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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 23, 2023

Hillman Solutions Corp.
(Exact name of registrant as specified in its charter)

Delaware	**001-39609**	**85-2096734**
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

1280 Kemper Meadow Drive
Cincinnati, Ohio 45240
(Address of principal executive offices)

Registrant's telephone number, including area code: **(513) 851-4900**

Former name or former address
10590 Hamilton Avenue, Cincinnati, Ohio 45231

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	HLMN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 2.02 Results of Operations and Financial Condition.

On February 23, 2023, Hillman Solutions Corp. (the “Company”) issued a press release, furnished as Exhibit 99.1 and incorporated herein by reference, announcing the Company's selected summary financial results for its fourteen and fifty-three weeks ended December 31, 2022.

The information provided pursuant to Item 2.02, including the exhibit attached hereto, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated February 23, 2023, announcing the financial results of Hillman Solutions Corp. forits fourteen and fifty-three weeks ended December 31, 2022.
99.2	Supplemental slides provided in connection with the fourteen and fifty-three weeks ended December 31, 2022 earnings call of Hillman Solutions Corp.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Hillman Solutions Corp.

Date:	February 23, 2023	By:	/s/ Robert O. Kraft
		Name:	Robert O. Kraft
		Title:	Chief Financial Officer

Hillman Reports Fourth Quarter 2022 Results; Provides 2023 Guidance

CINCINNATI, February 23, 2023 -- Hillman Solutions Corp. (Nasdaq: HLMN) (the "Company" or "Hillman"), a leading provider of hardware products and merchandising solutions, reported financial results for the fourteen and fifty-three weeks ended December 31, 2022.

Fiscal 2022 consisted of fifty-three weeks compared to fifty-two weeks in fiscal 2021 and the fourth quarter of fiscal 2022 consisted of fourteen weeks compared to thirteen weeks during the fourth quarter of 2021.

Fourth Quarter 2022 Highlights (Fourteen Weeks Ended December 31, 2022)

- Net sales increased 1.8% to $350.7 million compared to $344.5 million in the prior year quarter; excluding the 53rd week during 2022, net sales decreased 2.8% to $334.9 million
- Net loss totaled $(13.9) million, or $(0.07) per diluted share, compared to net income of $6.5 million, or $0.03 per diluted share, in the prior year quarter
- Adjusted Diluted EPS[1] was $0.05 per diluted share compared to $0.06 per diluted share in the prior year quarter
- Adjusted EBITDA[1] totaled $45.0 million compared to $38.6 million in the prior year quarter

Full Year 2022 Highlights (Fifty-Three Weeks Ended December 31, 2022)

- Net sales increased 4.2% to $1.49 billion as compared to $1.43 billion in the prior year period; excluding the 53rd week during 2022, net sales increased 3.1% to $1.47 billion
- Net loss totaled $(16.4) million, or $(0.08) per diluted share, compared to a loss of $(38.3) million, or $(0.28) per diluted share, in the prior year period
- Adjusted Diluted EPS[1] was $0.43 per diluted share compared to $0.51 per diluted share in the prior year period
- Adjusted EBITDA[1] totaled $210.2 million compared to $207.4 million in the prior year period

Management Commentary

"I am grateful to the entire Hillman team for their strong performance during a dynamic and challenging year," commented Doug Cahill, Chairman, President and Chief Executive Officer of Hillman. "During 2022, we grew Adjusted EBITDA to $210 million, which was in line with our expectations. In our Hardware Solutions segment, we achieved industry-leading average fill rates of 96%, bolstering our reputation in the industry. In our Robotics and Digital Solutions segment, we continue to roll out innovative self-serve kiosks to an expanding footprint of stores, establishing a firm platform to generate attractive returns for Hillman and our customers for years to come."

“Hillman has proven to be resilient throughout our 59-year history because of the end markets we serve and our focus on small-ticket repair, remodel and maintenance hardware products, with negligible exposure to new housing starts. Considering we are beginning to see signs of inflationary pressures easing, our new business wins continue, and 2023 is off to a strong start as volumes are up, we are confident we can drive strong results during 2023 and beyond."

Balance Sheet and Liquidity at December 31, 2022

- Gross debt was $919 million, compared to $946 million at the end of 2021; net debt[1] outstanding was $888 million, compared to $931 million at the end of 2021
- Liquidity available totaled approximately $229 million, consisting of $198 million of available borrowing under the revolving credit facility and $31 million of cash and equivalents
- Net debt[1] to trailing twelve month Adjusted EBITDA improved to 4.2x times from 4.5x at the end of 2021

Full Year 2023 Guidance

Hillman has provided the following guidance based on its current view of the market and its performance expectations during the fifty-two weeks ended December 30, 2023.

	Full Year 2023 Guidance
Net Sales	$1.45 to $1.55 billion
Adjusted EBITDA[1]	$215 to $235 million
Free Cash Flow[1]	$125 to $145 million

2022 Results Presentation

Hillman plans to host a conference call and webcast presentation today, February 23, 2023, at 8:30 a.m. Eastern Time to discuss its results and guidance. Chairman, President, and Chief Executive Officer Doug Cahill and Chief Financial Officer Rocky Kraft will host the results presentation.

Date: February 23, 2023

Time: 8:30 am Eastern Time

Listen-only Webcast: https://edge.media-server.com/mmc/p/ot8hfiec

A webcast replay will be available approximately one hour after the conclusion of the call using the Audio-Only Webcast link above.

Hillman’s earnings release and quarterly presentation are expected to be filed with the SEC and posted to its website, https://ir.hillmangroup.com, before the webcast presentation begins, with the 10-K being filed and posted subsequent to the call.

1. Adjusted EBITDA, Adjusted Diluted EPS, Net Debt, and Free Cash Flow are non-GAAP financial measures. Refer to the "Reconciliation of Adjusted EBITDA”, "Reconciliation of Adjusted Earnings per Share", "Reconciliation of Net Debt" and "Reconciliation of Free Cash Flow" sections of this press release for additional information as well as reconciliations between the company’s GAAP and non-GAAP financial results.

About Hillman Solutions Corp.

Founded in 1964 and headquartered in Cincinnati, Ohio, Hillman Solutions Corp. (“Hillman”) and its subsidiaries are leading North American providers of complete hardware solutions, delivered with outstanding customer service to over 40,000 locations. Hillman designs innovative product and merchandising solutions for complex categories that deliver an outstanding customer experience to home improvement centers, mass merchants, national and regional hardware stores, pet supply stores, and OEM & industrial customers. Leveraging its leading distribution and sales network, Hillman delivers a “small business” experience with “big business” efficiency. For more information on Hillman, visit www.hillmangroup.com.

Forward Looking Statements

You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," “target”, “goal”, "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company’s expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) the ability to continue to innovate with new products and services; (5) seasonality; (6) large customer concentration; (7) the ability to recruit and retain qualified employees; (8) the outcome of any legal proceedings that may be instituted against the Company; (9) adverse changes in currency exchange rates; (10) the impact of COVID-19 on the Company’s business; or (11) regulatory changes and potential legislation that could adversely impact financial results. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company’s filings with the Securities and Exchange Commission (“SEC”), including its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 to be filed subsequent to the conference call presenting 2022 results. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward looking statements.

Except as required by applicable law, the Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this communication to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Contact:

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HILLMAN SOLUTIONS CORP.

Condensed Consolidated Statement of Net Income, GAAP Basis
(dollars in thousands)
Unaudited

	Fourteen Weeks Ended December 31, 2022	Thirteen Weeks Ended December 25, 2021	53 Weeks Ended December 31, 2022	52 Weeks Ended December 25, 2021
Net sales	$ 350,663	$ 344,491	$ 1,486,328	$ 1,425,967
Cost of sales (exclusive of depreciation and amortization shown separately below)	198,330	205,293	846,551	859,557
Selling, warehouse, general and administrative expenses	114,980	112,587	480,993	437,875
Depreciation	16,077	13,335	57,815	59,400
Amortization	15,551	15,502	62,195	61,329
Management fees to related party	—	—	—	270
Other (income) expense, net	2,005	(546)	(1,119)	(2,778)
Income from operations	3,720	(1,680)	39,893	10,314
Gain on change in fair value of warrant liability	—	(18,724)	—	(14,734)
Interest expense, net	15,703	11,258	54,560	61,237
Interest expense on junior subordinated debentures	—	—	—	7,775
Investment income on trust common securities	—	—	—	(233)
Income on mark-to-market adjustment of interest rate swap	—	—	—	(1,685)
Refinancing costs	—	—	—	8,070
Income (loss) before income taxes	(11,983)	5,786	(14,667)	(50,116)
Income tax expense (benefit)	1,916	(761)	1,769	(11,784)
Net (loss) income	$ (13,899)	$ 6,547	$ (16,436)	$ (38,332)
Basic (loss) income per share	$ (0.07)	$ 0.03	$ (0.08)	$ (0.28)
Weighted average basic shares outstanding	194,468	187,960	194,249	134,699
Diluted (loss) income per share	$ (0.07)	$ 0.03	$ (0.08)	$ (0.28)
Weighted average diluted shares outstanding	194,468	189,822	194,249	134,699

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Balance Sheets
(dollars in thousands)
Unaudited

	December 31, 2022	December 25, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 31,081	$ 14,605
Accounts receivable, net of allowances of $2,405 ($2,891 - 2021)	86,985	107,212
Inventories, net	489,326	533,530
Other current assets	24,227	12,962
Total current assets	631,619	668,309
Property and equipment, net of accumulated depreciation of $333,452 ($284,069 - 2021)	190,258	174,312
Goodwill	823,812	825,371
Other intangibles, net of accumulated amortization of $414,275 ($352,695 - 2021)	734,460	794,700
Operating lease right of use assets	66,955	82,269
Deferred tax assets	—	1,323
Other assets	23,586	16,638
Total assets	$ 2,470,690	$ 2,562,922
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 131,751	$ 186,126
Current portion of debt and finance lease liabilities	10,570	11,404
Current portion of operating lease liabilities	12,285	13,088
Accrued expenses:		
Salaries and wages	15,709	8,606
Pricing allowances	9,246	10,672
Income and other taxes	5,300	4,829
Interest	697	1,519
Other accrued liabilities	29,854	41,052
Total current liabilities	215,412	277,296
Long-term debt	884,636	906,531
Deferred tax liabilities	140,091	137,764
Operating lease liabilities	61,356	74,476
Other non-current liabilities	12,456	16,760
Total liabilities	$ 1,313,951	$ 1,412,827
Commitments and contingencies		
Stockholders' equity:		
Common stock, 0.0001 par, 500,000,000 shares authorized, 194,548,411 issued and outstanding at December 31, 2022 and 194,083,625 issued and 193,995,320 outstanding at December 25, 2021	20	20
Additional paid-in capital	1,404,360	1,387,410
Accumulated deficit	(226,617)	(210,181)
Accumulated other comprehensive loss	(21,024)	(27,154)
Total stockholders' equity	1,156,739	1,150,095
Total liabilities and stockholders' equity	$ 2,470,690	$ 2,562,922

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Statement of Cash Flows
(dollars in thousands)
Unaudited

	53 Weeks Ended December 31, 2022	52 Weeks Ended December 25, 2021
Cash flows from operating activities:		
Net loss	$ (16,436)	$ (38,332)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	120,010	120,730
Loss (gain) on dispositions of property and equipment	(26)	221
Impairment of long lived assets	—	—
Deferred income taxes	(873)	(21,846)
Deferred financing and original issue discount amortization	3,582	4,336
Loss on debt restructuring, net of third party fees paid	—	(8,372)
Stock-based compensation expense	13,524	15,255
Increase in fair value of warrant liabilities	—	(14,734)
Change in fair value of contingent consideration	(1,128)	(1,806)
Other non-cash interest and change in fair value of interest rate swap	—	(1,685)
Changes in operating items:		
Accounts receivable, net	19,889	15,148
Inventories, net	38,813	(137,849)
Other assets	566	3,064
Accounts payable	(53,760)	(20,253)
Other accrued liabilities	(5,150)	(24,131)
Net cash provided by (used for) operating activities	119,011	(110,254)
Cash flows from investing activities:		
Acquisition of business, net of cash received	(2,500)	(38,902)
Capital expenditures	(69,589)	(51,552)
Other investing activities	(733)	—
Net cash (used for) investing activities	(72,822)	(90,454)
Cash flows from financing activities:		
Borrowings on senior term loans, net of discount	—	883,872
Repayments of senior term loans	(10,638)	(1,072,042)
Borrowings of revolving credit loans	244,000	322,000
Repayments of revolving credit loans	(265,000)	(301,000)
Repayments of senior notes	—	(330,000)
Financing fees	—	(20,988)
Proceeds from recapitalization of Landcadia, net of transaction costs	—	455,161
Proceeds from sale of common stock in PIPE, net of issuance costs	—	363,301
Repayment of junior subordinated debentures	—	(108,707)
Principal payments under finance lease obligations	(1,470)	(938)
Proceeds from exercise of stock options	2,609	2,670
Other financing activities	1,777	—
Net cash (used for) provided by financing activities	(28,722)	193,329
Effect of exchange rate changes on cash	(991)	464
Net increase (decrease) in cash and cash equivalents	16,476	(6,915)
Cash and cash equivalents at beginning of period	14,605	21,520
Cash and cash equivalents at end of period	$ 31,081	$ 14,605

HILLMAN SOLUTIONS CORP.

Reconciliations of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

The Company uses non-GAAP financial measures to analyze underlying business performance and trends. The Company believes that providing these non-GAAP financial measures enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance. These non-GAAP financial measures are provided as supplemental information to the financial measures presented in this press release that are calculated and presented in accordance with GAAP. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. The Company's definitions of its non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies. Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, reconciliations to GAAP financial measures are not provided for forward-looking non-GAAP measures. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Non-GAAP financial measures such as consolidated adjusted EBITDA and Adjusted Diluted Earnings per Share (EPS) exclude from the relevant GAAP metrics items that neither relate to the ordinary course of the Company's business, nor reflect the Company's underlying business performance.

Reconciliation of Adjusted EBITDA (Unaudited)
(dollars in thousands)

Adjusted EBITDA is a non-GAAP financial measure and is the primary basis used to measure the operational strength and performance of our businesses, as well as to assist in the evaluation of underlying trends in our businesses. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. It is also unaffected by our capital and tax structures, as our management excludes these results when evaluating our operating performance. Our management and Board of Directors use this financial measure to evaluate our consolidated operating performance and the operating performance of our operating segments and to allocate resources and capital to our operating segments. Additionally, we believe that Adjusted EBITDA is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure of Adjusted EBITDA may not be directly comparable to similar measures used by other companies.

	Fourteen Weeks Ended December 31, 2022	Thirteen Weeks Ended December 25, 2021	53 Weeks Ended December 31, 2022	52 Weeks Ended December 25, 2021
Net income (loss)	$ (13,899)	$ 6,547	$ (16,436)	$ (38,332)
Income tax provision (benefit)	1,916	(761)	1,769	(11,784)
Interest expense, net	15,703	11,258	54,560	61,237
Interest expense on junior subordinated debentures	—	—	—	7,775
Investment income on trust common securities	—	—	—	(233)
Depreciation	16,077	13,335	57,815	59,400
Amortization	15,551	15,502	62,195	61,329
Mark-to-market adjustment of interest rate swap	—	—	—	(1,685)
EBITDA	$ 35,348	$ 45,881	$ 159,903	$ 137,707
Stock compensation expense	2,735	6,438	13,524	15,255
Management fees	—	—	—	270
Restructuring (1)	1,136	339	2,617	910
Litigation expense (2)	3,889	1,833	32,856	12,602
Acquisition and integration expense (3)	84	2,182	2,477	11,123
Change in fair value of contingent consideration	1,798	(696)	(1,128)	(1,806)
Loss on change in fair value of warrant liability (4)	—	(18,724)	—	(14,734)
Buy-back expense (5)	—	—	—	2,000
Refinancing charges(6)	—	—	—	8,070
Inventory valuation related charges(7)	—	—	—	32,026
Anti-dumping duties (6)	—	1,359	—	3,995
Total adjusting items	$ 9,642	$ (7,269)	$ 50,346	$ 69,711
Adjusted EBITDA	$ 44,990	$ 38,612	$ 210,249	$ 207,418

(1) Restructuring includes restructuring costs associated with restructuring in our Canada segment announced in 2018, including facility consolidation, stock keeping unit rationalization, severance, sale of property and equipment, and charges relating to exiting certain lines of business. Finally, it includes consulting and other costs associated with streamlining our manufacturing and distribution operations.

(2) Litigation expense includes legal fees associated with our litigation with KeyMe, Inc. and Hy-Ko Products Company LLC.

(3) Acquisition and integration expense includes professional fees, non-recurring bonuses, and other costs related to historical acquisitions, including the merger with Landcadia III and the secondary offering of shares in 2022.

(4) The warrant liabilities are marked to market each period end.

(5) Infrequent buy backs associated with new business wins.

(6) In connection with the merger, we refinanced our Term Credit Agreement and ABL Revolver. Proceeds from the refinancing were used to redeem in full senior notes due July 15, 2022 (the “6.375% Senior Notes”) and the 11.6% Junior Subordinated Debentures.

(7) In the third quarter of 2021, we recorded an inventory valuation adjustment in our Hardware and Protective Solutions segment of $32.0 million primarily related to strategic review of our COVID-19 related product offerings. We evaluated our customers' needs and the market conditions and ultimately decided to exit the following protective product categories related to COVID-19 cleaning wipes, disinfecting sprays, face masks, and certain disposable gloves.

(8) Anti-dumping duties assessed related to the nail business for prior year purchases.

Reconciliation of Adjusted Diluted EPS
(in thousands, except per share data)
Unaudited

We define Adjusted Diluted EPS as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that Adjusted Diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. The following is a reconciliation of reported diluted EPS from continuing operations to Adjusted Diluted EPS from continuing operations:

	Fourteen Weeks Ended December 31, 2022	Thirteen Weeks Ended December 25, 2021	53 Weeks Ended December 31, 2022	52 Weeks Ended December 25, 2021
Reconciliation to Adjusted Net Income				
Net Income	$ (13,899)	$ 6,547	$ (16,436)	$ (38,332)
Remove adjusting items (1)	9,642	(7,269)	50,346	69,711
Mark-to-Market adjustment on interest rate swaps (2)	—	—	—	(1,685)
Remove amortization expense	15,551	15,502	62,195	61,329
Remove tax benefit on adjusting items and amortization expense (3)	(2,272)	(3,152)	(12,991)	(20,955)
Adjusted Net Income	$ 9,022	$ 11,628	$ 83,114	$ 70,068
Reconciliation to Adjusted Diluted Earnings per Share				
Diluted Earnings per Share	$ (0.07)	$ 0.03	$ (0.08)	$ (0.28)
Remove adjusting items (1)	0.05	(0.04)	0.26	0.51
Impact of adjusted diluted shares	0.00	0.00	0.00	—
Mark-to-Market adjustment on interest rate swaps (2)	—	0.00	—	(0.01)
Remove amortization expense	0.08	0.08	0.32	0.45
Remove tax benefit on adjusting items and amortization expense (3)	(0.01)	(0.02)	(0.07)	(0.15)
Adjusted Diluted Earnings per Share	$ 0.05	$ 0.06	$ 0.43	$ 0.51
Reconciliation to Adjusted Diluted Shares Outstanding				
Diluted Shares, as reported (4)	194,468	189,822	194,249	134,699
Non-GAAP dilution adjustments				
Dilutive effect of stock options and awards	382	—	1,190	1,541
Dilutive effect of warrants	—	—	—	134
Adjusted Diluted Shares	194,850	189,822	195,440	136,373

Note: Adjusted EPS may not add due to rounding.

(1) Please refer to "Reconciliation of Adjusted EBITDA" table above for additional information on adjusting items. See "Per share impact of Adjusting Items" table below for the per share impact of each adjustment.

(2) Reflects the mark to market adjustment on the interest rate swaps. Subsequent to the merger in 2021, the Company qualifies for hedge accounting on the swaps, which eliminates the mark to market adjustment.

(3) We have calculated the income tax effect of the non-GAAP adjustments shown above at the applicable statutory rate of 25.1% for the U.S. and 26.2% for Canada except for the following items:

a. The tax impact of stock compensation expense was calculated using the statutory rate of 25.1%, excluding certain awards that are non-deductible.

b. The tax impact of acquisition and integration expense included in "Other" was calculated using the statutory rate of 25.1%, excluding certain charges that were non-deductible.

c. Amortization expense for financial accounting purposes was offset by the tax benefit of deductible amortization expense using the statutory rate of 25.1%.

(4) Diluted shares on a GAAP basis for the thirteen weeks ended December 25, 2021 include the dilutive impact of 1,863 options and awards.

Per Share Impact of Adjusting Items

	Fourteen Weeks Ended December 31, 2022	Thirteen Weeks Ended December 25, 2021	53 Weeks Ended December 31, 2022	52 Weeks Ended December 25, 2021
Stock compensation expense	$0.01	$0.03	$0.07	$0.11
Management fees	—	0.00	—	—
Restructuring	0.01	0.00	0.01	0.01
Litigation expense	0.02	0.01	0.17	0.09
Acquisition and integration expense	0.00	0.01	0.01	0.08
Change in fair value of contingent consideration	0.01	0.00	(0.01)	(0.01)
Buy-back expense	—	0.00	—	0.01
Anti-dumping duties	—	0.01	—	0.03
Loss on change in fair value of warrant liability	—	(0.10)	—	(0.11)
Refinancing charges	—	—	—	0.06
Inventory valuation related charges	—	—	—	0.23
Total adjusting items	$0.05	$(0.04)	$0.26	$0.51

Note: Adjusting items may not add due to rounding.

Reconciliation of Net Debt

We define Net Debt as reported gross debt less cash on hand. Net debt is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. The Company believes that Net Debt provides further insight and comparability into liquidity and capital structure. The following is a the calculation of Net Debt:

	December 31, 2022		December 25, 2021	
Revolving loans	$	72,000	$	93,000
Senior term loan, due 2028		840,363		851,000
Finance leases and other obligations		6,406		1,782
Gross debt	$	918,769	$	945,782
Less cash		31,081		14,605
Net debt	$	887,688	$	931,177

Reconciliation of Free Cash Flow

We calculate free cash flow as cash flows from operating activities less capital expenditures. Free cash flow is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. We believe free cash flow is an important indicator of how much cash is generated by our business operations and is a measure of incremental cash available to invest in our business and meet our debt obligations.

	53 Weeks Ended December 31, 2022		52 Weeks Ended December 25, 2021	
Net cash provided by (used for) operating activities	$	119,011	$	(110,254)
Capital expenditures		(69,589)		(51,552)
Free cash flow	$	49,422	$	(161,806)

Source: Hillman Solutions Corp.

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Quarterly Earnings Presentation Q4 2022

February 23, 2023

Forward Looking Statements

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This presentation contains certain forward-looking statements, including, but not limited to, certain plans, expectations, goals, projections, and statements, which are not historical facts and are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. All forward-looking statements are made in good faith by the company and are intended to qualify for the safe harbor from liability established by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," “target”, “goal”, "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company’s expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve (4) ability to continue to innovate with new products and services; (5) seasonality; (6) large customer concentration; (7) ability to recruit and retain qualified employees; (8) the outcome of any legal proceedings that may be instituted against the Company; (9) adverse changes in currency exchange rates; (10) the impact of COVID-19 on the Company’s business; or (11) regulatory changes and potential legislation that could adversely impact financial results. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company’s filings with the Securities and Exchange Commission (“SEC”), including its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 to be filed subsequent to the conference call presenting 2022 results. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward looking statements.

Except as required by applicable law, the Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this communication to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Presentation of Non-GAAP Financial Measures

In addition to the results provided in accordance with U.S. generally accepted accounting principles (“GAAP”) throughout this presentation the company has provided non-GAAP financial measures, which present results on a basis adjusted for certain items. The company uses these non-GAAP financial measures for business planning purposes and in measuring its performance relative to that of its competitors. The company believes that these non-GAAP financial measures are useful financial metrics to assess its operating performance from period-to-period by excluding certain items that the company believes are not representative of its core business. These non-GAAP financial measures are not intended to replace, and should not be considered superior to, the presentation of the company’s financial results in accordance with GAAP. The use of the non-GAAP financial measures terms may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures. These non-GAAP financial measures are reconciled from the respective measures under GAAP in the appendix below.

The company is not able to provide a reconciliation of the company’s non-GAAP financial guidance to the corresponding GAAP measures without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation such as certain non-cash, nonrecurring or other items that are included in net income and EBITDA as well as the related tax impacts of these items and asset dispositions / acquisitions and changes in foreign currency exchange rates that are included in cash flow, due to the uncertainty and variability of the nature and amount of these future charges and costs.

Q4 2022 Financial Review

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Highlights for the 14 Weeks Ended December 31, 2022

- Net sales increased 1.8% to $351 million versus Q4 2021; excluding the 53rd week during 2022, net sales decreased (2.8)% to $335 million
  - Hardware Solutions +15%; +10% excl. 53rd week
  - Robotics and Digital Solutions ("RDS") (4)%; (10)% excl. 53rd week
  - Canada (3)%; (3)% excl. 53rd week
  - Protective Solutions (26%); (3)% excl. COVID-related PPE sales and 53rd week
- GAAP net loss totaled $13.9 million, or $(0.07) per diluted share, compared to GAAP net income of $6.5 million, or $0.03 per diluted share, in Q4 2021
- Adjusted EBITDA improved to $45.0 million from $38.6 million in Q4 2021
- Adjusted EBITDA (ttm) / Net Debt: 4.2x at December 31, 2022
- Compared to Pre-COVID (Q4 2022 vs Q4 2019):
  - Net sales increased +23% (+7.2% CAGR)
  - Adjusted EBITDA +28% (+8.6% CAGR)

Please see reconciliation of Adjusted EBITDA to Net Income and Net Debt in the Appendix of this presentation.

2022 Financial Review

HILLMAN
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Highlights for the 53 Weeks Ended December 31, 2022

- Net sales increased 4.2% to $1,486 million versus the 52 weeks ended December 25, 2021; excluding the 53rd week during 2022, net sales increased 3.1% to $1,471 million
  - Hardware Solutions +13%; +12% excl. 53rd week
  - Robotics and Digital Solutions ("RDS") ~flat; (1)% excl. 53rd week
  - Canada +5%; +5% excl. 53rd week
  - Protective Solutions (15)%; +1% excl. COVID-related PPE sales and 53rd week
- GAAP net loss improved to $(16.4) million, or $(0.08) per diluted share, compared to a net loss of $(38.3) million, or $(0.28) per diluted share, versus the 52 weeks ended December 25, 2021
- Adjusted EBITDA totaled $210.2 million versus $207.4 million million in the 52 weeks ended December 25, 2021

Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation.

2022 Operational Review

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Highlights for the 53 Weeks Ended December 31, 2022

- Successfully implemented price increases (finalized the *fourth* increase since beginning of 2021 in September of 2022)
- Maintained average fill rates of approximately 96% for the year
- Positioned for continued new business momentum
  - Continue to win new business with existing and new customers across business segments
  - Won an average of $25 million of new business per year in Hardware and Protective from 2021 to 2023.
- Inventory reduced by $85 million from the 2022 mid-year high
- Generated $119.0 million of operating cash flow in 2022, versus using $(110.3) million 2021; Free Cash Flow for 2022 was $49.4 million
- Awarded 2022 Vendor of the Year by Ace Hardware Costello's and Home Depot Canada

Please see reconciliation of Free Cash Flow in the Appendix of this presentation.

Q4 2022 Financial Performance

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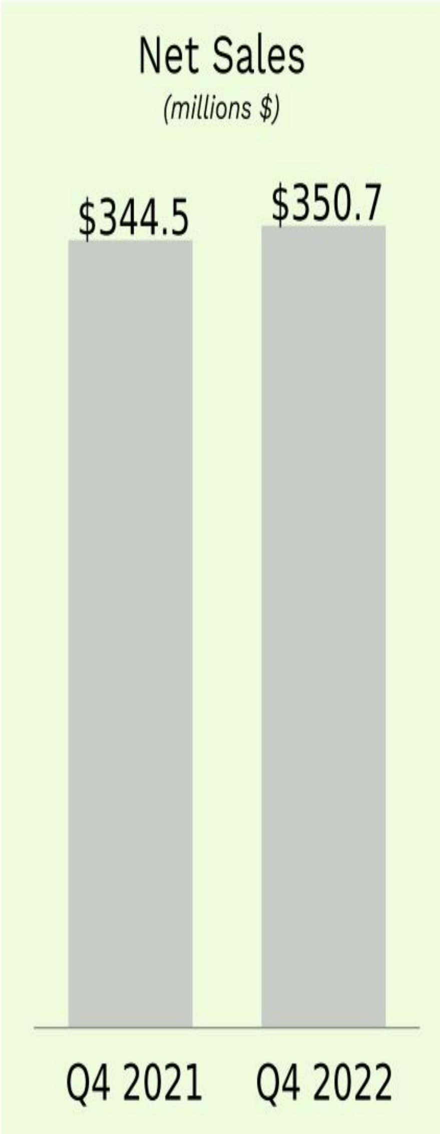
Top & Bottom Line



Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation. Fiscal Q4 2022 consisted of 14 weeks compared to 13 weeks in fiscal 2021, which should be taken into account when comparing each period. Not to scale.

2022 Financial Performance

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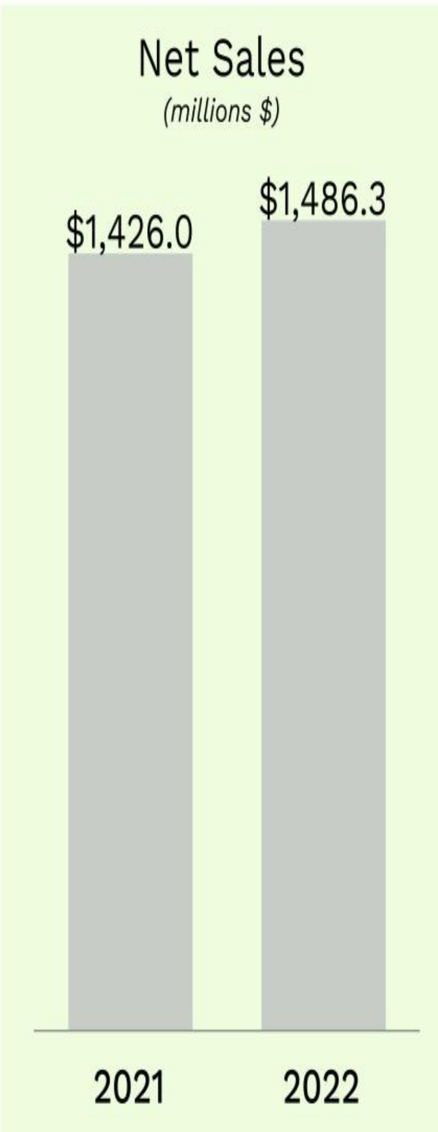
Top & Bottom Line



Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation. Fiscal 2022 consisted of 53 weeks compared to 52 weeks in fiscal 2021, which should be taken into account when comparing each period. Not to scale.

Performance by Product Category (Q4)

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Hardware & Protective	Q4 2021	Q4 2022	Δ	
Thirteen/fourteen weeks ended	*12/25/2021*	*12/31/2022*		*Comments*
Revenues	$249,460	$258,703	3.7%	Price increases; pressure from COVID comps
Adjusted EBITDA	$17,958	$28,211	57.1%	Caught Price/Cost; Low margin COVID comps in '21
Margin (Rev/Adj. EBITDA)	7.2%	10.9%	*370 bps*	

Robotics & Digital	Q4 2021	Q4 2022	Δ	
Thirteen/fourteen weeks ended	*12/25/2021*	*12/31/2022*		*Comments*
Revenues	$59,799	$57,681	(3.5)%	Lighter engraving and smart auto key fobs volumes
Adjusted EBITDA	$18,486	$16,876	(8.7)%	Inflation
Margin (Rev/Adj. EBITDA)	*30.9%*	*29.3%*	*(160) bps*	

Canada	Q4 2021	Q4 2022	Δ	
Thirteen/fourteen weeks ended	*12/25/2021*	*12/31/2022*		*Comments*
Revenues	$35,232	$34,279	(2.7)%	Softer demand partially offset by price increases
Adjusted EBITDA	$2,168	$(97)	NM	Seasonality, high costs
Margin (Rev/Adj. EBITDA)	*6.2%*	*(0.3)%*	*(650) bps*	

Consolidated	Q4 2021	Q4 2022	Δ
Thirteen/fourteen weeks ended	*12/25/2021*	*12/31/2022*	
Revenues	$344,491	$350,663	1.8%
Adjusted EBITDA	$38,612	$44,990	16.5%
Margin (Rev/Adj. EBITDA)	*11.2%*	*12.8%*	*160 bps*

Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation. Figures in Thousands of USD unless otherwise noted.

Performance by Product Category

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Hardware & Protective	2021	2022	Δ	
52/53 weeks ended	***12/25/2021***	***12/31/2022***		***Comments***
Revenues	$1,024,974	$1,076,813	5.1%	Price increases; decrease in volume; lower PPE sales (PS)
Adjusted EBITDA	$113,738	$108,780	(4.4)%	Timing of price increases; low margin PPE sales
Margin (Rev/Adj. EBITDA)	11.1%	10.1%	*(100) bps*	

Robotics & Digital	2021	2022	Δ	
52/53 weeks ended	***12/25/2021***	***12/31/2022***		***Comments***
Revenues	$249,528	$249,897	0.1%	Volume decline offset by price
Adjusted EBITDA	$83,082	$80,529	(3.1)%	Inflation
Margin (Rev/Adj. EBITDA)	*33.3%*	*32.2%*	*(110) bps*	

Canada	2021	2022	Δ	
52/53 weeks ended	***12/25/2021***	***12/31/2022***		***Comments***
Revenues	$151,465	$159,618	5.4%	Price increases; customer mix improvement
Adjusted EBITDA	$10,598	$20,940	97.6%	Improved efficiencies + price / cost
Margin (Rev/Adj. EBITDA)	*7.0%*	*13.1%*	*610 bps*	

Consolidated	2021	2022	Δ
52/53 weeks ended	***12/25/2021***	***12/31/2022***	
Revenues	$1,425,967	$1,486,328	4.2%
Adjusted EBITDA	$207,418	$210,249	1.4%
Margin (Rev/Adj. EBITDA)	*14.5%*	*14.1%*	*(40) bps*

Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation. Figures in Thousands of USD unless otherwise noted.

Revenue by Business Segment (Q4)

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	Hardware & Protective	Robotics & Digital	Canada	Revenue (QTD)
Fourteen Weeks Ended December 31, 2022				
Fastening and Hardware	$208,956	$—	$33,356	$242,312
Personal protective	49,747	—	177	49,924
Keys and key accessories	—	43,732	733	44,465
Engraving and Resharp	—	13,949	13	13,962
Consolidated	**$258,703**	**$57,681**	**$34,279**	**$350,663**

	Hardware & Protective	Robotics & Digital	Canada	Revenue (QTD)
Thirteen Weeks Ended December 25, 2021				
Fastening and Hardware	$182,343	$—	$34,600	$216,943
Personal protective	67,117	—	127	67,244
Keys and key accessories	—	45,728	481	46,209
Engraving and Resharp	—	14,071	24	14,095
Consolidated	**$249,460**	**$59,799**	**$35,232**	**$344,491**

Figures in Thousands of USD unless otherwise noted.

Revenue by Business Segment (YTD)

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	Hardware & Protective	Robotics & Digital	Canada	Revenue
53 Weeks ended December 31, 2022				
Fastening and Hardware	$834,493	$—	$155,066	$989,559
Personal protective	242,320	—	1,161	243,481
Keys and key accessories	—	193,633	3,344	196,977
Engraving and Resharp	—	56,264	47	56,311
Consolidated	**$1,076,813**	**$249,897**	**$159,618**	**$1,486,328**

	Hardware & Protective	Robotics & Digital	Canada	Revenue
52 Weeks Ended December 25, 2021				
Fastening and Hardware	$740,088	$—	$149,165	$889,253
Personal protective	284,886	—	397	285,283
Keys and key accessories	—	190,697	1,826	192,523
Engraving and Resharp	—	58,831	77	58,908
Consolidated	**$1,024,974**	**$249,528**	**$151,465**	**$1,425,967**

Figures in Thousands of USD unless otherwise noted.

Capital Structure

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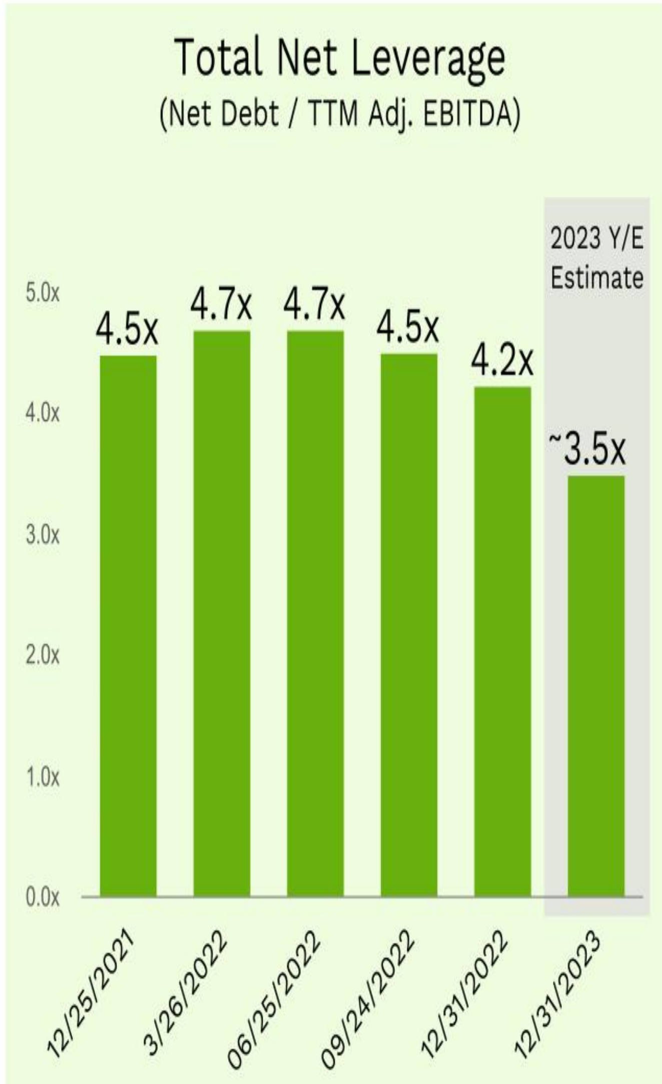
Committed to Improving Leverage as Inventory Converts to Cash

	December 31, 2022
ABL Revolver ($305 million capacity)	$72.0
Term Note	$840.4
Finance Leases and other obligations	$6.4
Total Debt	$918.8
Cash	$31.1
Net Debt	**$887.7**
TTM Adjusted EBITDA	**$210.2**
Net Debt / TTM Adjusted EBITDA	**4.2x**
Current Effective Interest Rate*	4.5%



Please see reconciliation of Adjusted EBITDA to Net Income and Net Debt in the Appendix of this presentation.
Figures in Millions of USD unless otherwise noted.
**Current Effective Interest Rate as of February 23, 2023.*

2023 Outlook

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2023 Full Year Guidance

On February 23, 2023, Hillman has provided the following guidance based on its current view of the market and its performance expectations during the fifty-two weeks ended December 30, 2023.

(in millions USD)	Full Year 2023 Guidance Range
Revenues	$1.45 to $1.55 billion
Adjusted EBITDA	$215 to $235 million
Free Cash Flow	$125 to $145 million

Assumptions

- 1H-23 Adj. EBITDA down in the "high single digit" percent range vs. 1H-22
- 2H-23 Adj. EBITDA up in the "low 20" percent range vs. 2H-22
- Net Debt / Adj. EBITDA leverage ratio will be approximately 3.5x at the end of 2023
- Interest Expense: $60-$70 million
- Cash Interest: $55-$65 million
- Cash Tax Expense: $5-$10 million
- Capital expenditures: $65-$75 million
- Fully diluted shares outstanding: ~198 million

Please see reconciliation of Adjusted EBITDA to Net Income and Free Cash Flow in the Appendix of this presentation.

Key Takeaways

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Resilient Business; Inventory turning to cash; Focused on delevering

- Business has 59-year track record of success; proven to be resilient through multiple economic cycles
- Repair, Remodel and Maintenance industry has meaningful long-term tailwinds; record level of U.S. home equity driving investment in the home[1]
- 1,100-member distribution (sales and service) team and direct-to-store fulfillment continue to provide competitive advantages and strengthen competitive moat - drives new business wins
- Benefit from price/cost dynamic expected to flow through income statement in 2H 2023
- Inventory reduced by $85 million since mid-2022 peak; will continue to improve and reduce debt with free cash flow

Long-term Annual Growth Targets (Organic):
Revenue Growth: +6% & Adj. EBITDA Growth: +10%

Long-term Annual Growth Targets (incl. Acquisitions):
Revenue Growth: +10% & Adj. EBITDA Growth: +15%

1) U.S. Home Equity Hits Highest Level on Record—$27.8 Trillion.

Appendix

Investment Highlights

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- Indispensable partner embedded with winning retailers
- Customers love us, trust us and rely on us
- Market and innovation leader across multiple categories
- Large, predictable, growing and resilient end markets
- Significant runway for incremental growth: Organic + M&A
- Management team with proven operational and M&A expertise
- Strong financial profile with 59-year track record

Hillman: Overview

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Who We Are

- We are a leading North American provider of hardware products and solutions, including;
  - Hardware and home improvement products
  - Protective and job site gear – including work gloves and job site storage
  - Robotic kiosk technologies ("RDS"): Key duplication, engraving & knife sharpening
- Our differentiated service model provides direct to-store shipping, in-store service, and category management solutions
- We have long-standing strategic partnerships with leading retailers across North America:
  - Home Depot, Lowes, Walmart, Tractor Supply, and ACE Hardware
- Founded in 1964; HQ in Cincinnati, Ohio

2022: By The Numbers

~20 billion Fasteners Sold	**~400 million** Pairs of Gloves Sold	**~120 million** Keys Duplicated
~112,000 SKUs Managed	**~40,000** Store Direct Locations	**~35,000** Kiosks in Retail Locations
#1 Position Across Core Categories	**10%** Long-Term Historical Sales CAGR	**58 Years** of Sales Growth in 59-Year History
$1.5 billion 2022 Sales	**11.6% CAGR** 2017-2022 Adj. EBITDA Growth	**14.1%** 2022 Adj. EBITDA Margin

**Third-party market study - 2019*
Adjusted EBITDA is a non-GAAP measure. Please see Appendix for a reconciliation of Adjusted EBITDA to Net Income

Primary Product Categories

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Hardware Solutions

#1 in Segment

Fasteners & Specialty

HILLMAN

DECK PLUS LIFETIME GUARANTEE

Construction Fasteners

POWERPRO

Picture Hanging

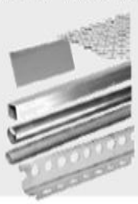
OOK

HILLMAN

Builders Hardware & Metal Shapes

THE STEELWORKS BY HILLMAN

HILLMAN



Protective Solutions

#1 in Segment

Work Gear

AWP

McGuire-Nicholas EST. 1932

Gloves

GREASE MONKEY

GORILLA GRIP

FIRM GRIP

TRUE GRIP

Safety / PPE

FIRM GRIP

AWP

PREMIUM DEFENSE

Robotics & Digital Solutions

#1 in Segment

Key and Fob Duplication

HILLMAN

minuteKEY

Personalized Tags

QUICK TAG

TagWorks

i.d. SPOT

Knife Sharpening

resharp

Representative Top Customers

ACE Hardware

THE HOME DEPOT

LOWE'S

TSC TRACTOR SUPPLY CO

Walmart

Source: Third party industry report.

Adjusted EBITDA Reconciliation

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Thirteen/Fourteen weeks ended	December 25, 2021	December 31, 2022
Net income (loss)	**$6,547**	**$(13,899)**
Income tax benefit (expense)	(761)	1,916
Interest expense, net	11,258	15,703
Depreciation	13,335	16,077
Amortization	15,502	15,551
EBITDA	**$45,881**	**$35,348**
Stock compensation expense	6,438	2,735
Restructuring (1)	339	1,136
Litigation expense (2)	1,833	3,889
Acquisition and integration expense (3)	2,182	84
Change in fair value of contingent consideration	(696)	1,798
Anti-dumping duties (4)	1,359	—
Loss on change in fair value of warrant liability (5)	(18,724)	—
Adjusted EBITDA	**$38,612**	**$44,990**

1. Restructuring includes severance, consulting, and other costs associated with streamlining our operations.
2. Litigation expense includes legal fees associated with our litigation with KeyMe, Inc. and Hy-Ko Products Company LLC.
3. Acquisition and integration expense includes professional fees, non-recurring bonuses, and other costs related to the merger with Landcadia III and the secondary offering of shares in 2022.
4. Anti-dumping duties assessed related to the nail business for prior year purchases.
5. The warrant liabilities are marked to market each period end.

Adjusted EBITDA Reconciliation

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52/53 Weeks Ended	12/25/2021	12/31/2022
Net loss	**$(38,332)**	**$(16,436)**
Income tax benefit (expense)	(11,784)	1,769
Interest expense, net	61,237	54,560
Interest expense on junior subordinated debentures	7,775	—
Investment income on trust common securities	(233)	—
Depreciation	59,400	57,815
Amortization	61,329	62,195
Mark-to-market adjustment on interest rate swaps	(1,685)	—
EBITDA	**$137,707**	**$159,903**
Stock compensation expense	15,255	13,524
Management fees	270	—
Restructuring (1)	910	2,617
Litigation expense (2)	12,602	32,856
Acquisition and integration expense (3)	11,123	2,477
Change in fair value of contingent consideration	(1,806)	(1,128)
Buy-back expense (4)	2,000	—
Anti-dumping duties (5)	3,995	—
Loss on change in fair value of warrant liability (6)	(14,734)	—
Refinancing charges (7)	8,070	—
Inventory valuation (8)	32,026	—
Adjusted EBITDA	**$207,418**	**$210,249**

Please see following slide for footnotes

Adjusted EBITDA Reconciliation

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Footnotes in reference to previous slide:

1. Restructuring includes severance, consulting, and other costs associated with streamlining our operations.
2. Litigation expense includes legal fees associated with our litigation with KeyMe, Inc. and Hy-Ko Products Company LLC.
3. Acquisition and integration expense includes professional fees, non-recurring bonuses, and other costs related to the merger with Landcadia III and the secondary offering of shares in 2022.
4. Infrequent buy backs associated with new business wins.
5. Anti-dumping duties assessed related to the nail business for prior year purchases.
6. The warrant liabilities are marked to market each period end.
7. In connection with the merger,we refinanced our Term Credit Agreement and ABL Revolver. Proceeds from the refinancing were used to redeem in full senior notes due July 15, 2022 (the "6.375% Senior Notes") and the 11.6% Junior Subordinated Debentures
8. In the third quarter of 2021, we recorded an inventory valuation adjustment in our Hardware and Protective Solutions segment of $32.0 million primarily related to strategic review of our COVID-19 related product offerings. We evaluated our customers' needs and the market conditions and ultimately decided to exit the following protective product categories related to COVID-19; cleaning wipes, disinfecting sprays, face masks, and certain disposable gloves.

Adjusted Gross Profit Margin Reconciliation

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Thirteen/Fourteen weeks ended	December 25, 2021	December 31, 2022
Net Sales	**$344,491**	**$350,663**
Cost of sales (exclusive of depreciation and amortization)	205,293	198,330
Gross margin exclusive of depreciation and amortization	**$139,198**	**$152,333**
Gross margin exclusive of depreciation and amortization %	**40.4 %**	**43.4 %**
Adjusting Items [(1)]:		
Anti-dumping duties	1,359	—
Adjusted Gross Profit	**$140,557**	**$152,333**
Adjusted Gross Margin %	**40.8 %**	**43.4 %**

52/53 weeks ended	December 25, 2021	December 31, 2022
Net Sales	**$1,425,967**	**$1,486,328**
Cost of sales (exclusive of depreciation and amortization)	859,557	846,551
Gross margin exclusive of depreciation and amortization	**$566,410**	**$639,777**
Gross margin exclusive of depreciation and amortization %	**39.7 %**	**43.0 %**
Adjusting Items [(1)]:		
Buy-back expense	2,000	—
Anti-dumping duties	3,995	—
Inventory valuation	32,026	—
Adjusted Gross Profit	**$604,431**	**$639,777**
Adjusted Gross Margin %	**42.4 %**	**43.0 %**

1. See adjusted EBITDA Reconciliation for details of adjusting items

Adjusted S&A Expense Reconciliation

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Thirteen/Fourteen weeks ended	*December 25, 2021*	*December 31, 2022*
Selling, general and administrative expenses	$112,587	$114,980
Adjusting Items (1):		
Stock compensation expense	6,438	2,735
Restructuring	339	1,136
Litigation expense	1,833	3,889
Acquisition and integration expense	2,182	84
Adjusted SG&A	$101,795	$107,136
Adjusted SG&A as a % of Net Sales	29.5 %	30.6 %

52/53 weeks ended	*December 25, 2021*	*December 31, 2022*
Selling, general and administrative expenses	$437,875	$480,993
Adjusting Items (1):		
Stock compensation expense	15,255	13,524
Restructuring	910	2,617
Litigation expense	12,602	32,856
Acquisition and integration expense	11,123	2,477
Adjusted SG&A	$397,985	$429,519
Adjusted SG&A as a % of Net Sales	27.9 %	28.9 %

1. See adjusted EBITDA Reconciliation for details of adjusting items

Net Debt & Free Cash Flow Reconciliations

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Reconciliation of Net Debt

As of	December 25, 2021	December 31, 2022
Revolving loans	$93,000	$72,000
Senior term loan	851,000	840,363
Finance leases and other obligations	1,782	6,406
Gross debt	**$945,782**	**$918,769**
Less cash	14,605	31,081
Net debt	**$931,177**	**$887,688**

Reconciliation of Free Cash Flow

52/53 Weeks Ended	December 25, 2021	December 31, 2022
Net cash provided by (used for) operating activities	$(110,254)	$119,011
Capital expenditures	(51,552)	(69,589)
Free cash flow	**$(161,806)**	**$49,422**

Segment Adjusted EBITDA Reconciliations

HILLMAN
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Thirteen Weeks Ended December 25, 2021	HPS	RDS	Canada	Consolidated
Operating Income (Loss)	$(8,329)	$5,700	$949	$(1,680)
Depreciation & Amortization	17,129	10,489	1,219	28,837
Stock Compensation Expense	5,543	895	—	6,438
Restructuring	339	—	—	339
Litigation expense	—	1,833	—	1,833
Acquisition and integration expense	1,917	265	—	2,182
Change in fair value of contingent consideration	—	(696)	—	(696)
Anti-dumping duties	1,359	—	—	1,359
Adjusted EBITDA	**$17,958**	**$18,486**	**$2,168**	**$38,612**

Fourteen Weeks Ended December 31, 2022	HPS	RDS	Canada	Consolidated
Operating Income (Loss)	$5,629	$(582)	$(1,327)	$3,720
Depreciation & Amortization	19,107	11,431	1,090	31,628
Stock compensation expense	2,364	231	140	2,735
Restructuring	985	151	—	1,136
Litigation expense	—	3,889	—	3,889
Acquisition and integration expense	126	(42)	—	84
Change in fair value of contingent consideration	—	1,798	—	1,798
Adjusted EBITDA	**$28,211**	**$16,876**	**$(97)**	**$44,990**

1. See adjusted EBITDA Reconciliation for details of adjusting items

Segment Adjusted EBITDA Reconciliations

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52 Weeks ended December 25, 2021	HPS	RDS	Canada	Consolidated
Operating Income (Loss)	$(17,185)	$23,558	$3,941	$10,314
Depreciation & Amortization	69,264	45,305	6,160	120,729
Stock Compensation Expense	13,134	2,121	—	15,255
Management fees	232	38	—	270
Restructuring	403	10	497	910
Litigation expense	—	12,602	—	12,602
Acquisition and integration expense	9,869	1,254	—	11,123
Change in fair value of contingent consideration	—	(1,806)	—	(1,806)
Buy-back expense	2,000	—	—	2,000
Anti-dumping duties	3,995	—	—	3,995
Inventory valuation	32,026	—	—	32,026
Adjusted EBITDA	**$113,738**	**$83,082**	**$10,598**	**$207,418**

53 Weeks ended December 31, 2022	HPS	RDS	Canada	Consolidated
Operating Income (Loss)	$20,884	$3,616	$15,393	$39,893
Depreciation & Amortization	72,266	43,185	4,559	120,010
Stock Compensation Expense	11,057	1,479	988	13,524
Restructuring	2,342	275	—	2,617
Litigation expense	—	32,856	—	32,856
Acquisition and integration expense	2,231	246	—	2,477
Change in fair value of contingent consideration	—	(1,128)	—	(1,128)
Adjusted EBITDA	**$108,780**	**$80,529**	**$20,940**	**$210,249**

1. See adjusted EBITDA Reconciliation for details of adjusting items