

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 22, 2024

HILLMAN™

Hillman Solutions Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39609
(Commission File No.)

85-2096734
(I.R.S. Employer
Identification No.)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On February 22, 2024, 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 fifty-two weeks ended December 30, 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Press Release, dated February 22, 2024, announcing the financial results of Hillman Solutions Corp. for its thirteen and fifty-two weeks ended December 30, 2023.</u>
99.2	<u>Supplemental slides provided in connection with the thirteen and fifty-two weeks ended December 30, 2023 earnings call of Hillman Solutions Corp.</u>

Signatures

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

Hillman Solutions Corp.

Date: February 22, 2024

By: /s/ Robert O. Kraft
Name: Robert O. Kraft
Title: Chief Financial Officer



Hillman Reports Fourth Quarter 2023 Results; Provides 2024 Guidance

CINCINNATI, February 22, 2024 -- 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 fifty-two weeks ended December 30, 2023.

Fiscal 2023 consisted of fifty-two weeks compared to fifty-three weeks during fiscal 2022 and the fourth quarter of fiscal 2023 consisted of thirteen weeks compared to fourteen weeks during fiscal 2022.

Fourth Quarter 2023 Highlights (Thirteen Weeks Ended December 30, 2023)

- Net sales decreased 0.8% to \$347.8 million compared to \$350.7 million in the prior year quarter; excluding the 14th week during 2022, net sales increased 3.8% from \$335.0 million in 2022
- Net loss totaled \$(10.1) million, or \$(0.05) per diluted share, compared to net loss of \$(13.9) million, or \$(0.07) per diluted share, in the prior year quarter
- Adjusted Diluted EPS¹ was \$0.10 per diluted share compared to \$0.05 per diluted share in the prior year quarter
- Adjusted EBITDA¹ totaled \$54.4 million compared to \$45.0 million in the prior year quarter

Full Year 2023 Highlights (Fifty-Two Weeks Ended December 30, 2023)

- Net sales decreased 0.7% to \$1.48 billion as compared to \$1.49 billion in the prior year period; excluding the 53rd week during 2022, net sales increased 0.4% from \$1.47 billion in 2022
 - Net loss totaled \$(9.6) million, or \$(0.05) per diluted share, compared to a loss of \$(16.4) million, or \$(0.08) per diluted share, in the prior year period
 - Adjusted Diluted EPS¹ was \$0.41 per diluted share compared to \$0.43 per diluted share in the prior year period
 - Adjusted EBITDA¹ totaled \$219.4 million compared to \$210.2 million in the prior year period
 - Net cash provided by operating activities totaled \$238.0 million compared to \$119.0 million in the prior year period
 - Free Cash Flow¹ totaled \$172.3 million compared to \$49.4 million in the prior year period
-

Balance Sheet and Liquidity at December 30, 2023

- Gross debt was \$761 million, compared to \$919 million at the end of 2022; net debt¹ outstanding was \$722 million, compared to \$888 million at the end of 2022
- Liquidity available totaled approximately \$285 million, consisting of \$247 million of available borrowing under the revolving credit facility and \$39 million of cash and equivalents
- Net debt¹ to trailing twelve month Adjusted EBITDA improved to 3.3x times from 4.2x at the end of 2022

Management Commentary

"2023 was a remarkable operational year for the Hillman team," commented Doug Cahill, Chairman, President and Chief Executive Officer of Hillman. "During the year we paid down \$160 million of debt and reduced our inventory by \$100 million while maintaining fill rates over 94% for our customers - all while moving into our new Kansas City distribution hub. This is some of the best work I have seen a team do in my career and sets us up to be more efficient during 2024 and beyond."

"Because of our success reducing inventory and generating cash, we improved our net debt to adjusted EBITDA ratio to 3.3 times, a reduction over nearly a full turn during the year. We were also able to execute new business wins with some of our biggest customers which helped offset the macro environment.

"Subsequent to the end of the year, we acquired Koch Industries, a leading provider of rope and chain, marking our entrance into a new product category. We are thrilled to welcome Koch to the Hillman family, and our sales and service team is already off to the races seeking out opportunities to grow that segment.

"During 2024 Hillman celebrates its 60th year in business - and we expect to continue to take great care of our customers seeing Adjusted EBITDA margins expand and cash flows normalize following a record cash flow year in 2023. We are confident we can drive strong results for our shareholders during 2024 and beyond."

Full Year 2024 Guidance

Hillman has provided the following guidance based on its current view of the market and its performance expectations during the fifty-two weeks ended December 28, 2024.

	Full Year 2024 Guidance
Net Sales	\$1.475 to \$1.555 billion
Adjusted EBITDA ¹	\$230 to \$240 million
Free Cash Flow ¹	\$100 to \$120 million

Fourth Quarter and Full Year 2023 Results Presentation

Hillman plans to host a conference call and webcast presentation today, February 22, 2024, at 8:30 a.m. Eastern Time to discuss its results and guidance. Chairman, President, and Chief Executive Officer Doug Cahill, Chief Financial Officer Rocky Kraft, and Chief Operating Officer Jon Michael Adinolfi will host the results presentation.

Date: February 22, 2024

Time: 8:30 am Eastern Time

Listen-only Webcast: <https://edge.media-server.com/mmc/p/m89p3d4r/>

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

Hillman's earnings release, results presentation, and 10-K are expected to be filed with the SEC and posted to its website, <https://ir.hillmangroup.com>, before the webcast presentation begins.

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

About Hillman Solutions Corp.

Founded in 1964 and headquartered in Cincinnati, Ohio, Hillman Solutions Corp. ("Hillman") and its subsidiaries are leading North American providers of complete hardware solutions, delivered with outstanding customer service to over 46,000 locations. Hillman designs innovative product and merchandising solutions for complex categories that deliver an outstanding customer experience to home improvement centers, mass merchants, national and regional hardware stores, pet supply stores, and OEM & industrial customers. Leveraging its leading distribution and sales network, Hillman delivers a "small business" experience with "big business" efficiency. For more information on Hillman, visit www.hillmangroup.com.

Forward Looking Statements

You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "target," "goal," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company's expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) the ability to continue to innovate with new products and services; (5) direct and indirect costs associated with the May 2023 ransomware attack, and our receipt of expected insurance receivables associated with that cyber security 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; or (11) regulatory changes and potential legislation that could adversely impact financial results.. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company's filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K for the fiscal year ended December 30, 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 December 30, 2023	Fourteen Weeks Ended December 31, 2022	Fifty-two Weeks Ended December 30, 2023	Fifty-three Weeks Ended December 31, 2022
Net sales	\$ 347,808	\$ 350,663	\$ 1,476,477	\$ 1,486,328
Cost of sales (exclusive of depreciation and amortization shown separately below)	185,304	198,330	828,956	846,551
Selling, warehouse, general and administrative expenses	116,234	114,980	452,110	480,993
Depreciation	14,392	16,077	59,331	57,815
Amortization	15,576	15,551	62,309	62,195
Other expense (income), net	12,002	2,005	12,843	(1,119)
Income from operations	4,300	3,720	60,928	39,893
Interest expense, net	15,430	15,703	68,310	54,560
Loss before income taxes	(11,130)	(11,983)	(7,382)	(14,667)
Income tax (benefit) expense	(1,071)	1,916	2,207	1,769
Net loss	\$ (10,059)	\$ (13,899)	\$ (9,589)	\$ (16,436)
Basic and dilutive loss per share	\$ (0.05)	\$ (0.07)	\$ (0.05)	\$ (0.08)
Weighted average basic and dilutive shares outstanding	194,903	194,468	194,722	194,249

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Balance Sheets

(dollars in thousands)

Unaudited

	December 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,553	\$ 31,081
Accounts receivable, net of allowances of \$2,770 (\$2,405 - 2021)	103,482	86,985
Inventories, net	382,710	489,326
Other current assets	23,235	24,227
Total current assets	<u>547,980</u>	<u>631,619</u>
Property and equipment, net of accumulated depreciation of \$333,875 (\$333,452 - 2021)	200,553	190,258
Goodwill	825,042	823,812
Other intangibles, net of accumulated amortization of \$470,791 (\$414,275 - 2021)	655,293	734,460
Operating lease right of use assets	87,479	66,955
Other assets	14,754	23,586
Total assets	<u>\$ 2,331,101</u>	<u>\$ 2,470,690</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 140,290	\$ 131,751
Current portion of debt and finance lease liabilities	9,952	10,570
Current portion of operating lease liabilities	14,407	12,285
Accrued expenses:		
Salaries and wages	22,548	15,709
Pricing allowances	8,145	9,246
Income and other taxes	6,469	5,300
Interest	343	697
Other accrued liabilities	20,966	29,854
Total current liabilities	<u>223,120</u>	<u>215,412</u>
Long-term debt	731,708	884,636
Deferred tax liabilities	131,552	140,091
Operating lease liabilities	79,994	61,356
Other non-current liabilities	10,198	12,456
Total liabilities	<u>\$ 1,176,572</u>	<u>\$ 1,313,951</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, 0.0001 par, 500,000,000 shares authorized, 194,913,124 issued and outstanding at December 30, 2023 and 194,548,411 issued and outstanding at December 31, 2022	20	20
Additional paid-in capital	1,418,535	1,404,360
Accumulated deficit	(236,206)	(226,617)
Accumulated other comprehensive loss	(27,820)	(21,024)
Total stockholders' equity	<u>1,154,529</u>	<u>1,156,739</u>
Total liabilities and stockholders' equity	<u>\$ 2,331,101</u>	<u>\$ 2,470,690</u>

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Statement of Cash Flows

(dollars in thousands)

Unaudited

	Fifty-two Weeks Ended December 30, 2023	Fifty-three Weeks Ended December 31, 2022
Cash flows from operating activities:		
Net loss	\$ (9,589)	\$ (16,436)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	121,640	120,010
Gain on dispositions of property and equipment	(34)	(26)
Impairment of long lived assets	24,600	—
Deferred income taxes	(8,693)	(873)
Deferred financing and original issue discount amortization	5,323	3,582
Stock-based compensation expense	12,004	13,524
Change in fair value of contingent consideration	(4,936)	(1,128)
Changes in operating items:		
Accounts receivable, net	(15,898)	19,889
Inventories, net	103,660	38,813
Other assets	3,068	566
Accounts payable	8,029	(53,760)
Other accrued liabilities	(1,139)	(5,150)
Net cash provided by operating activities	238,035	119,011
Cash flows from investing activities:		
Acquisition of business, net of cash received	(1,700)	(2,500)
Capital expenditures	(65,769)	(69,589)
Other investing activities	(383)	(733)
Net cash used for investing activities	(67,852)	(72,822)
Cash flows from financing activities:		
Repayments of senior term loans	(88,510)	(10,638)
Borrowings of revolving credit loans	178,000	244,000
Repayments of revolving credit loans	(250,000)	(265,000)
Principal payments under finance lease obligations	(2,410)	(1,470)
Proceeds from exercise of stock options	2,167	2,609
Payments of contingent consideration	(1,232)	—
Other financing activities	9	1,777
Net cash used for financing activities	(161,976)	(28,722)
Effect of exchange rate changes on cash	(735)	(991)
Net increase in cash and cash equivalents	7,472	16,476
Cash and cash equivalents at beginning of period	31,081	14,605
Cash and cash equivalents at end of period	\$ 38,553	\$ 31,081

HILLMAN SOLUTIONS CORP.

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

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

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

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

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

	Thirteen Weeks Ended December 30, 2023	Fourteen Weeks Ended December 31, 2022	Fifty-two Weeks Ended December 30, 2023	Fifty-three Weeks Ended December 31, 2022
Net loss	\$ (10,059)	\$ (13,899)	\$ (9,589)	\$ (16,436)
Income tax (benefit) expense	(1,071)	1,916	2,207	1,769
Interest expense, net	15,430	15,703	68,310	54,560
Depreciation	14,392	16,077	59,331	57,815
Amortization	15,576	15,551	62,309	62,195
EBITDA	\$ 34,268	\$ 35,348	\$ 182,568	\$ 159,903
Stock compensation expense	2,893	2,735	12,004	13,524
Restructuring and other ⁽¹⁾	4	1,136	3,031	2,617
Litigation expense ⁽²⁾	—	3,889	339	32,856
Transaction and integration expense ⁽³⁾	155	84	1,754	2,477
Change in fair value of contingent consideration	(7,550)	1,798	(4,936)	(1,128)
Impairment charges ⁽⁴⁾	24,600	—	24,600	—
Total adjusting items	\$ 20,102	\$ 9,642	\$ 36,792	\$ 50,346
Adjusted EBITDA	\$ 54,370	\$ 44,990	\$ 219,360	\$ 210,249

- (1) Restructuring and other includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities. 2023 includes costs associated with the Cybersecurity Incident 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, non-recurring bonuses, and other costs related to acquisitions and the secondary offerings of shares in 2022 and 2023.
- (4) In the fourth quarter of 2023, we recorded an impairment charge in our Hardware and Protective Solutions segment of \$24.6 million, primarily related to review of certain product offerings. In the fourth quarter of 2023, we evaluated a specific product line and decided to exit certain retail locations and markets, which reduced the future cash flows from this product line and impacted the lower of cost or market valuation of inventory. As a result of this review we impaired \$19.6 million of intangible assets and recorded inventory revaluation charges of \$5.0 million.

Reconciliation of Adjusted Diluted EPS

(in thousands, except per share data)

Unaudited

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

	Thirteen Weeks Ended December 30, 2023	Fourteen Weeks Ended December 31, 2022	Fifty-two Weeks Ended December 30, 2023	Fifty-three Weeks Ended December 31, 2022
Reconciliation to Adjusted Net Income				
Net loss	\$ (10,059)	\$ (13,899)	\$ (9,589)	\$ (16,436)
Remove adjusting items ⁽¹⁾				
	20,102	9,642	36,792	50,346
Remove amortization expense	15,576	15,551	62,309	62,195
Remove tax benefit on adjusting items and amortization expense ⁽³⁾	(5,145)	(2,272)	(10,052)	(12,991)
Adjusted Net Income	\$ 20,474	\$ 9,022	\$ 79,460	\$ 83,114
Reconciliation to Adjusted Diluted Earnings per Share				
Diluted Earnings per Share	\$ (0.05)	\$ (0.07)	\$ (0.05)	\$ (0.08)
Remove adjusting items ⁽¹⁾				
	0.10	0.05	0.19	0.26
Remove amortization expense	0.08	0.08	0.32	0.32
Remove tax benefit on adjusting items and amortization expense ⁽²⁾	(0.03)	(0.01)	(0.05)	(0.07)
Adjusted Diluted Earnings per Share	\$ 0.10	\$ 0.05	\$ 0.41	\$ 0.43
Reconciliation to Adjusted Diluted Shares Outstanding				
Diluted Shares, as reported	194,903	194,468	194,722	194,249
Non-GAAP dilution adjustments				
Dilutive effect of stock options and awards	1,034	382	1,136	1,190
Adjusted Diluted Shares	195,937	194,850	195,858	195,440

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 included in "Other" was calculated using the statutory rate of 25.1%, excluding certain charges that were non-deductible.
 - c. Amortization expense for financial accounting purposes was offset by the tax benefit of deductible amortization expense using the statutory rate of 25.1%.

Per Share Impact of Adjusting Items

	Thirteen Weeks Ended December 30, 2023	Fourteen Weeks Ended December 31, 2022	Fifty-two Ended December 30, 2023	Fifty-three Weeks Ended December 31, 2022
Stock compensation expense	\$0.01	\$0.01	\$0.06	\$0.07
Restructuring and other	—	0.01	0.02	0.02
Litigation expense	—	0.02	—	0.11
Acquisition and integration expense	—	—	0.01	0.01
Change in fair value of contingent consideration	(0.04)	0.01	(0.03)	(0.01)
Impairment charges	0.13	—	0.13	—
Total adjusting items	\$0.10	\$0.05	\$0.19	\$0.21

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 the calculation of Net Debt:

	December 30, 2023	December 31, 2022
Revolving loans	\$ —	\$ 72,000
Senior term loan, due 2028	751,852	840,363
Finance leases and other obligations	9,097	6,406
Gross debt	\$ 760,949	\$ 918,769
Less cash	38,553	31,081
Net debt	\$ 722,396	\$ 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.

	Fifty-two Weeks Ended December 30, 2023	Fifty-three Weeks Ended December 31, 2022
Net cash provided by operating activities	\$ 238,035	\$ 119,011
Capital expenditures	(65,769)	(69,589)
Free cash flow	\$ 172,266	\$ 49,422

Source: Hillman Solutions Corp.

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HILLMAN

HLMN | Nasdaq Listed

Quarterly Earnings Presentation Q4 2023

February 22, 2024



Forward Looking Statements

This presentation contains certain forward-looking statements, including, but not limited to, certain plans, expectations, goals, projections, and statements, which are not historical facts and are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. All forward-looking statements are made in good faith by the company and are intended to qualify for the safe harbor from liability established by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "target," "goal," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company's expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) 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 cyber security 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; or (11) regulatory changes and potential legislation that could adversely impact financial results. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company's filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K for the fiscal year ended December 30, 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.

Highlights for the 13 Weeks Ended December 30, 2023

- Net sales decreased (0.8)% to \$348 million versus the 14 weeks ended December 31, 2022; excluding the 14th week during 2022, net sales increased 3.8% from \$335 million in 2022 to \$348 million in 2023.
 - Hardware Solutions (1)%; +4% excl. 14th week in 2022
 - Protective Solutions +4%; +11% excl. 14th week in 2022
 - Robotics and Digital Solutions ("RDS") +3%; +11% excl. 14th week in 2022
 - Canada (14)%; (14th week did not impact Canada in 2022)
- GAAP net loss totaled \$10.1 million, or \$(0.05) per diluted share, compared to GAAP net loss of \$13.9 million, or \$(0.07) per diluted share, in Q4 2022
- Adjusted EBITDA improved to \$54.4 million from \$45.0 million in Q4 2022
- Adjusted EBITDA (ttm) / Net Debt: 3.3x at December 30, 2023
- Compared to Pre-COVID (Q4 2023 vs Q4 2019):
 - Net sales increased +22% (+5.1% CAGR)
 - Adjusted EBITDA +55% (+11.5% CAGR)

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

Highlights for the 52 Weeks Ended December 30, 2023

- Net sales decreased (0.7)% to \$1,476 million versus the 53 weeks ended December 31, 2022; excluding the 53rd week during 2022, net sales increased 0.4% from \$1,471 million in 2022 to \$1,476 million in 2023.
 - Hardware Solutions +4%; +5% excl. 53rd week
 - Protective Solutions (11)%; (2.5)% excl. COVID-related PPE sales and 53rd week
 - Robotics and Digital Solutions ("RDS") (0.1)%; +2% excl. 53rd week
 - Canada (9)%; (53rd week did not impact Canada in 2022)
- GAAP net loss improved to \$(9.6) million, or \$(0.05) per diluted share, compared to a net loss of \$(16.4) million, or \$(0.08) per diluted share, in the 53 weeks ended December 31, 2022
- Adjusted EBITDA totaled \$219.4 million versus \$210.2 million million in the 53 weeks ended December 31, 2022

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

Highlights for the 52 Weeks Ended December 30, 2023

- Successfully rolled out new business wins across product portfolio including a major rollout of rope and chain accessories with a top five customer
- Continue to win new business with existing and new customers across business segments
- Maintained average fill rates of approximately 94% for the year
- Reduced inventory by \$104 million during the year
- Free Cash Flow totaled \$172.3 million
- Net Debt / Adj. EBITDA leverage ratio improved to 3.3x from 4.2x a year ago
- Awarded 2023 Vendor of the Year by Tractor Supply Co. and Mid-States Distributing
- Subsequent to the year end, acquired Koch Industries, marking Hillman's entrance into rope and chain

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

Q4 2023 Financial Performance

Top & Bottom Line

Net Sales

(millions \$)

\$350.7

\$347.8

Q4 2022

Q4 2023

Adjusted Gross Margin

(millions \$ and % of Net Sales)

\$152.3

\$167.5

43.4%

48.2%

Q4 2022

Q4 2023

Adjusted EBITDA

(millions \$ and % of Net Sales)

\$45.0

\$54.4

12.8%

15.6%

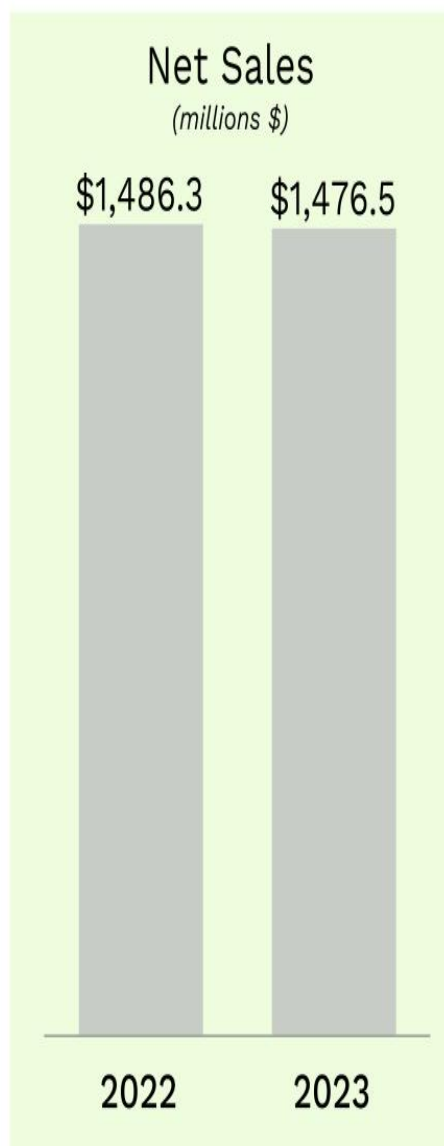
Q4 2022

Q4 2023

Please see reconciliation of Adjusted EBITDA to Net Income (Loss) in the Appendix of this presentation. Fiscal Q4 2023 consisted of 13 weeks compared to 14 weeks in fiscal Q4 2022, which should be taken into account when comparing each period. Not to scale.

2023 Financial Performance

Top & Bottom Line



Please see reconciliation of Adjusted EBITDA to Net Income (Loss) in the Appendix of this presentation. Fiscal 2023 consisted of 52 weeks compared to 53 weeks in fiscal 2022, which should be taken into account when comparing each period. Not to scale.

Performance by Product Category (Q4)

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Hardware & Protective	Q4 2022	Q4 2023	Δ	
<i>Fourteen/thirteen weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		Comments
Revenues	\$255,803	\$256,421	0.2%	New business offset by market volume + 53rd week in '22
Adjusted EBITDA	\$27,932	\$35,777	28.1%	Margin expansion from price/cost dynamic
Margin (Rev/Adj. EBITDA)	10.9%	14.0%	310 bps	

Robotics & Digital	Q4 2022	Q4 2023	Δ	
<i>Fourteen/thirteen weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		Comments
Revenues	\$56,567	\$58,410	3.3%	Better than expected volumes
Adjusted EBITDA	\$17,277	\$17,498	1.3%	Mix of product sales
Margin (Rev/Adj. EBITDA)	30.5%	30.0%	(50) bps	

Canada	Q4 2022	Q4 2023	Δ	
<i>Fourteen/thirteen weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		Comments
Revenues	\$38,293	\$32,977	(13.9)%	Soft demand; slow economy
Adjusted EBITDA	\$(219)	\$1,095	NM	Lower COGS in '23
Margin (Rev/Adj. EBITDA)	(0.6)%	3.3%	390 bps	

Consolidated	Q4 2022	Q4 2023	Δ	
<i>Fourteen/thirteen weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		
Revenues	\$350,663	\$347,808	(0.8)%	
Adjusted EBITDA	\$44,990	\$54,370	20.8%	
Margin (Rev/Adj. EBITDA)	12.8%	15.6%	280 bps	

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

Performance by Product Category (YTD) **HILLMAN**

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Hardware & Protective	2022	2023	Δ	
<i>53/52 weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		Comments
Revenues	\$1,068,734	\$1,074,619	0.6%	Price + new business; offset by vol + 53rd week in '22
Adjusted EBITDA	\$108,638	\$123,163	13.4%	Margin expansion from price/cost dynamic
Margin (Rev/Adj. EBITDA)	10.2%	11.5%	130 bps	

Robotics & Digital	2022	2023	Δ	
<i>53/52 weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		Comments
Revenues	\$245,633	\$245,400	(0.1)%	Soft volumes across RDS with MinuteKey the exception
Adjusted EBITDA	\$80,174	\$80,886	0.9%	Increase in higher-margin MinuteKey sales
Margin (Rev/Adj. EBITDA)	32.6%	33.0%	40 bps	

Canada	2022	2023	Δ	
<i>53/52 weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		Comments
Revenues	\$171,961	\$156,458	(9.0)%	Soft demand; slow economy & FX
Adjusted EBITDA	\$21,437	\$15,311	(28.6)%	Higher costs & FX
Margin (Rev/Adj. EBITDA)	12.5%	9.8%	(270) bps	

Consolidated	2022	2023	Δ	
<i>53/52 weeks ended</i>	<i>12/31/2022</i>	<i>12/30/2023</i>		
Revenues	\$1,486,328	\$1,476,477	(0.7)%	
Adjusted EBITDA	\$210,249	\$219,360	4.3%	
Margin (Rev/Adj. EBITDA)	14.1%	14.9%	80 bps	

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

Revenue by Business Segment (Q4)

	Hardware & Protective	Robotics & Digital	Canada	Revenue (QTD)
<i>Thirteen Weeks Ended December 30, 2023</i>				
Fastening and Hardware	\$206,583	\$—	\$29,237	\$235,820
Personal protective	49,838	—	1,523	51,361
Keys and key accessories	—	45,236	2,201	47,437
Engraving and Resharp	—	13,174	16	13,190
Consolidated	\$256,421	\$58,410	\$32,977	\$347,808

	Hardware & Protective	Robotics & Digital	Canada	Revenue (QTD)
<i>Fourteen Weeks Ended December 31, 2022</i>				
Fastening and Hardware	\$208,036	\$—	\$34,284	\$242,320
Personal protective	47,767	—	2,148	49,915
Keys and key accessories	—	42,614	1,847	44,461
Engraving and Resharp	—	13,953	14	13,967
Consolidated	\$255,803	\$56,567	\$38,293	\$350,663

Figures in Thousands of USD unless otherwise noted.

Revenue by Business Segment (YTD)

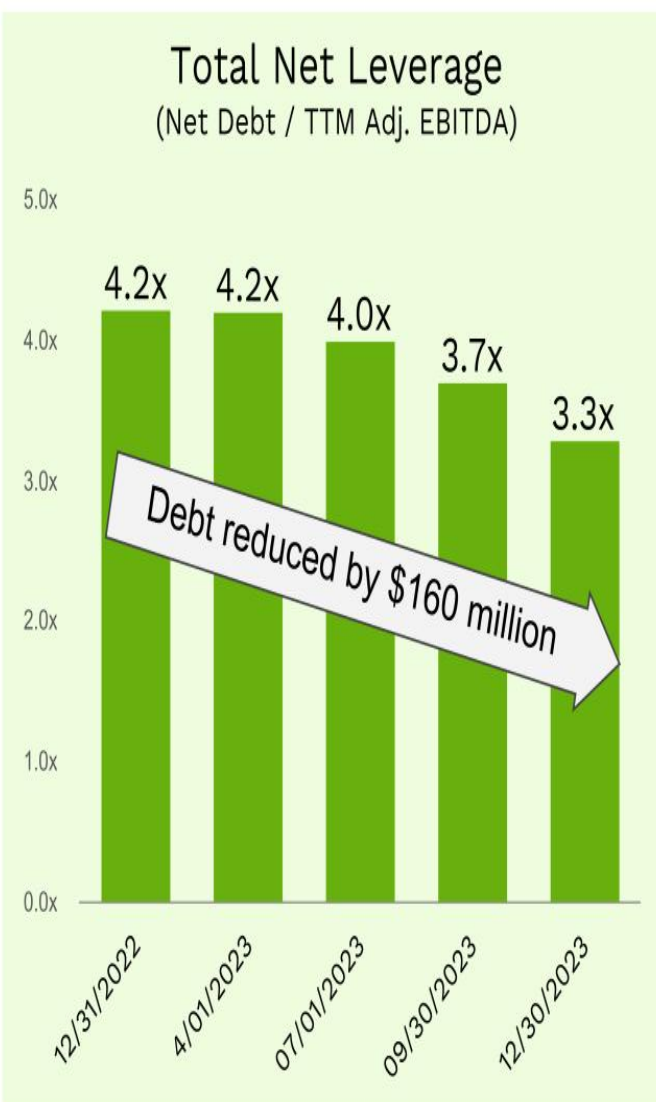
	Hardware & Protective	Robotics & Digital	Canada	Revenue
52 Weeks ended December 30, 2023				
Fastening and Hardware	\$865,212	\$—	\$140,699	\$1,005,911
Personal protective	209,407	—	6,997	216,404
Keys and key accessories	—	193,212	8,711	201,923
Engraving and Resharp	—	52,188	51	52,239
Consolidated	\$1,074,619	\$245,400	\$156,458	\$1,476,477

	Hardware & Protective	Robotics & Digital	Canada	Revenue
53 Weeks Ended December 31, 2022				
Fastening and Hardware	\$834,210	\$—	\$155,362	\$989,572
Personal protective	234,524	—	8,926	243,450
Keys and key accessories	—	189,364	7,625	196,989
Engraving and Resharp	—	56,269	48	56,317
Consolidated	\$1,068,734	\$245,633	\$171,961	\$1,486,328

Figures in Thousands of USD unless otherwise noted.

Leverage Continues to Improve

	<i>December 30, 2023</i>
ABL Revolver (\$247 million capacity)	\$—
Term Note	\$751.9
Finance Leases and other obligations	\$9.1
Total Debt	\$760.9
Cash	\$38.6
Net Debt	\$722.4
TTM Adjusted EBITDA	\$219.4
Net Debt / TTM Adjusted EBITDA	3.3x



Please see reconciliation of Adjusted EBITDA to Net Income (loss) and Net Debt in the Appendix of this presentation. Figures in Millions of USD unless otherwise noted.

2024 Full Year Guidance

On February 22, 2024, Hillman provided the following guidance based on its current view of the market and its performance expectations during the fifty-two weeks ended December 28, 2024.

(in millions USD)	Full Year 2024 Guidance Range	Midpoint
Revenues	\$1.475 to \$1.555 billion	\$1.515 billion
Adjusted EBITDA	\$230 to \$240 million	\$235 million
Free Cash Flow	\$100 to \$120 million	\$110 million

Assumptions for 2024

- Interest Expense: \$55-\$65 million
- Cash Interest: \$50-\$60 million
- Cash Tax Expense: \$10-\$20 million
- Capital expenditures: \$65-\$75 million
- Restricting / Other: Approx. \$10 million
- Working Capital Benefit: \$5 - \$15 million
- Fully diluted weighted average share count: ~199 million

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

Resilient Business; Focused on Delevering & Acquisitions

- Hillman celebrated its 60th anniversary in 2024, long-term track record of success; proven to be resilient through multiple economic cycles
- Repair, Remodel and Maintenance industry has meaningful long-term tailwinds; near-record levels of U.S. home equity driving investment in the home¹
- Benefiting from price/cost dynamic which began flowing through income statement in 2H 2023
- Leverage improved to 3.3x (from 4.2x a year ago); will continue to improve and reduce debt with free cash flow
- Seeking to execute low-risk, bolt-on acquisitions that leverage Hillman's moat (Acquired Koch Industries in January 2024, entering rope and chain category)

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 60-year track record

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

2023: By The Numbers

~20 billion Fasteners Sold	~245 million Pairs of Work Gloves Sold	115+ million Keys Duplicated
~114,000 SKUs Managed	~46,000 Direct Shipping Locations	~31,000 Kiosks in Retail Locations
#1 Position Across Core Categories*	8.0% 20-Year Sales CAGR	60-Year track record of success
\$1.5 billion 2023 Sales	9.4% CAGR 2018-2023 Adj. EBITDA Growth	14.9% 2023 Adj. EBITDA Margin

**Management Estimates
Adjusted EBITDA is a non-GAAP measure. Please see Appendix for a reconciliation of Adjusted EBITDA to Net Income (Loss)*

Primary Product Categories

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Hardware Solutions

#1 in Segment

Fasteners & Specialty

HILLMAN

DECK PLUS
LIFETIME GUARANTEE



Picture Hanging

OOK

HILLMAN



Construction Fasteners

POWERPRO



Builders Hardware & Metal Shapes

THE STEELWORKS
BY HILLMAN

HILLMAN



Protective Solutions

#1 in Segment

Work Gear

AWP



McGuire-Nicholas
EST. 1932



Gloves

GREASE MONKEY **GORILLA GRIP**

FIRM GRIP

TRUE GRIP



Safety / PPE

FIRM GRIP **AWP**



PREMIUM DEFENSE

Robotics & Digital Solutions

#1 in Segment

Key and Fob Duplication

HILLMAN

minuteKey



Personalized Tags



TagWorks



Knife Sharpening

resharp



Representative Top Customers **ACE Hardware**



Source: Third party industry report.

Adjusted EBITDA Reconciliation Q4

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<i>Fourteen/thirteen weeks ended</i>	December 31, 2022	December 30, 2023
Net loss	\$(13,899)	\$(10,059)
Income tax expense (benefit)	1,916	(1,071)
Interest expense, net	15,703	15,430
Depreciation	16,077	14,392
Amortization	15,551	15,576
EBITDA	\$35,348	\$34,268
Stock compensation expense	2,735	2,893
Restructuring and other ⁽¹⁾	1,136	4
Litigation expense ⁽²⁾	3,889	—
Transaction and integration expense ⁽³⁾	84	155
Change in fair value of contingent consideration	1,798	(7,550)
Impairment charges ⁽⁴⁾	—	24,600
Adjusted EBITDA	\$44,990	\$54,370

1. Restructuring includes severance, consulting, and other costs associated with streamlining our operations.
2. Litigation expense includes legal fees associated with our litigation with Hy-Ko Products Company LLC.
3. Transaction and integration expense includes professional fees, non-recurring bonuses, and other costs related to acquisitions, and the secondary offerings of shares in 2022.
4. In the fourth quarter of 2023, we recorded an impairment charge in our Hardware and Protective Solutions segment of \$24.6 million, primarily related to the exit of certain retail locations and markets for a specific product line. We impaired \$19.6 million of intangible assets and recorded inventory revaluation charges of \$5.0 million.

Adjusted EBITDA Reconciliation 2023

<i>53/52 Weeks Ended</i>	December 31, 2022	December 30, 2023
Net loss	\$(16,436)	\$(9,589)
Income tax expense	1,769	2,207
Interest expense, net	54,560	68,310
Depreciation	57,815	59,331
Amortization	62,195	62,309
EBITDA	\$159,903	\$182,568
Stock compensation expense	13,524	12,004
Restructuring and other ⁽¹⁾	2,617	3,031
Litigation expense ⁽²⁾	32,856	339
Transaction and integration expense ⁽³⁾	2,477	1,754
Change in fair value of contingent consideration	(1,128)	(4,936)
Impairment charges ⁽⁴⁾	—	24,600
Adjusted EBITDA	\$210,249	\$219,360

1. Restructuring includes severance, consulting, and other costs associated with streamlining our operations. 2023 includes costs associated with the Cybersecurity Incident 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, non-recurring bonuses, and other costs related to acquisitions, and the secondary offerings of shares in 2022 and 2023.
4. In the fourth quarter of 2023, we recorded an impairment charge in our Hardware and Protective Solutions segment of \$24.6 million, primarily related to the exit of certain retail locations and markets for a specific product line. We impaired \$19.6 million of intangible assets and recorded inventory revaluation charges of \$5.0 million.

Adjusted Gross Profit Margin Reconciliation

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<i>Fourteen/thirteen weeks ended</i>	December 31, 2022	December 30, 2023
Net Sales	\$350,663	\$347,808
Cost of sales (exclusive of depreciation and amortization)	198,330	185,304
Gross margin exclusive of depreciation and amortization	\$152,333	\$162,504
Gross margin exclusive of depreciation and amortization %	43.4 %	46.7 %
Adjusting Items ⁽¹⁾ :		
Impairment charges	—	5,000
Adjusted Gross Profit	\$152,333	\$167,504
Adjusted Gross Margin %	43.4 %	48.2 %

<i>53/52 weeks ended</i>	December 31, 2022	December 30, 2023
Net Sales	\$1,486,328	\$1,476,477
Cost of sales (exclusive of depreciation and amortization)	846,551	828,956
Gross margin exclusive of depreciation and amortization	\$639,777	\$647,521
Gross margin exclusive of depreciation and amortization %	43.0 %	43.9 %
Adjusting Items ⁽¹⁾ :		
Impairment charges	—	5,000
Adjusted Gross Profit	\$639,777	\$652,521
Adjusted Gross Margin %	43.0 %	44.2 %

1. See adjusted EBITDA Reconciliation for details of adjusting items

Adjusted SG&A Expense Reconciliation

<i>Fourteen/thirteen weeks ended</i>	December 31, 2022	December 30, 2023
Selling, general and administrative expenses	\$114,980	\$116,234
Adjusting Items ⁽¹⁾ :		
Stock compensation expense	2,735	2,893
Restructuring and other	1,136	4
Litigation expense	3,889	—
Transaction and integration expense	84	155
Adjusted SG&A	\$107,136	\$113,182
Adjusted SG&A as a % of Net Sales	30.6 %	32.5 %

<i>53/52 weeks ended</i>	December 31, 2022	December 30, 2023
Selling, general and administrative expenses	\$480,993	\$452,110
Adjusting Items ⁽¹⁾ :		
Stock compensation expense	13,524	12,004
Restructuring and other	2,617	3,031
Litigation expense	32,856	339
Transaction and integration expense	2,477	1,754
Adjusted SG&A	\$429,519	\$434,982
Adjusted SG&A as a % of Net Sales	28.9 %	29.5 %

1. See adjusted EBITDA Reconciliation for details of adjusting items

Net Debt & Free Cash Flow Reconciliations

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Reconciliation of Net Debt

<i>As of</i>	December 31, 2022	December 30, 2023
Revolving loans	\$72,000	\$—
Senior term loan	840,363	751,852
Finance leases and other obligations	6,406	9,097
Gross debt	\$918,769	\$760,949
Less cash	31,081	38,553
Net debt	\$887,688	\$722,396

Reconciliation of Free Cash Flow

<i>53/52 Weeks Ended</i>	December 31, 2022	December 30, 2023
Net cash provided by operating activities	\$119,011	\$238,035
Capital expenditures	(69,589)	(65,769)
Free cash flow	\$49,422	\$172,266

Segment Adjusted EBITDA Reconciliations

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<i>Fourteen Weeks Ended December 31, 2022</i>	HPS	RDS	Canada	Consolidated
Operating Income (Loss)	\$5,350	\$(113)	\$(1,517)	\$3,720
Depreciation & amortization	19,107	11,363	1,158	31,628
Stock Compensation Expense	2,364	231	140	2,735
Restructuring	985	151	—	1,136
Litigation expense	—	3,889	—	3,889
Transaction and integration expense	126	(42)	—	84
Change in fair value of contingent consideration	—	1,798	—	1,798
Adjusted EBITDA	\$27,932	\$17,277	\$(219)	\$44,990

<i>Thirteen Weeks Ended December 30, 2023</i>	HPS	RDS	Canada	Consolidated
Operating (Loss) Income	\$(10,721)	\$15,345	\$(324)	\$4,300
Depreciation & amortization	19,379	9,365	1,224	29,968
Stock compensation expense	2,382	316	195	2,893
Restructuring	—	4	—	4
Litigation expense	—	—	—	—
Transaction and integration expense	137	18	—	155
Change in fair value of contingent consideration	—	(7,550)	—	(7,550)
Impairment charges	24,600	—	—	24,600
Adjusted EBITDA	\$35,777	\$17,498	\$1,095	\$54,370

1. See adjusted EBITDA Reconciliation for details of adjusting items

Segment Adjusted EBITDA Reconciliations

HILLMAN
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53 Weeks ended December 31, 2022	HPS	RDS	Canada	Consolidated
Operating Income	\$20,742	\$3,541	\$15,610	\$39,893
Depreciation & amortization	72,266	42,905	4,839	120,010
Stock Compensation Expense	11,057	1,479	988	13,524
Restructuring	2,342	275	—	2,617
Litigation expense	—	32,856	—	32,856
Transaction and integration expense	2,231	246	—	2,477
Change in fair value of contingent consideration	—	(1,128)	—	(1,128)
Adjusted EBITDA	\$108,638	\$80,174	\$21,437	\$210,249

52 Weeks ended December 30, 2023	HPS	RDS	Canada	Consolidated
Operating Income	\$8,366	\$42,953	\$9,609	\$60,928
Depreciation & amortization	76,099	40,714	4,827	121,640
Stock Compensation Expense	9,988	1,251	765	12,004
Restructuring	2,549	372	110	3,031
Litigation expense	—	339	—	339
Transaction and integration expense	1,561	193	—	1,754
Change in fair value of contingent consideration	—	(4,936)	—	(4,936)
Impairment charges	24,600	—	—	24,600
Adjusted EBITDA	\$123,163	\$80,886	\$15,311	\$219,360

1. See adjusted EBITDA Reconciliation for details of adjusting items

