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): August 8, 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 August 8, 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 and twenty-six weeks ended July 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 August 8, 2023, announcing the financial results of Hillman Solutions Corp. for its thirteenand twenty-six weeks ended July 1, 2023.
99.2 Supplemental slides provided in connection with thesecond 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: August 8, 2023	**Hillman Solutions Corp.**	
	By:	/s/ Robert O. Kraft
	Name:	Robert O. Kraft
	Title:	Chief Financial Officer

HILLMAN™

Hillman Reports Second Quarter 2023 Results

CINCINNATI, August 8, 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 and twenty-six weeks ended July 1, 2023.

Second Quarter 2023 Highlights (Thirteen weeks ended July 1, 2023)

- Net sales decreased (3.6)% to $380.0 million compared to $394.1 million in the prior year quarter
- Net income totaled $4.5 million, or $0.02 per diluted share, compared to $8.8 million, or $0.04 per diluted share, in the prior year quarter
- Adjusted diluted EPS[1] was $0.13 per diluted share compared to $0.14 per diluted share in the prior year quarter
- Adjusted EBITDA[1] totaled $58.0 million compared to $62.3 million in the prior year quarter

Second Quarter YTD 2023 Highlights (Twenty-six weeks ended July 1, 2023)

- Net sales decreased (3.6)% to $729.7 million compared to $757.1 million in the prior year period
- Net loss totaled $(4.6) million, or $(0.02) per diluted share, compared to net income of $6.9 million, or $0.04 per diluted share, in the prior year period
- Adjusted diluted EPS[1] was $0.19 per diluted share compared to $0.24 per diluted share in the prior year period
- Adjusted EBITDA[1] totaled $98.2 million compared to $106.3 million in the prior year period
- Net cash provided by operating activities totaled $115.0 million compared to $14.8 million in the prior year period
- Free Cash Flow[1] totaled $78.0 million compared to $(14.1) million in the prior year period

Balance Sheet and Liquidity at July 1, 2023

- Gross debt was $851.5 million, compared to $918.8 million on December 31, 2022; net debt[1] outstanding was $813.8 million, compared to $887.7 million on December 31, 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 $320.7 million, consisting of $283.1 million of available borrowing under the revolving credit facility and $37.7 million of cash and equivalents
- Net debt[1] to trailing twelve month Adjusted EBITDA[1] was 4.0x times as compared to 4.2x on December 31, 2022

Management Commentary

“Our strong second quarter results reflect the dedicated efforts of our associates and the resiliency of the competitive moat we have created here at Hillman,” commented Doug Cahill, chairman, president and chief executive officer of Hillman. “We have navigated a complex market environment, carefully controlling our costs to produce strong bottom line results with gross margins that came in line with our expectations. We effectively worked down inventory levels, which translated into exceptional free cash flow of $78 million for the year-to-date. We further improved our leverage profile with a net debt to adjusted EBITDA ratio of 4.0 times as of the quarter end, which we expect will continue to improve in the second half of 2023.”

“While sales volume on existing products was lower than expected during the quarter, our business remains on sound footing and we expect to reap the benefits of several new business wins in the months ahead. We expect to continue generating healthy free cash flow in the second half of the year while margins expand sequentially during the third and fourth quarter. We believe we have the right strategy and a talented team in place to continue taking care of our customers across North America and believe we are on track to achieve our reiterated full year financial outlook.”

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 ending December 30, 2023. This guidance was originally provided on February 27, 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

Second Quarter 2023 Results Presentation

Hillman plans to host a conference call and webcast presentation today, August 8, 2023, 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, August 8, 2023

Time: 8:30 a.m. Eastern Time

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.

Listen-Only Webcast: https://edge.media-server.com/mmc/p/ymk8yo34

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 Solutions Corp.

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) direct and indirect costs associated with the May 2023 ransomware attack, and our receipt of expected insurance receivables associated with that cybersecurity incident; (6) seasonality; (7) large customer concentration; (8) the ability to recruit and retain qualified employees; (9) the outcome of any legal proceedings that may be instituted against the Company; (10) adverse changes in currency exchange rates; (11) the impact of COVID-19 on the Company's business; or (12) 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 July 1, 2023	Thirteen Weeks Ended June 25, 2022	Twenty-six Weeks Ended July 1, 2023	Twenty-six Weeks Ended June 25, 2022
Net sales	$ 380,019	$ 394,114	$ 729,726	$ 757,127
Cost of sales (exclusive of depreciation and amortization shown separately below)	216,499	220,146	421,008	433,419
Selling, warehouse, general and administrative expenses	111,452	118,229	222,517	232,767
Depreciation	13,800	14,172	30,505	27,426
Amortization	15,578	15,566	31,150	31,087
Other expense (income), net	1,893	(1,772)	2,660	(4,194)
Income from operations	20,797	27,773	21,886	36,622
Interest expense, net	18,075	12,533	36,152	24,161
Income (loss) before income taxes	2,722	15,240	(14,266)	12,461
Income tax (benefit) expense	(1,823)	6,424	(9,679)	5,532
Net income (loss)	$ 4,545	$ 8,816	$ (4,587)	$ 6,929
Basic income (loss) per share	$ 0.02	$ 0.05	$ (0.02)	$ 0.04
Weighted average basic shares outstanding	194,644	194,135	194,596	194,071
Diluted income (loss) per share	$ 0.02	$ 0.04	$ (0.02)	$ 0.04
Weighted average diluted shares outstanding	195,528	196,686	194,596	195,932

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Balance Sheets
(dollars in thousands)
Unaudited

	July 1, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,656	$ 31,081
Accounts receivable, net of allowances of $2,211 ($2,405 - 2022)	130,276	86,985
Inventories, net	430,013	489,326
Other current assets	39,285	24,227
Total current assets	637,230	631,619
Property and equipment, net of accumulated depreciation of $351,482 ($333,452 - 2022)	192,451	190,258
Goodwill	824,973	823,812
Other intangibles, net of accumulated amortization of $445,984 ($414,275 - 2022)	704,466	734,460
Operating lease right of use assets	89,861	66,955
Other assets	21,355	23,586
Total assets	$ 2,470,336	$ 2,470,690
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 176,802	$ 131,751
Current portion of debt and financing lease liabilities	11,240	10,570
Current portion of operating lease liabilities	13,211	12,285
Accrued expenses:		
Salaries and wages	12,333	15,709
Pricing allowances	8,100	9,246
Income and other taxes	6,292	5,300
Interest	397	697
Other accrued liabilities	25,232	29,854
Total current liabilities	253,607	215,412
Long-term debt	818,798	884,636
Deferred tax liabilities	139,822	140,091
Operating lease liabilities	84,206	61,356
Other non-current liabilities	16,088	12,456
Total liabilities	$ 1,312,521	$ 1,313,951
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, $0.0001 par, 500,000,000 shares authorized, 194,707,000 issued and outstanding at July 1, 2023 and 194,548,411 issued and outstanding at December 31, 2022	20	20
Additional paid-in capital	1,411,080	1,404,360
Accumulated deficit	(231,204)	(226,617)
Accumulated other comprehensive loss	(22,081)	(21,024)
Total stockholders' equity	1,157,815	1,156,739
Total liabilities and stockholders' equity	$ 2,470,336	$ 2,470,690

HILLMAN SOLUTIONS CORP.

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

	Twenty-six Weeks Ended July 1, 2023	Twenty-six Weeks Ended June 25, 2022
Cash flows from operating activities:		
Net (loss) income	$ (4,587)	$ 6,929
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	61,655	58,513
Deferred income taxes	(5,232)	8,230
Deferred financing and original issue discount amortization	2,663	2,598
Stock-based compensation expense	6,044	8,304
Loss on disposal of property and equipment	123	—
Change in fair value of contingent consideration	4,167	(3,645)
Changes in operating items:		
Accounts receivable, net	(43,458)	(25,163)
Inventories, net	62,208	(42,973)
Other assets	(4,514)	(4,125)
Accounts payable	43,845	1,502
Other accrued liabilities	(7,868)	4,603
Net cash provided by operating activities	115,046	14,773
Net cash from investing activities		
Acquisition of business, net of cash received	(300)	(2,500)
Capital expenditures	(37,029)	(28,921)
Other investing activities	(225)	—
Net cash used for investing activities	(37,554)	(31,421)
Cash flows from financing activities:		
Repayments of senior term loans	(4,255)	(4,256)
Borrowings on revolving credit loans	58,000	121,000
Repayments of revolving credit loans	(122,000)	(97,000)
Principal payments under finance lease obligations	(1,039)	(556)
Proceeds from exercise of stock options	611	1,149
Payments of contingent consideration	(1,125)	(103)
Other financing activities	(155)	—
Cash payments related to hedging activities	—	(944)
Net cash (used for) provided by financing activities	(69,963)	19,290
Effect of exchange rate changes on cash	(954)	476
Net increase in cash and cash equivalents	6,575	3,118
Cash and cash equivalents at beginning of period	31,081	14,605
Cash and cash equivalents at end of period	$ 37,656	$ 17,723

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 July 1, 2023	Thirteen Weeks Ended June 25, 2022	Twenty-six Weeks Ended July 1, 2023	Twenty-six Weeks Ended June 25, 2022
Net income (loss)	$ 4,545	$ 8,816	$ (4,587)	$ 6,929
Income tax (benefit) expense	(1,823)	6,424	(9,679)	5,532
Interest expense, net	18,075	12,533	36,152	24,161
Depreciation	13,800	14,172	30,505	27,426
Amortization	15,578	15,566	31,150	31,087
EBITDA	$ 50,175	$ 57,511	$ 83,541	$ 95,135
Stock compensation expense	3,405	2,286	6,042	8,304
Restructuring and other (1)	1,440	513	2,848	565
Litigation expense (2)	—	2,703	260	3,713
Transaction and integration expense (3)	510	1,438	1,310	2,215
Change in fair value of contingent consideration	2,452	(2,175)	4,167	(3,645)
Total adjusting items	7,807	4,765	14,627	11,152
Adjusted EBITDA	$ 57,982	$ 62,276	$ 98,168	$ 106,287

(1) Includes consulting and other costs associated with distribution center relocations and corporate restructuring activities. 2023 includes costs associated with the cybersecurity event that occurred in May 2023.

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

(3) Transaction and integration expense includes professional fees and other costs related to the CCMP 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 July 1, 2023	Thirteen Weeks Ended June 25, 2022	Twenty-six Weeks Ended July 1, 2023	Twenty-six Weeks Ended June 25, 2022
Reconciliation to Adjusted Net Income				
Net Income (Loss)	$ 4,545	$ 8,816	$ (4,587)	$ 6,929
Remove adjusting items (1)	7,807	4,765	14,627	11,152
Remove amortization expense	15,578	15,566	31,150	31,087
Remove tax benefit on adjusting items and amortization expense (2)	(2,190)	(1,529)	(3,851.19)	(3,035)
Adjusted Net Income	$ 25,740	$ 27,618	$ 37,339	$ 46,133
Reconciliation to Adjusted Diluted Earnings per Share				
Diluted Earnings per Share	$ 0.02	$ 0.04	$ (0.02)	$ 0.04
Remove adjusting items (1)	0.04	0.02	0.07	0.06
Remove amortization expense	0.08	0.08	0.16	0.16
Remove tax benefit on adjusting items and amortization expense (2)	(0.01)	(0.01)	(0.02)	(0.02)
Adjusted Diluted Earnings per Share	$ 0.13	$ 0.14	$ 0.19	$ 0.24
Reconciliation to Adjusted Diluted Shares Outstanding (3)				
Diluted Shares, as reported	195,528	196,686	194,596	195,932
Non-GAAP dilution adjustments:				
Dilutive effect of stock options and awards	—	—	865	—
Adjusted Diluted Shares	195,528	196,686	195,461	195,932

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.

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

(3) Diluted shares on a GAAP basis for the thirteen weeks ended July 1, 2023 and thirteen weeks ended June 25, 2022 include the dilutive impact of 884 and 2,551 options and awards, respectively. Diluted shares on a GAAP basis for the twenty-six weeks ended June 25, 2022 includes the dilutive impact of 1,861 options and awards.

Per Share Impact of Adjusting Items

	Thirteen Weeks Ended July 1, 2023	Thirteen Weeks Ended June 25, 2022	Twenty-six Weeks Ended July 1, 2023	Twenty-six Wee Ended June 25, 2022
Stock compensation expense	$ 0.02	$ 0.01	$ 0.03	$ 0
Restructuring and other costs	0.01	—	0.01	
Litigation expense	—	0.01	—	0
Transaction and integration expense	—	0.01	0.01	0
Change in fair value of contingent consideration	0.01	(0.01)	0.02	(0.
Total adjusting items	$ 0.04	$ 0.02	$ 0.07	$ 0

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:

	July 1, 2023	December 31, 2022
Revolving loans	$ 8,000	$ 72,000
Senior term loan, due 2028	836,108	840,363
Finance leases and other obligations	7,356	6,406
Gross debt	$ 851,464	$ 918,769
Less cash	37,656	31,081
Net debt	$ 813,808	$ 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.

	Twenty-six Weeks Ended July 1, 2023	Twenty-six Weeks Ended June 25, 2022
Net cash provided by operating activities	$ 115,046	$ 14,773
Capital expenditures	(37,029)	(28,921)
Free cash flow	$ 78,017	$ (14,148)

Source: Hillman Solutions Corp.

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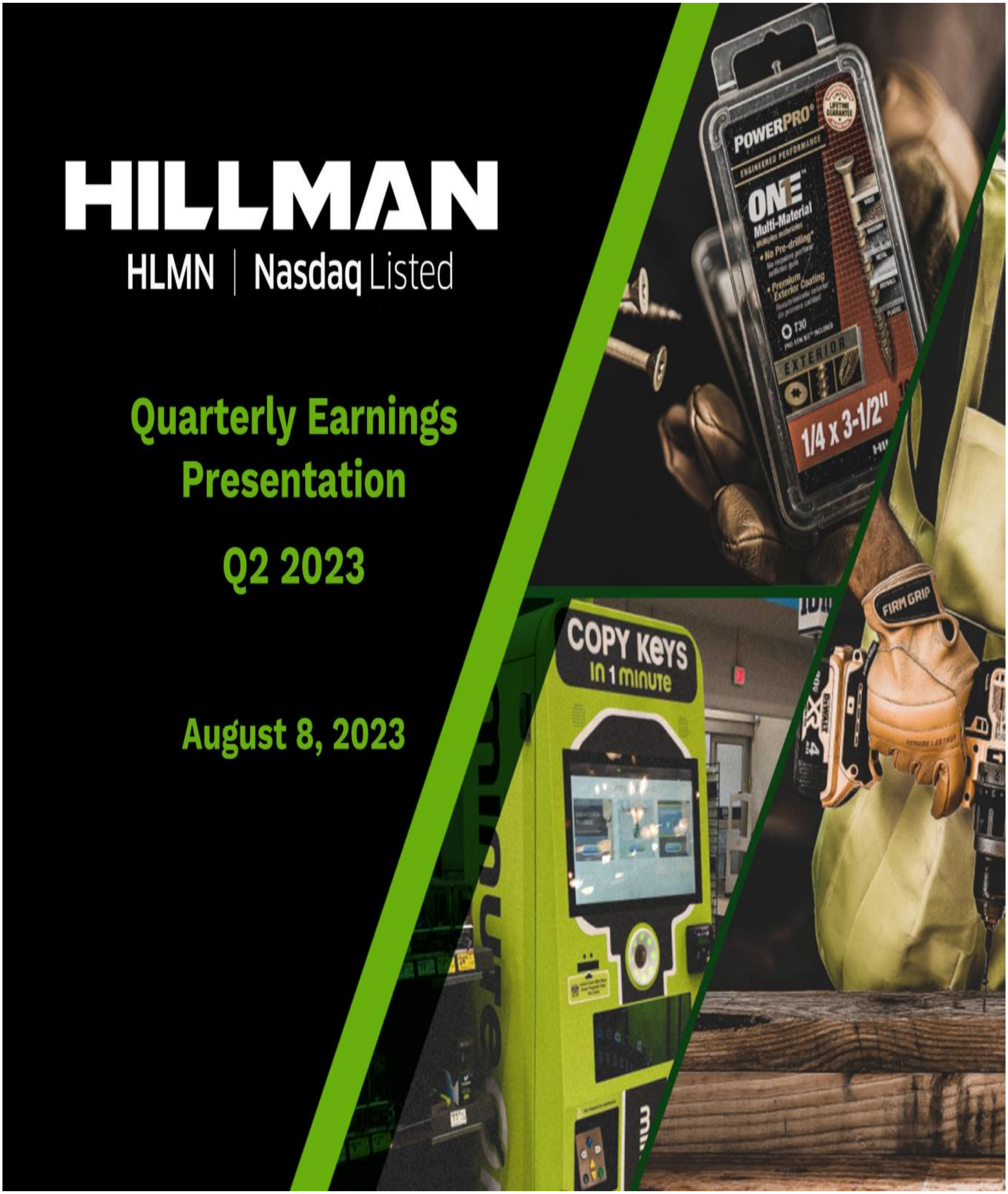
HILLMAN
HLMN | Nasdaq Listed
Quarterly Earnings Presentation
Q2 2023
August 8, 2023
POWERPRO
ONE
Multi-Material
EXTERIOR
1/4 x 3-1/2"
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Forward Looking Statements

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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) direct and indirect costs associated with the May 2023 ransomware attack, and our receipt of expected insurance receivables associated with that cybersecurity incident; (6) seasonality; (7) large customer concentration; (8) the ability to recruit and retain qualified employees; (9) the outcome of any legal proceedings that may be instituted against the Company; (10) adverse changes in currency exchange rates; (11) the impact of COVID-19 on the Company’s business; or (12) 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.

Q2 2023 Financial Review

HILLMAN
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Highlights for the 13 Weeks Ended July 1, 2023

- Net sales decreased (3.6)% to $380.0 million versus Q2 2022
  - Hardware Solutions approximately flat
  - Robotics and Digital Solutions ("RDS") down (2.0)%
  - Canada down (7.9)%
  - Protective Solution down (16.7)%
- GAAP net income totaled $4.5 million, or $0.02 per diluted share, compared to $8.8 million, or $0.04 per diluted share, in Q2 2022
- Adjusted EBITDA totaled $58.0 million compared to $62.3 million in the prior year quarter
- Adjusted EBITDA (ttm) / Net Debt: 4.0x at quarter end, improved from 4.2x from December 31, 2022

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

Q2 2023 Operational Review

HILLMAN
HLMN | Nasdaq Listed

Highlights for the 13 Weeks Ended July 1, 2023

- Reiterated full year 2023 guidance across all metrics
- Inventory reduced by $20.9 million during the quarter; bringing year-to-date total to $59.3 million
- Fill rates averaged approximately 96% year to date
- New business (with existing and new customers) wins secured across multiple business segments - expect to roll out two sizable new business wins in the second half of the year
- Cost of goods peaked in May 2023 (driven by high container costs during the Summer of 2022) - as a result, margins are expected to expand during the second half of 2023

Q2 2023 Financial Review

HILLMAN
HLMN | Nasdaq Listed

Highlights for the 26 Weeks Ended July 1, 2023

- Net sales decreased (3.6)% to $729.7 million versus the 26 weeks ended June 25, 2022
  - Hardware Solutions +3.6%
  - Robotics and Digital Solutions ("RDS") (0.9)%
  - Canada (6.8)%
  - Protective Solutions (17.6)% (excl. COVID sales)
- GAAP net loss totaled $(4.6) million, or $(0.02) per diluted share, compared to net income of $6.9 million, or $0.04 per diluted share, during the 26 weeks ended June 25, 2022
- Adjusted EBITDA totaled $98.2 million compared to $106.3 million during the the 26 weeks ended June 25, 2022
- Free Cash Flow totaled $78.0 million compared to $(14.1) million during the 26 weeks ended June 25, 2022

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

Quarterly Financial Performance

HILLMAN
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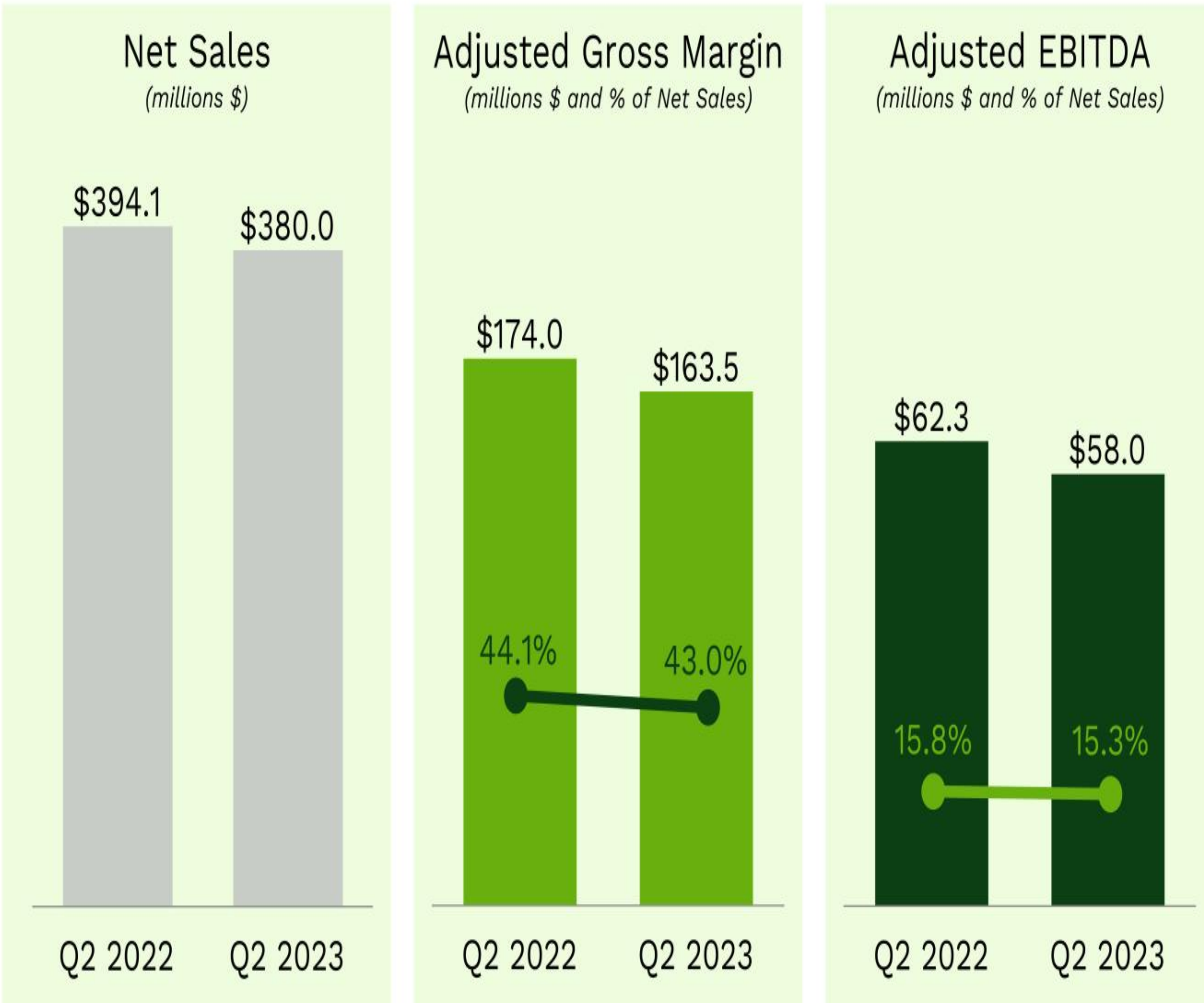
Top & Bottom Line



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

Performance by Segment (Q2)

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Hardware & Protective	**Q2 2022**	**Q2 2023**	**Δ**	
Thirteen Weeks Ended	***6/25/2022***	***7/1/2023***		***Comments***
Revenues	$277,438	$268,794	(3.1)%	HS flat; PS down due to lighter volumes
Adjusted EBITDA	$30,836	$27,847	(9.7)%	Inflation from 2022 flowing through income statement
Margin	11.1%	10.4%	*(70) bps*	Margin pressure from higher COGS and inflation

Robotics & Digital	**Q2 2022**	**Q2 2023**	**Δ**	
Thirteen Weeks Ended	***6/25/2022***	***7/1/2023***		***Comments***
Revenues	$63,716	$62,456	(2.0)%	Increase in MinuteKey sales; decline in other volumes
Adjusted EBITDA	$22,130	$22,518	1.8%	Higher margin MinuteKey sales increased
Margin	*34.7%*	*36.1%*	*140 bps*	Margins driven by shift to higher margin MinuteKey sales

Canada	**Q2 2022**	**Q2 2023**	**Δ**	
Thirteen Weeks Ended	***6/25/2022***	***7/1/2023***		***Comments***
Revenues	$52,960	$48,769	(7.9)%	FX headwinds + volumes down 2%
Adjusted EBITDA	$9,310	$7,617	(18.2)%	Inflation from 2022 flowing through income statement
Margin	*17.6%*	*15.6%*	*(200) bps*	Margin pressure from higher COGS and inflation

Consolidated	**Q2 2022**	**Q2 2023**	**Δ**
Thirteen Weeks Ended	***6/25/2022***	***7/1/2023***	
Revenues	$394,114	$380,019	(3.6)%
Adjusted EBITDA	$62,276	$57,982	(6.9)%
Margin (Rev/Adj. EBITDA)	*15.8%*	*15.3%*	*(50) 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 Segment (YTD)

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Hardware & Protective	**YTD '22**	**YTD '23**	**Δ**	
Twenty-six weeks ended	***6/25/2022***	***7/1/2023***		***Comments***
Revenues	$542,815	$522,645	(3.7)%	Excluding COVID sales, revenues down 1% on lighter vol.
Adjusted EBITDA	$51,866	$46,726	(9.9)%	Inflation from 2022 flowing through income statement
Margin	9.6%	8.9%	*(70) bps*	Margin pressure from higher COGS and inflation

Robotics & Digital	**YTD '22**	**YTD '23**	**Δ**	
Twenty-six weeks ended	***6/25/2022***	***7/1/2023***		***Comments***
Revenues	$124,693	$123,522	(0.9)%	Increase in MinuteKey sales; decline in other offerings
Adjusted EBITDA	$40,481	$42,043	3.9%	Higher margin MinuteKey sales increased
Margin	*32.5%*	*34.0%*	*150 bps*	Near historical EBITDA margins of 32% to 33%

Canada	**YTD '22**	**YTD '23**	**Δ**	
Twenty-six weeks ended	***6/25/2022***	***7/1/2023***		***Comments***
Revenues	$89,619	$83,559	(6.8)%	FX headwinds + volumes down <1%
Adjusted EBITDA	$13,940	$9,399	(32.6)%	Inflation from 2022 flowing through income statement
Margin	*15.6%*	*11.2%*	*(440) bps*	Margin pressure from higher COGS and inflation

Consolidated	**YTD '22**	**YTD '23**	**Δ**
Twenty-six weeks ended	***6/25/2022***	***7/1/2023***	
Revenues	$757,127	$729,726	(3.6)%
Adjusted EBITDA	$106,287	$98,168	(7.6)%
Margin (Rev/Adj. EBITDA)	*14.0%*	*13.5%*	*(50) 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 (Q2)

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	Hardware & Protective	Robotics & Digital	Canada	Revenue (Q2)
Thirteen Weeks Ended July 1, 2023				
Fastening and Hardware	$225,139	$—	$44,743	$269,882
Personal Protective	43,655	—	1,928	45,583
Keys and Key Accessories	—	49,021	2,091	51,112
Engraving and Resharp	—	13,435	7	13,442
Total Revenue	**$268,794**	**$62,456**	**$48,769**	**$380,019**

	Hardware & Protective	Robotics & Digital	Canada	Revenue (Q2)
Thirteen Weeks Ended June 25, 2022				
Fastening and Hardware	$225,047	$—	$48,810	$273,857
Personal Protective	52,391	—	2,287	54,678
Keys and Key Accessories	—	48,768	1,852	50,620
Engraving and Resharp	—	14,948	11	14,959
Total Revenue	**$277,438**	**$63,716**	**$52,960**	**$394,114**

Figures in Thousands of USD unless otherwise noted.

Revenue by Product Category (YTD)

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	Hardware & Protective	Robotics & Digital	Canada	Revenue (YTD)
Twenty-six weeks ended July 1, 2023				
Fastening and Hardware	$430,114	$—	$75,965	$506,079
Personal Protective	92,531	—	3,541	96,072
Keys and Key Accessories	—	97,568	4,033	101,601
Engraving and Resharp	—	25,954	20	25,974
Total Revenue	**$522,645**	**$123,522**	**$83,559**	**$729,726**

	Hardware & Protective	Robotics & Digital	Canada	Revenue (YTD)
Twenty-six weeks ended June 25, 2022				
Fastening and Hardware	$415,111	$—	$81,722	$496,833
Personal Protective	127,704	—	4,515	132,219
Keys and Key Accessories	—	96,305	3,356	99,661
Engraving and Resharp	—	28,388	26	28,414
Total Revenue	**$542,815**	**$124,693**	**$89,619**	**$757,127**

Figures in Thousands of USD unless otherwise noted.

Capital Structure

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Committed to Improving Leverage as Inventory Converts to Cash

	July 1, 2023
ABL Revolver ($283 million capacity)	$8.0
Term Note	$836.1
Finance Leases and Other Obligations	$7.4
Total Debt	$851.5
Cash	$37.7
Net Debt	**$813.8**
TTM Adjusted EBITDA	**$202.1**
Net Debt/ TTM Adjusted EBITDA	**4.0x**
Current Effective Interest Rate*	4.8%

Total Net Leverage

(Net Debt / TTM Adj. EBITDA)

Please see reconciliation of Non-GAAP metrics Adjusted EBITDA and Net Debt in the Appendix of this presentation. Figures in Millions of USD unless otherwise noted.
**Current Effective Interest Rate as of July 31, 2023.*

2023 Outlook & Guidance

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2023 Full Year Guidance - Reiterated

On August 8, 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 ending 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

- 2H-23 Adj. EBITDA up approx. 20 percent vs. 2H-22
- Net Debt / Adj. EBITDA leverage ratio expected to be below 3.5x at the end of 2023
- Interest expense: $65 - $75 million (increased by $5 million)
- Cash interest: $60 - $70 million (increased by $5 million)
- Cash tax expense: Approx. $5 million (decreased from $5 - $10 million)
- Capital expenditures: $65-$75 million
- Fully diluted shares outstanding: ~198 million

Please see reconciliation of Non-GAAP metrics Adjusted EBITDA 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; expected to be an increase spend on the home in the future as 90% of homes pass 20 years of age during 2024 and 2025.
- 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
- Cost of goods peaked in May 2023, margins expected to expand during 2H 2023 and 2024
- Inventory reduced by $145 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) American Community Survey Data

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	Protective Solutions	Robotics & Digital Solutions
#1 in Segment	#1 in Segment	#1 in Segment

Hardware Solutions

#1 in Segment

Fasteners & Specialty

HILLMAN
DECK PLUS LIFETIME GUARANTEE

Construction Fasteners

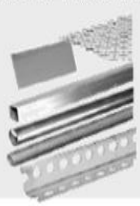
POWERPRO

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
minute KEY

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 weeks ended	June 25, 2022	July 1, 2023
Net income	**$8,816**	**$4,545**
Income tax(benefit) expense	6,424	(1,823)
Interest expense, net	12,533	18,075
Depreciation	14,172	13,800
Amortization	15,566	15,578
EBITDA	**$57,511**	**$50,175**
Stock compensation expense	2,286	3,405
Restructuring and other (1)	513	1,440
Litigation expense (2)	2,703	—
Transaction and integration expense (3)	1,438	510
Change in fair value of contingent consideration	(2,175)	2,452
Adjusted EBITDA	**$62,276**	**$57,982**

Footnotes:

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

Adjusted EBITDA Reconciliation

HILLMAN
HLMN | Nasdaq Listed

Twenty-six weeks ended	June 25, 2022	July 1, 2023
Net income (loss)	**$6,929**	**$(4,587)**
Income tax (benefit) expense	5,532	(9,679)
Interest expense, net	24,161	36,152
Depreciation	27,426	30,505
Amortization	31,087	31,150
EBITDA	**$95,135**	**$83,541**
Stock compensation expense	8,304	6,042
Restructuring and other(1)	565	2,848
Litigation expense (2)	3,713	260
Transaction and integration expense (3)	2,215	1,310
Change in fair value of contingent consideration	(3,645)	4,167
Adjusted EBITDA	**$106,287**	**$98,168**

Footnotes:

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

Adjusted Gross Margin Reconciliation

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Thirteen weeks ended	June 25, 2022	July 1, 2023
Net Sales	$394,114	$380,019
Cost of sales (exclusive of depreciation and amortization)	220,146	216,499
Gross margin exclusive of depreciation and amortization	$173,968	$163,520
Gross margin exclusive of depreciation and amortization %	44.1 %	43.0 %

Twenty-six weeks ended	June 25, 2022	July 1, 2023
Net Sales	$757,127	$729,726
Cost of sales (exclusive of depreciation and amortization)	433,419	421,008
Gross margin exclusive of depreciation and amortization	$323,708	$308,718
Gross margin exclusive of depreciation and amortization %	42.8 %	42.3 %

Adjusted SG&A Expense Reconciliation

HILLMAN
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Thirteen weeks ended	*June 25, 2022*	*July 1, 2023*
Selling, general and administrative expenses	$118,229	$111,452
SG&A Adjusting Items [1]:		
Stock compensation expense	2,286	3,405
Restructuring	513	1,440
Litigation expense	2,703	—
Acquisition and integration expense	1,438	510
Adjusted SG&A	$111,289	$106,097
Adjusted SG&A as a % of Net Sales	28.2 %	27.9 %

Twenty-six weeks ended	*June 25, 2022*	*July 1, 2023*
Selling, general and administrative expenses	$232,767	$222,517
SG&A Adjusting Items [1]:		
Stock compensation expense	8,304	6,042
Restructuring	565	2,848
Litigation expense	3,713	260
Acquisition and integration expense	2,215	1,310
Adjusted SG&A	$217,970	$212,057
Adjusted SG&A as a % of Net Sales	28.8 %	29.1 %

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	July 1, 2023
Revolving loans	$72,000	$8,000
Senior term loan	840,363	836,108
Finance leases and other obligations	6,406	7,356
Gross debt	**$918,769**	**$851,464**
Less cash	31,081	37,656
Net debt	**$887,688**	**$813,808**

Reconciliation of Free Cash Flow

	June 25, 2022	July 1, 2023
Net cash provided by operating activities	$14,773	$115,046
Capital expenditures	(28,921)	(37,029)
Free cash flow	**$(14,148)**	**$78,017**

Segment Adjusted EBITDA Reconciliations

HILLMAN
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Thirteen weeks ended June 25, 2022	HPS	RDS	Canada	Consolidated
Operating income	$10,079	$10,305	$7,389	$27,773
Depreciation & amortization	17,664	10,845	1,229	29,738
Stock compensation expense	1,374	220	692	2,286
Restructuring	479	34	—	513
Litigation expense	—	2,703	—	2,703
Transaction and integration expense	1,240	198	—	1,438
Change in fair value of contingent consideration	—	(2,175)	—	(2,175)
Adjusted EBITDA	**$30,836**	**$22,130**	**$9,310**	**$62,276**

Thirteen weeks ended July 1, 2023	HPS	RDS	Canada	Consolidated
Operating income	$4,367	$10,374	$6,056	$20,797
Depreciation & amortization	19,028	9,110	1,240	29,378
Stock compensation expense	2,865	329	211	3,405
Restructuring and other	1,128	202	110	1,440
Litigation expense	—	—	—	—
Transaction and integration expense	459	51	—	510
Change in fair value of contingent consideration	—	2,452	—	2,452
Adjusted EBITDA	**$27,847**	**$22,518**	**$7,617**	**$57,982**

Segment Adjusted EBITDA Reconciliations

HILLMAN
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Twenty-six weeks ended June 25, 2022	HPS	RDS	Canada	Consolidated
Operating income	$8,132	$17,707	$10,783	$36,622
Depreciation & amortization	34,720	21,328	2,465	58,513
Stock compensation expense	6,562	1,050	692	8,304
Restructuring	525	40	—	565
Litigation expense	—	3,713	—	3,713
Transaction and integration expense	1,927	288	—	2,215
Change in fair value of contingent consideration	—	(3,645)	—	(3,645)
Adjusted EBITDA	**$51,866**	**$40,481**	**$13,940**	**$106,287**

Twenty-six weeks ended July 1, 2023	HPS	RDS	Canada	Consolidated
Operating income	$531	$14,836	$6,519	$21,886
Depreciation & amortization	37,571	21,675	2,409	61,655
Stock compensation expense	5,070	611	361	6,042
Restructuring and other	2,385	353	110	2,848
Litigation expense	—	260	—	260
Transaction and integration expense	1,169	141	—	1,310
Change in fair value of contingent consideration	—	4,167	—	4,167
Adjusted EBITDA	**$46,726**	**$42,043**	**$9,399**	**$98,168**