XUAR) of China. UFLPA mandates that the Company must trace our supply chain back to the raw materials used to**

ensure no forced labor is involved. Compliance can be time consuming and costly to conduct supply chain audits, due diligence and monitoring. Further, we are subject to potential delays if our goods were to be detained at the border. If we do not properly implement and maintain practices and controls with respect to compliance with applicable anti-corruption, anti-bribery and anti-kickback, **and anti-forced labor** laws, or if we fail to enforce those practices and controls properly, we may be held responsible for their actions and may become subject to regulatory sanctions, including administrative costs related to governmental and internal investigations, civil and criminal penalties, injunctions and restrictions on our business and capital raising activities, any of which could materially and adversely affect our business, results of operations and financial condition.

Entry into new markets or categories could subject our business to additional regulations and higher compliance costs. Violations of laws or regulations could damage our reputation and result in substantial financial penalties and operational limitations. Government regulations could impose costly requirements on our business. The FDA and other governmental authorities regulate the development, manufacture, sale and distribution of certain of our products, and failure to comply with all applicable rules and regulations may adversely impact us. For certain products in our Hamilton Beach Health® business, government regulations may require detailed inspection of, and controls over, research and development, clinical investigations, product approvals and manufacturing, marketing and promotion, sampling, distribution, record-keeping, storage and disposal practices. Failure to comply with any applicable laws or regulations could result in fines or revocation of our operating permits and licenses or, in rare circumstances, market withdrawal of the product. We may also be dependent on receiving FDA and other governmental or third-party approvals prior to manufacturing, marketing and shipping certain new products in the future, which may be costly and time-consuming. We cannot be certain that any such products will receive FDA or other necessary approvals. Also, receipt of approval in one country does not guarantee approval by the FDA or any other foreign regulatory agency. U.S. government trade actions could have a material adverse effect on our subsidiaries, financial position, and results of operation. Over the past several years, the U.S. government has taken a number of trade actions that impact or could impact our operations, including imposing tariffs on certain goods imported into the ~~United States~~ **U.S.** In addition, several governments, including the European Union, China and India, have imposed tariffs on certain goods imported from the United States. As the majority of our products are imported into the ~~United States~~ **U.S.** from China, many of our product lines are subject to the tariffs imposed under Section 301 of U.S. trade law that have been applied to separate lists of Chinese goods imported into the United States, beginning during the ~~first~~ **Trump Administration and continuing in the Biden Administration.** The Section 301 tariffs on goods covered by lists 1, 2, 3 and 4a affect approximately ~~25-40~~ **25-40** % of our total purchases on an annualized basis. ~~The second Trump~~ **To date, the Biden Administration has announced new changes effectively maintained and has continued to defend and to enforce these -- the particular trade actions U.S. government's tariff policy, including new tariffs on China, Canada and Mexico.** We are continually evaluating the impact of the current and any possible new tariffs on our supply chain, costs, sales and profitability and are ~~considering~~ **implementing** strategies to mitigate ~~such anticipated~~ **such anticipated** impact, including reviewing sourcing options **and seeking alternate sources of supply in various countries outside of China**, filing requests for exclusion from the tariffs for certain product lines and working with our suppliers and customers. We can provide no assurance that any strategies we implement to mitigate the impact of such tariffs or other trade actions will be successful. Given the uncertainty regarding the scope and duration of these trade actions by the U.S. government or other countries, as well as the potential for additional trade actions, the impact on our operations and results remains uncertain.

Risks Related to Our Common Stock The amount and frequency of dividend payments made on the Company's common stock could change. The Company's Board of Directors ("Board") has the authority to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on earnings, capital, future expense requirements, financial conditions, contractual limitations, credit instruments and other factors our Board may consider. In addition, as a holding company, substantially all of our assets are held by our consolidated subsidiaries, and we primarily rely on dividends and other payments or distributions from our consolidated subsidiaries to meet our debt service and other obligations and to enable us to pay dividends. The ability of our subsidiaries to pay dividends or make other payments or distributions to us will depend on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization, which may limit our ability to pay dividends or make other payments. Accordingly, holders of our common stock should not rely on past payment of dividends in a particular amount as an indication of the amount of dividends, if any, that will be paid in the future. Certain members of the Company's extended founding family own a substantial amount of Class A Common and Class B Common, and if they were to act in concert, could control the outcome of director elections and other stockholder votes on significant actions. Hamilton Beach Holding has two classes of common stock: Company Class A common stock ("Class A Common") and Class B common stock ("Class B Common"). Holders of Class A Common are entitled to cast one vote per share and, as of December 31, ~~2023~~ **2024**, accounted for approximately ~~22-21~~ **14-6** % of the voting power of the Company. Holders of Class B Common are entitled to cast ten votes per share and, as of December 31, ~~2023~~ **2024**, accounted for the remaining voting power of the Company. As of December 31, ~~2023~~ **2024**, certain members of the Company's extended founding family held approximately ~~32-33~~ **34-8** % of Class A Common and ~~92-93~~ **99-3** % of Class B Common. On the basis of this common stock ownership, certain members of the Company's extended founding family could exercise ~~79-80~~ **56-5** % of the Company's total voting power. Although there is no voting agreement among such family members, in writing or otherwise, if they were to act in concert, they would exert significant control over the outcome of director elections and other stockholder votes on significant actions, such as certain amendments to the Company's amended and restated certificate of incorporation and sale of the Company or substantially all of its assets. Because such family members could prevent other stockholders from exercising significant influence over significant corporate actions, the Company may be a less attractive takeover target, which could adversely affect the market price of its common stock.