8K 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): May 9, 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 Meadows Drive
Cincinnati, Ohio 45240
(Address of principal executive offices)

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

Not Applicable
(Former name or former address, if changed since last report.)

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 May 9, 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 thirteen weeks ended April 1, 2023.

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.

99.1 Press Release, dated May 9, 2023, announcing the financial results of Hillman Solutions Corp. for its thirteen weeks ended April 1, 2023.
99.2 Supplemental slides provided in connection with the first quarter 2023 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.

Date: May 9, 2023	**Hillman Solutions Corp.**	
	By:	/s/ Robert O. Kraft
	Name:	Robert O. Kraft
	Title:	Chief Financial Officer

Hillman Reports First Quarter 2023 Results

CINCINNATI, May 9, 2023 -- Hillman Solutions Corp. (Nasdaq: HLMN) (the "Company" or "Hillman"), a leading provider of hardware products and merchandising solutions, reported financial results for the thirteen weeks ended April 1, 2023.

First Quarter 2023 Highlights Thirteen weeks ended April 1, 2023

- Net sales decreased (3.7)% to $349.7 million compared to $363.0 million in the prior year quarter
- Net loss totaled $(9.1) million, or $(0.05) per diluted share, compared to net loss of $(1.9) million, or $(0.01) per diluted share, in the prior year quarter
- Adjusted diluted EPS[1] was $0.06 per diluted share compared to $0.09 per diluted share in the prior year quarter
- Adjusted EBITDA[1] totaled $40.2 million compared to $44.0 million in the prior year quarter
- Net cash provided by operating activities totaled $31.5 million compared to cash used for operating activities of $(3.5) million in the prior year quarter
- Free Cash Flow[1] totaled $13.4 million compared to $(16.1) million in the prior year quarter

Management Commentary

"First quarter 2023 results represent a solid start to the year during which we produced strong Adjusted EBITDA and free cash flow," commented Doug Cahill, Chairman, President and Chief Executive Officer of Hillman. "While severe weather conditions in certain parts of the West impacted a portion of volume, our sales performed well in our other markets and we saw the benefit of our multiple price actions flow through our top line results. Free cash flow came in strong as we worked down inventory levels ahead of schedule while maintaining excellent fill rates of 97% at the shelf."

"In our largest category, Hardware Solutions, our hardware products are used for small-ticket repair, remodel and maintenance projects and have negligible exposure to new housing starts, which drives consistent results and positions us to perform well throughout the year. Our moat, which consists of direct-to-store shipping model and our 1,100-memeber field sales and service teams, continues to deliver best-in-class service and solutions to our customers, and we are proud of our team's relentless efforts to drive our business forward. We are confident that our differentiated strategy, experienced team, and our ability to execute will drive strong results in 2023 and beyond."

Balance Sheet and Liquidity at April 1, 2023

- Gross debt was $911.6 million, compared to $918.8 million at the end of 2022; net debt[1] outstanding was $876.9 million, compared to $887.7 million at the end of 2022

1) Denotes Non-GAAP metric. For additional information, including our definitions, use of, and reconciliations of these metrics to the most directly comparable financial measures under GAAP, please see the reconciliations toward the end of the press release.

- Liquidity available totaled approximately $243.6 million, consisting of $208.9 million of available borrowing under the revolving credit facility and $34.8 million of cash and equivalents
- Net debt[1] to trailing twelve month Adjusted EBITDA[1] was 4.2x times, unchanged from December 31, 2022

Full Year 2023 Guidance - Reiterated

Hillman reiterated the following guidance based on its current view of the market and its performance expectations for the fifty-two weeks ended December 30, 2023. This guidance was originally provided on February 23, 2023 with Hillman's fourth quarter 2022 results.

	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

First Quarter 2023 Results Presentation

Hillman plans to host a conference call and webcast presentation today, May 9, 2022, at 8:30 a.m. Eastern Time to discuss its results. Chairman, President, and Chief Executive Officer Doug Cahill and Chief Financial Officer Rocky Kraft will host the results presentation.

Date: Tuesday, May 9, 2023

Time: 8:30 a.m. Eastern Time

Listen-Only Webcast: https://edge.media-server.com/mmc/p/38jr8v7z

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

Hillman's quarterly presentation and Form 10-Q are expected to be filed with the SEC and posted to its Investor Relations website, https://ir.hillmangroup.com, before the webcast presentation begins.

About Hillman

Founded in 1964 and headquartered in Cincinnati, Ohio, Hillman is a leading North American provider of complete hardware solutions, delivered with industry best 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 a world-class 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

All statements made in this press release that are consider to be forward-looking 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) 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 this Annual Report on Form 10-K filed on February 27, 2023. 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:

Michael Koehler
Vice President of Investor Relations & Treasury
513-826-5495
IR@hillmangroup.com

HILLMAN SOLUTIONS CORP.

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

	Thirteen weeks ended April 1, 2023	Thirteen weeks ended March 26, 2022
Net sales	$ 349,707	$ 363,013
Cost of sales (exclusive of depreciation and amortization shown separately below)	204,509	213,273
Selling, warehouse, general and administrative expenses	111,065	114,538
Depreciation	16,705	13,254
Amortization	15,572	15,521
Other expense (income), net	767	(2,422)
Income from operations	1,089	8,849
Interest expense, net	18,077	11,628
Loss before income taxes	(16,988)	(2,779)
Income tax benefit	(7,856)	(892)
Net loss	$ (9,132)	$ (1,887)
Basic and diluted loss per share	$ (0.05)	$ (0.01)
Weighted average basic and diluted shares outstanding	194,548	194,007

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Balance Sheets
(dollars in thousands)
Unaudited

	April 1, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,750	$ 31,081
Accounts receivable, net of allowances of $2,303 ($2,405 - 2022)	121,148	86,985
Inventories, net	450,899	489,326
Other current assets	30,095	24,227
Total current assets	636,892	631,619
Property and equipment, net of accumulated depreciation of $343,269 ($333,452 - 2022)	191,933	190,258
Goodwill	824,139	823,812
Other intangibles, net of accumulated amortization of $430,005 ($414,275 - 2022)	719,268	734,460
Operating lease right of use assets	95,788	66,955
Other assets	18,766	23,586
Total assets	$ 2,486,786	$ 2,470,690
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 143,230	$ 131,751
Current portion of debt and financing lease liabilities	10,884	10,570
Current portion of operating lease liabilities	13,448	12,285
Accrued expenses:		
Salaries and wages	13,719	15,709
Pricing allowances	9,967	9,246
Income and other taxes	5,208	5,300
Interest	480	697
Other accrued liabilities	24,670	29,854
Total current liabilities	221,606	215,412
Long-term debt	878,224	884,636
Deferred tax liabilities	137,558	140,091
Operating lease liabilities	89,486	61,356
Other non-current liabilities	13,780	12,456
Total liabilities	$ 1,340,654	$ 1,313,951
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, $0.0001 par, 500,000,000 shares authorized, 194,548,420 issued and outstanding at April 1, 2023 and 194,548,411 issued and outstanding at December 31, 2022	20	20
Additional paid-in capital	1,407,068	1,404,360
Accumulated deficit	(235,749)	(226,617)
Accumulated other comprehensive loss	(25,207)	(21,024)
Total stockholders' equity	1,146,132	1,156,739
Total liabilities and stockholders' equity	$ 2,486,786	$ 2,470,690

HILLMAN SOLUTIONS CORP.

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

	Thirteen Weeks Ended April 1, 2023	Thirteen Weeks Ended March 26, 2022
Cash flows from operating activities:		
Net loss	$ (9,132)	$ (1,887)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	32,277	28,775
Deferred income taxes	(2,594)	1,293
Deferred financing and original issue discount amortization	1,332	1,299
Stock-based compensation expense	2,637	6,018
Loss on disposal of property and equipment	82	—
Change in fair value of contingent consideration	1,715	(1,470)
Changes in operating items:		
Accounts receivable, net	(33,963)	(22,304)
Inventories, net	38,871	(29,529)
Other assets	(5,934)	(3,854)
Accounts payable	11,406	9,910
Other accrued liabilities	(5,190)	8,207
Net cash provided by (used for) operating activities	31,507	(3,542)
Net cash used for investing activities		
Acquisition of business, net of cash received	(300)	(2,500)
Capital expenditures	(18,111)	(12,541)
Other investing activities	(113)	—
Net cash used for investing activities	(18,524)	(15,041)
Cash flows from financing activities:		
Repayments of senior term loans	(2,128)	(2,128)
Borrowings on revolving credit loans	39,000	70,000
Repayments of revolving credit loans	(44,000)	(43,000)
Principal payments under finance lease obligations	(494)	(259)
Proceeds from exercise of stock options	—	328
Payments of contingent consideration	(1,079)	(38)
Other financing activities	(58)	—
Cash payments related to hedging activities	—	(467)
Net cash (used for) provided by financing activities	(8,759)	24,436
Effect of exchange rate changes on cash	(555)	(1,083)
Net increase in cash and cash equivalents	3,669	4,770
Cash and cash equivalents at beginning of period	31,081	14,605
Cash and cash equivalents at end of period	$ 34,750	$ 19,375

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 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.

	Thirteen Weeks Ended April 1, 2023	Thirteen Weeks Ended March 26, 2022
Net loss	$ (9,132)	$ (1,887)
Income tax benefit	(7,856)	(892)
Interest expense, net	18,077	11,628
Depreciation	16,705	13,254
Amortization	15,572	15,521
EBITDA	$ 33,366	$ 37,624
Stock compensation expense	2,637	6,018
Restructuring (1)	1,408	52
Litigation expense (2)	260	1,010
Acquisition and integration expense (3)	800	777
Change in fair value of contingent consideration	1,715	(1,470)
Total adjusting items	6,820	6,387
Adjusted EBITDA	$ 40,186	$ 44,011

(1) Includes consulting and other costs associated with distribution center relocations and corporate restructuring activities.

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

(3) Acquisition and integration expense includes professional fees and other costs related to the secondary offerings in 2022 and 2023.

Reconciliation of Adjusted Diluted Earnings Per Share

(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:

	Thirteen Weeks Ended April 1, 2023	Thirteen Weeks Ended March 26, 2022
Reconciliation to Adjusted Net Income		
Net Income	$ (9,132)	$ (1,887)
Remove adjusting items [1]	6,820	6,387
Remove amortization expense	15,572	15,521
Remove tax benefit on adjusting items and amortization expense [2]	(1,661)	(1,505)
Adjusted Net Income	$ 11,599	$ 18,516
Reconciliation to Adjusted Diluted Earnings per Share		
Diluted Earnings per Share	$ (0.05)	$ (0.01)
Remove adjusting items [1]	0.03	0.03
Remove amortization expense	0.08	0.08
Remove tax benefit on adjusting items and amortization expense [2]	(0.01)	(0.01)
Adjusted Diluted Earnings per Share	$ 0.06	$ 0.09
Reconciliation to Adjusted Diluted Shares Outstanding		
Diluted Shares, as reported	194,548	194,007
Non-GAAP dilution adjustments		
Dilutive effect of stock options and awards	845	1,171
Adjusted Diluted Shares	195,394	195,178

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) 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 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%.

Per Share Impact of Adjusting Items

	Thirteen Weeks Ended April 1, 2023	Thirteen Weeks Ended March 26, 2022
Stock compensation expense	$ 0.01	$ 0.03
Restructuring	0.01	—
Litigation expense	—	0.01
Acquisition and integration expense	—	—
Change in fair value of contingent consideration	0.01	(0.01)
Total adjusting items	$ 0.03	$ 0.03

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:

	April 1, 2023	December 31, 2022
Revolving loans	$ 67,000	$ 72,000
Senior term loan, due 2028	838,235	840,363
Finance leases and other obligations	6,367	6,406
Gross debt	$ 911,602	$ 918,769
Less cash	34,750	31,081
Net debt	$ 876,852	$ 887,688

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.

	Thirteen Weeks Ended April 1, 2023	Thirteen Weeks Ended March 26, 2022
Net cash provided by (used for) operating activities	$ 31,507	$ (3,542)
Capital expenditures	(18,111)	(12,541)
Free cash flow	$ 13,396	$ (16,083)

Source: Hillman Solutions Corp.

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HILLMAN

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Quarterly Earnings Presentation

Q1 2023

May 9, 2023

Forward Looking Statements

HILLMAN
HLMN | Nasdaq Listed

All statements made in this presentation that are consider to be forward-looking 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) 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 the Annual Report on Form 10-K filed February 27, 2023. 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.

Q1 2023 Financial Review

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Highlights for the 13 Weeks Ended April 1, 2023

- Net sales decreased (3.7)% to $349.7 million versus Q1 2022
    - Hardware Solutions +7.8%
    - Robotics and Digital Solutions ("RDS") +0.1%
    - Canada (5.1)%
    - Protective Solutions (21.1)% (excl. COVID sales)
- GAAP net loss totaled $(9.1) million, or $(0.05) per diluted share, compared $(1.9) million, or $(0.01) per diluted share, in Q1 2022
- Adjusted EBITDA totaled $40.2 million compared to $44.0 million in the prior year quarter
- Free Cash Flow totaled $13.4 million compared to $(16.1) million in the prior year quarter
- Adjusted EBITDA (ttm) / Net Debt: 4.2x at quarter end, unchanged from December 31, 2022

Please see reconciliation tables in the Appendix of this presentation for non-GAAP metrics.

Q1 2023 Operational Review

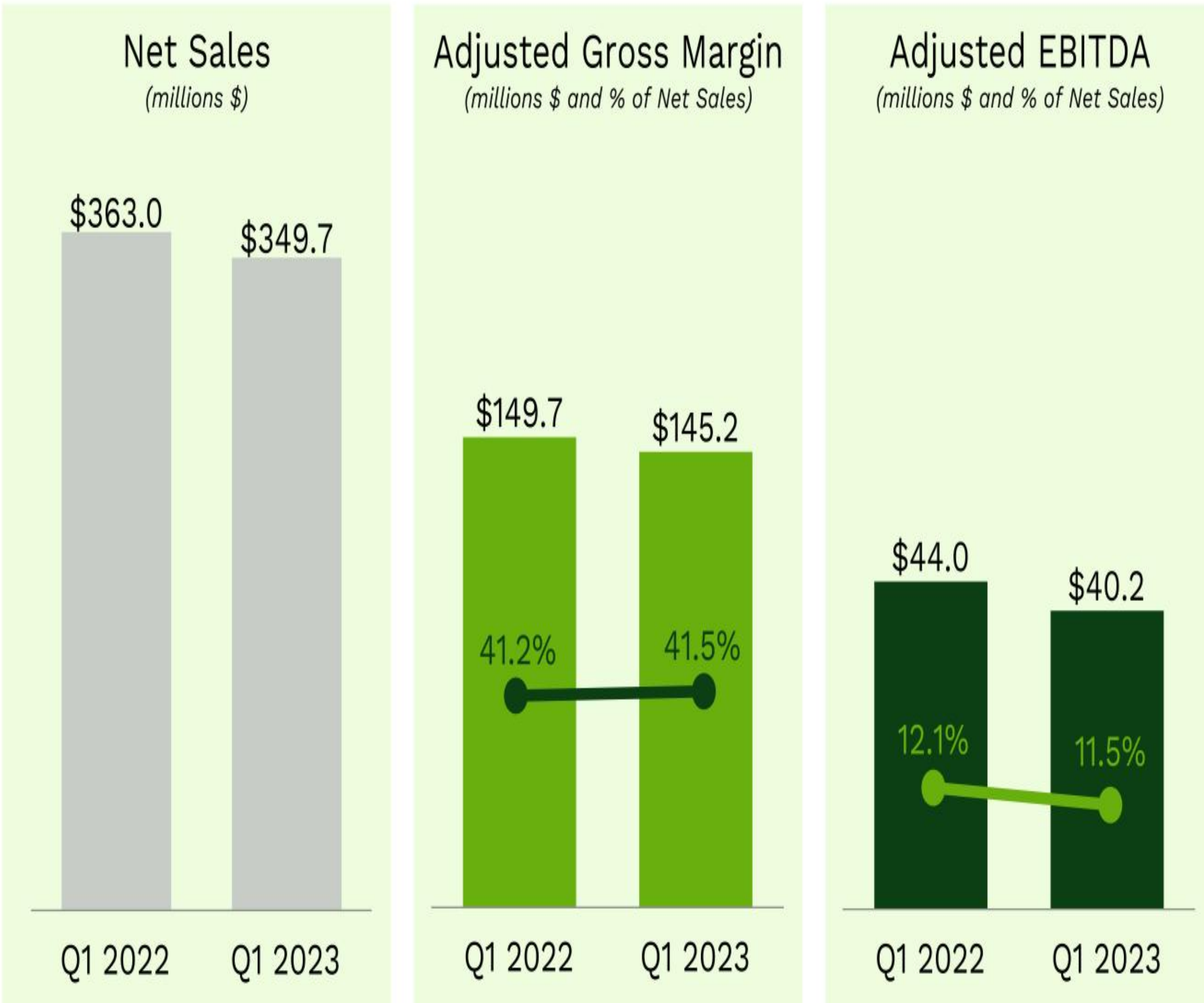
HILLMAN
HLMN | Nasdaq Listed

Highlights for the 13 Weeks Ended April 1, 2023

- Reiterated guidance
- Inventory reduced by $38 million during the quarter; reduced by a total of $124 million from the peak during June of 2022
- Fill rates averaged approximately 97% year to date
- New business (with existing and new customers) secured across multiple business segments
- Strong performance and customer service positions Hillman for continued new business wins and momentum

Quarterly Financial Performance

Top & Bottom Line



Please see reconciliation of Adjusted EBITDA and Adjusted Gross Margin in the Appendix of this presentation. Not to scale.

Performance by Segment (Q1)

HILLMAN
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Hardware & Protective	Q1 2022	Q1 2023	Δ	
For Thirteen Weeks Ended	***3/26/2022***	***4/1/2023***		***Comments***
Revenues	$265,377	$253,851	(4.3)%	Excluding COVID sales, revenues were flat
Adjusted EBITDA	$21,033	$18,879	(10.2)%	Inflation from 2022 flowing through income statement
Margin	7.9%	7.4%	*(50) bps*	Margin pressure from higher COGS and inflation

Robotics & Digital	Q1 2022	Q1 2023	Δ	
For Thirteen Weeks Ended	***3/26/2022***	***4/1/2023***		***Comments***
Revenues	$60,977	$61,066	0.1%	Increase in MinuteKey sales; decline in other offerings
Adjusted EBITDA	$18,349	$19,524	6.4%	Higher margin MinuteKey sales increased
Margin	*30.1%*	*32.0%*	*190 bps*	Near historical EBITDA margins of 32% to 33%

Canada	Q1 2022	Q1 2023	Δ	
For Thirteen Weeks Ended	***3/26/2022***	***4/1/2023***		***Comments***
Revenues	$36,659	$34,790	(5.1)%	Volumes up slightly, FX headwind, no pricing impact
Adjusted EBITDA	$4,629	$1,783	(61.5)%	Inflation from 2022 flowing through income statement
Margin	*12.6%*	*5.1%*	*(750) bps*	Margin pressure from higher COGS and inflation

Consolidated	Q1 2022	Q1 2023	Δ
For Thirteen Weeks Ended	***3/26/2022***	***4/1/2023***	
Revenues	$363,013	$349,707	(3.7)%
Adjusted EBITDA	$44,011	$40,186	(8.7)%
Margin (Rev/Adj. EBITDA)	*12.1%*	*11.5%*	*(60) 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 Product Category (Q1)

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	Hardware & Protective	Robotics & Digital	Canada	Revenue (QTD)
Thirteen Weeks Ended April 1, 2023				
Fastening and Hardware	$204,974	$—	$31,221	$236,195
Personal Protective	48,877	—	1,613	50,490
Keys and Key Accessories	—	48,548	1,941	50,489
Engraving and Resharp	—	12,518	15	12,533
Consolidated	**$253,851**	**$61,066**	**$34,790**	**$349,707**

	Hardware & Protective	Robotics & Digital	Canada	Revenue (QTD)
Thirteen Weeks Ended March 26, 2022				
Fastening and Hardware	$190,063	$—	$32,913	$222,976
Personal Protective	75,314	—	2,228	77,542
Keys and Key Accessories	—	47,537	1,504	49,041
Engraving and Resharp	—	13,440	14	13,454
Consolidated	**$265,377**	**$60,977**	**$36,659**	**$363,013**

Figures in Thousands of USD unless otherwise noted.

Capital Structure

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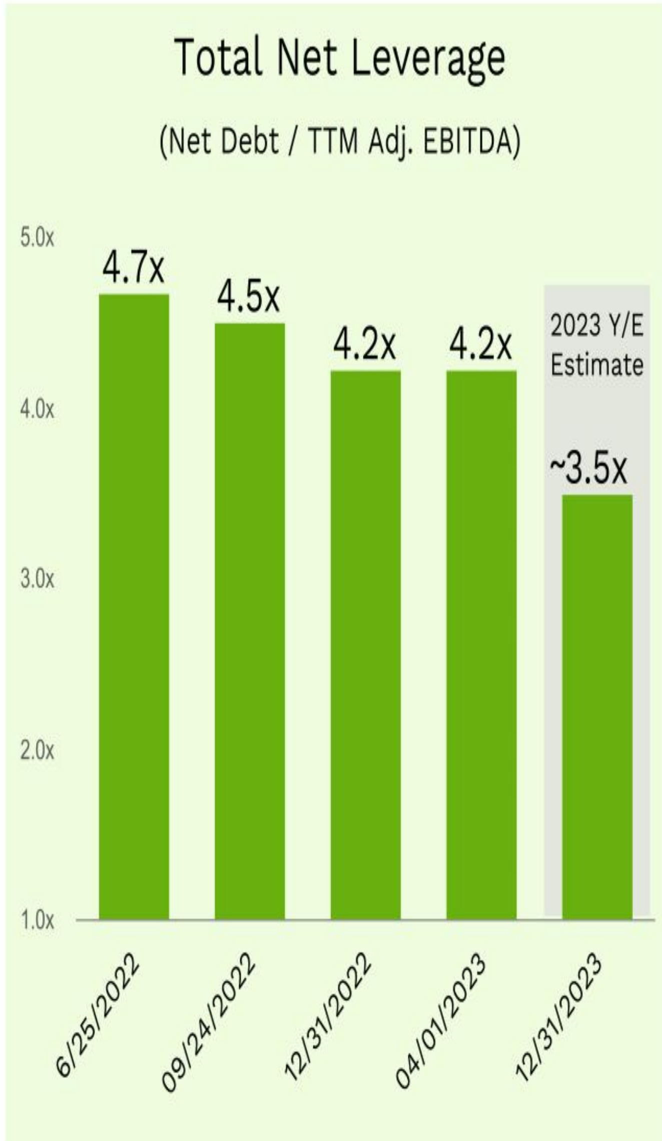
Committed to Improving Leverage as Inventory Converts to Cash

	April 1, 2023
ABL Revolver ($209 million capacity)	$67.0
Term Note	$838.2
Finance Leases and Other Obligations	$6.4
Total Debt	$911.6
Cash	$34.8
Net Debt	**$876.9**
TTM Adjusted EBITDA	**$206.4**
Net Debt/ TTM Adjusted EBITDA	**4.2 x**
Current Effective Interest Rate*	4.9%



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 May 8, 2023.*

2023 Outlook & Guidance

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2023 Full Year Guidance - Reiterated

On May 9, 2023, Hillman reiterated the following guidance (originally given on February 23, 2023) based on its current view of the market and its performance expectations for 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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Inventory Turning to Cash; Focused on Delivering; Expected to Benefit from Price / Cost in 2H 2023

- 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 $124 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

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DECK PLUS LIFETIME GUARANTEE

Construction Fasteners

POWERPRO

Picture Hanging

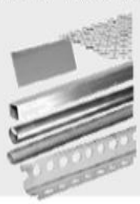
OOK

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

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minute KEY

Personalized Tags

TagWorks

i.d. SPOT

Knife Sharpening

resharp

Representative Top Customers	ACE Hardware	The Home Depot	Lowe's	Tractor Supply Co	Walmart

Source: Third party industry report.

Adjusted EBITDA Reconciliation

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Thirteen weeks ended	March 26, 2022	April 1, 2023
Net loss	**$(1,887)**	**$(9,132)**
Income tax benefit	(892)	(7,856)
Interest expense, net	11,628	18,077
Depreciation	13,254	16,705
Amortization	15,521	15,572
EBITDA	**$37,624**	**$33,366**
Stock compensation expense	6,018	2,637
Restructuring [1]	52	1,408
Litigation expense [2]	1,010	260
Acquisition and integration expense [3]	777	800
Change in fair value of contingent consideration	(1,470)	1,715
Adjusted EBITDA	**$44,011**	**$40,186**

Footnotes:

1. Includes consulting and other costs associated with distribution center relocations and corporate restructuring activities.
2. Litigation expense includes legal fees associated with our litigation with Hy-Ko Products Company LLC.
3. Acquisition and integration expense includes professional fees and other costs related to the secondary offerings in 2022 and 2023.

Adjusted Gross Margin Reconciliation

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Thirteen weeks ended	March 26, 2022	April 1, 2023
Net Sales	**$363,013**	**$349,707**
Cost of sales (exclusive of depreciation and amortization)	**213,273**	**204,509**
Gross margin exclusive of depreciation and amortization	**$149,740**	**$145,198**
Gross margin exclusive of depreciation and amortization %	**41.2 %**	**41.5 %**

Adjusted SG&A Expense Reconciliation

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Thirteen weeks ended	*March 26, 2022*	*April 1, 2023*
Selling, general and administrative expenses	$114,538	$111,065
SG&A Adjusting Items [1]:		
Stock compensation expense	6,018	2,637
Restructuring	52	1,408
Litigation expense	1,010	260
Acquisition and integration expense	777	800
Adjusted SG&A	$106,681	$105,960
Adjusted SG&A as a % of Net Sales	29.4 %	30.3 %

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 31, 2022	April 1, 2023
Revolving loans	$72,000	$67,000
Senior term loan	840,363	838,235
Finance leases and other obligations	6,406	6,367
Gross debt	**$918,769**	**$911,602**
Less cash	31,081	34,750
Net debt	**$887,688**	**$876,852**

Reconciliation of Free Cash Flow

	March 26, 2022	April 1, 2023
Net cash provided by (used for) operating activities	$(3,542)	$31,507
Capital expenditures	(12,541)	(18,111)
Free cash flow	**$(16,083)**	**$13,396**

Segment Adjusted EBITDA Reconciliations

HILLMAN
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Thirteen weeks ended March 26, 2022	HPS	RDS	Canada	Consolidated
Operating (loss) income	$(1,947)	$7,402	$3,394	$8,849
Depreciation & amortization	17,057	10,483	1,235	28,775
Stock compensation expense	5,188	830	—	6,018
Restructuring	47	5	—	52
Litigation expense	—	1,010	—	1,010
Acquisition and integration expense	688	89	—	777
Change in fair value of contingent consideration	—	(1,470)	—	(1,470)
Adjusted EBITDA	**$21,033**	**$18,349**	**$4,629**	**$44,011**

Thirteen weeks ended April 1, 2023	HPS	RDS	Canada	Consolidated
Operating (loss) income	$(3,836)	$4,462	$463	$1,089
Depreciation & amortization	18,543	12,564	1,170	32,277
Stock compensation expense	2,205	282	150	2,637
Restructuring	1,257	151	—	1,408
Litigation expense	—	260	—	260
Acquisition and integration expense	710	90	—	800
Change in fair value of contingent consideration	—	1,715	—	1,715
Adjusted EBITDA	**$18,879**	**$19,524**	**$1,783**	**$40,186**