

# NOTICE OF 2024 ANNUAL MEETING

To be held June 7, 2024



## FELLOW HILLMAN STOCKHOLDERS:

We are pleased to invite you to join us for Hillman's 2024 Annual Meeting of Stockholders on June 7, 2024 at 10:30 a.m. Eastern Time. In order to make the meeting more accessible for investors, the 2024 Annual Meeting of Stockholders will be conducted via webcast only. You will be able to participate in the virtual meeting online, vote your shares electronically, examine our list of stockholders, and submit questions during the meeting by visiting [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024).

## When



June 7, 2024 at  
10:30 a.m.  
Eastern Time.

## ITEMS OF BUSINESS:

01 Elect four directors, each for a term that expires in 2027.

02 Approve, by non-binding vote, the compensation of our named executive officers.

03 Amend our certificate of incorporation to declassify the Board by the 2027 Annual Meeting of Stockholders.

04 Amend our certificate of incorporation to eliminate supermajority voting provisions.

05 Amend our certificate of incorporation to provide for officer exculpation of liability.

06 Amend our certificate of incorporation to eliminate the sponsor corporate opportunity provision.

07 Amend our certificate of incorporation to eliminate the sponsor business combination provision.

08 Amend our bylaws to eliminate supermajority voting provisions.

09 Approve an increase in number of shares reserved under our 2021 Equity Incentive Plan.

## Where



Online at:  
[www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024)

## Who Can Vote



Holders of Hillman common stock at the close of business on the record date of April 12, 2024 are entitled to notice of and to vote at the meeting.

10

Ratify the selection of Deloitte & Touche LLP as our independent auditor for fiscal year 2024.

11

Transact other business as may properly come before the meeting.

## ATTENDING THE MEETING

Stockholders holding shares at the close of business on the record date may attend the virtual meeting. You will be able to attend the Annual Meeting, vote, examine our list of stockholders, and submit your questions 15 minutes in advance of, and in real-time during, the meeting by a live audio webcast by visiting [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024). To participate in the meeting, you must have your sixteen-digit control number that is shown on your Notice of Internet Availability of Proxy Materials or on your proxy card if you receive the proxy materials by mail. You will not be able to attend the Annual Meeting in person.

## Ways to Vote

Your vote is important! Please vote your proxy in one of the following ways:



### BY INTERNET

By visiting  
[www.proxyvote.com](http://www.proxyvote.com).



### BY TELEPHONE

By calling the number on your proxy card or voting instruction form.



### BY MAIL

By marking, signing, dating, and mailing your proxy card if you requested printed materials, or your voting instruction form. No postage is required if mailed in the United States.



### BY MOBILE

By scanning the QR code on your proxy card, notice of internet availability of proxy materials, or voting instruction form.



### REAL TIME

By voting electronically during the virtual Annual Meeting at [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024).

We appreciate your continued confidence in Hillman and we look forward to your participation in our virtual meeting.

By Order of the Board of Directors,

**Douglas J. Cahill**

Chairman of the Board, President, and Chief Executive Officer  
Hillman Solutions Corp.  
April 23, 2024  
Cincinnati, Ohio



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# PROXY STATEMENT

## FOR THE 2024 ANNUAL MEETING

### FELLOW HILLMAN STOCKHOLDERS:

We are providing this notice, proxy statement, and annual report to the stockholders of Hillman Solutions Corp. (“Hillman”, “we”, “us”, “our”) in connection with the solicitation of proxies by the Board of Directors of Hillman (the “Board”) for use at the Annual Meeting of Stockholders to be held on June 7, 2024, at 10:30 a.m. Eastern Time (the “Annual Meeting”), and at any adjournments thereof. The Annual Meeting will be held virtually and can be accessed online at [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024). There is no physical location for the Annual Meeting of Stockholders.

Our principal executive offices are located at 1280 Kemper Meadow Dr., Forest Park, Ohio 45240. Our telephone number is 513-851-4900. This notice, proxy statement, and annual report, and the accompanying proxy card were first furnished to stockholders on April 23, 2024.

### QUESTIONS AND ANSWERS

#### Why are you holding a virtual meeting?

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In order to make the meeting more accessible for our global investor base, our 2024 Annual Meeting is being held on a virtual-only basis with no physical location. Our goal for the Annual Meeting is to enable the broadest number of stockholders to participate in the meeting, while providing substantially the same access and exchange with the Board and Management as an in-person meeting. We believe that we are observing best practices for virtual stockholder meetings, including by providing a support line for technical assistance and addressing as many stockholder questions as time allows.

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#### Who can vote?

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You can vote if, as of the close of business on April 12, 2024, you were a stockholder of record of Hillman common shares.

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#### Who is asking for my vote, and who pays for this proxy solicitation?

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Your proxy is being solicited by Hillman’s Board. Hillman is paying the cost of solicitation. We also will reimburse banks, brokers, nominees, and other fiduciaries for postage and reasonable expenses incurred by them in forwarding the proxy material to beneficial owners of our common shares.

Proxies may be solicited personally, by telephone, electronically by Internet, or by mail.

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## How do I vote my proxy?

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You can vote your proxy in one of the following ways:

1. By internet, by visiting [www.proxyvote.com](http://www.proxyvote.com).
2. By telephone, by calling the number on your proxy card, voting instruction form, or notice.
3. By mail, by marking, signing, dating, and mailing your proxy card if you requested printed materials, or your voting instruction form. No postage is required if mailed in the United States.
4. By mobile device, by scanning the QR code on your proxy card, notice of internet availability of proxy materials, or voting instruction form.
5. By voting electronically during the virtual Annual Meeting at [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024).

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## How can I participate and ask questions at the Annual Meeting?

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We are committed to ensuring that our stockholders have substantially the same opportunities to participate in the virtual Annual Meeting as they would at an in-person meeting. In order to submit a question at the Annual Meeting, you will need your 16-digit control number that is printed on the notice or proxy card that you received in the mail, or by email if you have elected to receive material electronically.

You may log in 15 minutes before the start of the Annual Meeting and submit questions online. We encourage you to submit any question that is relevant to the business of the meeting. Questions asked during the Annual Meeting will be read and addressed during the meeting as time allows. Stockholders are encouraged to log into the webcast 15 minutes prior to the start of the meeting to test their Internet connectivity.

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## What documentation must I provide to be admitted to the virtual Annual Meeting and how do I attend?

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If your shares are registered in your name, you will need to provide your sixteen-digit control number included on your notice or your proxy card (if you receive a printed copy of the proxy materials) in order to be able to participate in the meeting. If your shares are not registered in your name (if, for instance, your shares are held in “street name” for you by your broker, bank, or other institution), you must follow the instructions printed on your Voting Instruction Form.

In order to participate in the Annual Meeting, please log on to [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024) at least 15 minutes prior to the start of the Annual Meeting to provide time to register and download the required software, if needed. A replay of the webcast will be available at [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024) until the 2025 Annual Meeting of Stockholders. If you access the meeting but do not enter your control number, you will be able to listen to the proceedings, but you will not be able to vote or otherwise participate.

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## What if I have technical or other “IT” problems logging into or participating in the Annual Meeting webcast?

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We have provided a toll-free technical support “help line” on the virtual Annual Meeting login page that can be accessed by any stockholder who is having challenges logging into or participating in the virtual Annual Meeting. If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support line number that will be posted on the virtual Annual Meeting login page.

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## What documentation must I provide to vote online at the Annual Meeting?

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If you are a stockholder of record at the close of business on April 12, 2024 and provide your sixteen-digit control number when you access the meeting, you may vote all shares registered in your name during the Annual Meeting webcast. If you are not a stockholder of record as to any of your shares (i.e., instead of being registered in your name, all or a portion of your shares are registered in “street name” and held by your broker, bank, or other institution for your benefit), you must follow the instructions printed on your Voting Instruction Form.

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## How do I submit a question at the Annual Meeting?

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If you would like to submit a question during the Annual Meeting, once you have logged into the webcast at [www.virtualshareholdermeeting.com/HLMN2024](http://www.virtualshareholdermeeting.com/HLMN2024), simply type your question in the “Ask a Question” box and click “submit”. You may submit questions beginning 15 minutes prior to the Annual Meeting start time.

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## When should I submit my question at the Annual Meeting?

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We anticipate having a question-and-answer session following the formal business portion of the meeting during which stockholders may submit questions. Stockholders can submit a question beginning 15 minutes prior to the start of the Annual Meeting and up until the time we indicate that the question-and-answer session is concluded. However, we encourage you to submit your questions before or during the formal business portion of the meeting and our prepared statements, in advance of the question-and-answer session, in order to ensure that there is adequate time to address questions in an orderly manner.

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## Can I change or revoke my proxy?

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The shares of common stock represented by each proxy will be voted in the manner you specified unless your proxy is revoked before it is exercised. You may change or revoke your proxy by providing written notice to Hillman’s Secretary at 1280 Kemper Meadow Dr., Forest Park, Ohio 45240, by executing and sending us a subsequent proxy, or by voting your shares while logged in and participating in the 2024 Annual Meeting of Stockholders.

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## How many shares are outstanding?

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As of the close of business on the record date, April 12, 2024, our outstanding voting securities consisted of 196,016,419 shares of common stock.

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## How many votes per share?

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Each share of common stock outstanding on the record date will be entitled to one vote on each of the four director nominees and one vote on each other proposal. Stockholders may not cumulate votes in the election of directors.

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## What voting instructions can I provide?

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You may instruct the proxies to vote “For” or “Against” each proposal, or you may instruct the proxies to “Abstain” from voting.

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## What happens if proxy cards or voting instruction forms are returned without instructions?

If you are a registered stockholder and you return your proxy card without instructions, the proxies will vote in accordance with the recommendations of the Board.

If you hold shares in street name and do not provide your broker with specific voting instructions on Proposals 1-9, which are considered non-routine matters, your broker does not have the authority to vote on those proposals. This is generally referred to as a “broker non-vote.” Proposal 10, ratification of auditors, is considered a routine matter and, therefore, your broker may vote your shares according to your broker’s discretion.

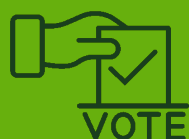
The vote required, including the effect of broker non-votes and abstentions for each of the matters presented for stockholder vote, is set forth below.

## What are the voting requirements and voting recommendation for each of the proposals?

	Proposals	Board Recommendation	Voting Approval Standard	Effect of Abstention	Effect of Broker Non-vote
01	Election of Directors	FOR each Director Nominee	More votes “FOR” than “AGAINST” since an uncontested election	No Effect	No Effect
02	Non-Binding Vote to approve Executive Compensation	FOR	Affirmative vote of the majority of shares participating in the vote	No Effect	No Effect
03	Amend Charter to Declassify the Board	FOR	Affirmative vote of at least 66% of the outstanding shares	Same as “AGAINST”	Same as “AGAINST”
04	Amend Charter to Eliminate Supermajority Voting	FOR	Affirmative vote of at least 66% of the outstanding shares	Same as “AGAINST”	Same as “AGAINST”
05	Amend Charter to Provide Officer Exculpation	FOR	Affirmative vote of at least 66% of the outstanding shares	Same as “AGAINST”	Same as “AGAINST”
06	Amend Charter to Eliminate Sponsor Corporate Opportunity Provision	FOR	Affirmative vote of at least 66% of the outstanding shares	Same as “AGAINST”	Same as “AGAINST”
07	Amend Charter to Eliminate Sponsor Business Combination Provision	FOR	Affirmative vote of at least 66% of the outstanding shares	Same as “AGAINST”	Same as “AGAINST”
08	Amend Bylaws to Eliminate Supermajority Voting	FOR	Affirmative vote of at least 66% of the outstanding shares	Same as “AGAINST”	Same as “AGAINST”
09	Increase Shares Reserved under 2021 Equity Incentive Plan	FOR	Affirmative vote of the majority of shares participating in the vote	No Effect	No Effect
10	Ratification of Independent Auditors	FOR	Affirmative vote of the majority of shares participating in the vote	No Effect	Not Applicable

# ITEM NO. 1

## ELECTION OF DIRECTORS



**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR THE ELECTION  
OF ALL DIRECTOR NOMINEES.**

### Nominees for Term to Expire in 2027

**DIANA  
DOWLING**  
Director

**TERESA  
GENDRON**  
Director

**DANIEL  
O'LEARY**  
Director

**JOHN  
SWYGERT**  
Director

#### YOU ARE BEING ASKED TO ELECT FOUR DIRECTOR NOMINEES FOR A TERM EXPIRING IN 2027.

As of the date of this proxy statement, the Board consists of nine members and is divided into one class of four members, one class of three members, and one class of two members. The members of the three classes are elected to serve for staggered terms of three years. However, Proposal 3, if approved by our stockholders at this Annual Meeting, would amend our certificate of incorporation to declassify the Board by the 2027 Annual Meeting of Stockholders, at which time all directors would be elected annually. See Proposal 3 for additional details.

Each of the nominees is a current director of the Company who has consented to stand for re-election to the Board with a term expiring at the Company's 2027 Annual Meeting of Stockholders. In the event that any of the nominees becomes unavailable to serve as a director before the Annual Meeting, the Board may designate a new nominee, and the persons named as proxies will vote for that substitute nominee.

## Director Qualifications and Attributes

The Nominating and ESG Committee is responsible for developing and recommending to the Board a set of director qualifications and attributes that are applicable to the Company's business and strategic direction. The Nominating and ESG Committee evaluates each director candidate on the basis of the length, breadth and quality of the candidate's business experience, the applicability of the candidate's skills and expertise to the Company's business and strategic direction, the perspectives that the candidate would bring to the entire Board, and the personality or "fit" of the candidate with our culture, existing members of the Board, and management.

The following are descriptions of the qualifications and attributes that the Board believes are important in effective oversight of the Company, listed in alphabetical order:

Qualifications and Attributes	Relevance to Hillman
Diversity	We believe diversity strengthens our competitive advantage and reflects the consumers we serve.
Finance	Our business involves complex financial transactions and reporting requirements.
Governance	As a public company, we and our stockholders expect effective oversight and transparency.
Human Capital Management	Directors with experience in organizational management and talent development provide key insights into developing and investing in our employees.
Information Technology / Cybersecurity	We rely on technology to manage customer, employee and supplier data and deliver products and services to the market, and it is important to protect this data.
Marketing / Communications	Effective marketing and communications are critical to building customer loyalty, deepening customer engagement, and expanding market share.
Mergers & Acquisitions	Ability to assess M&A opportunities for a strategic fit, strong value creation potential, and clear execution capacity.
Product Development	Ideation, research and development, and commercialization of products and services are critical to our growth and customer retention.
Retail / Merchandising	Experience in the retail industry provides a relevant understanding of the business, strategy and marketplace dynamics of our customers and the markets we serve.
Senior Leadership	The significant leadership experience that comes from a senior leadership role can provide insight on business operations, driving growth, and building and strengthening corporate culture.
Strategic Management	Our Board regularly reviews and has input on our strategic plan, which guides our long-term business investments and objectives and our capital allocation.
Supply Chain	Upstream and downstream supply chain management, structure and design are critical to our strategic initiatives and sourcing.



Directors and director nominees self-identified their qualifications, attributes, and expertise gained through their varied backgrounds and industries. The overall qualifications and attributes represented on the Board, as identified by the directors, is demonstrated through the following chart:

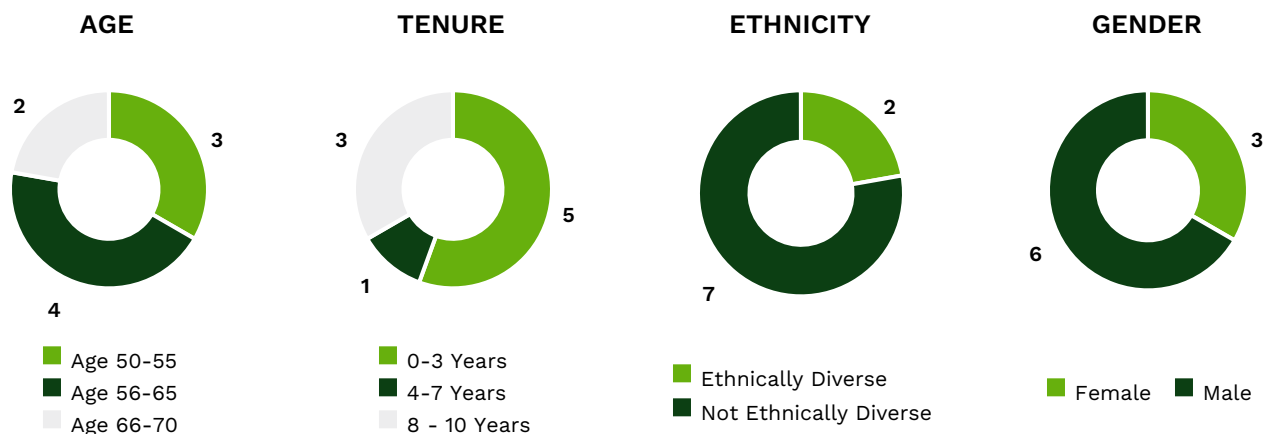
Qualifications and Attributes	Cahill	Dowling	Gendron	Honda	Jagdfeld	O'Leary	Owens	Swygert	Woodlief
Diversity		■	■	■			■	■	
Finance	■	■	■	■	■	■		■	■
Governance	■	■	■	■		■		■	■
Human Capital Management	■	■		■	■	■	■	■	■
Information Technology / Cybersecurity				■			■		
Marketing / Communications	■				■	■	■		
Mergers & Acquisitions	■	■	■	■	■	■			■
Product Development	■	■			■		■		
Retail/ Merchandising	■						■	■	
Senior Leadership	■		■	■	■	■	■	■	■
Strategic Management	■	■	■	■	■	■	■	■	■
Supply Chain	■					■		■	

## Board Diversity Matrix (as of April 23, 2024 )

The Board believes the Company benefits from the diversity of experience and perspectives of its members. The following Board Diversity Matrix in the format required under applicable Nasdaq rules:

Total Number of Directors	9			
	Female	Male	Nonbinary	Did Not Disclose Gender
<b>Part I: Gender Identity</b>				
Directors	3	6	-	-
<b>Part II: Demographic Background</b>				
African American or Black	-	1	-	-
Alaskan Native or Native American	-	-	-	-
Asian	-	-	-	-
Hispanic or Latinx	-	1	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	3	5	-	-
Two or More Races or Ethnicities	-	1	-	-
LGBTQ+			-	
Did Not Disclose Demographic Background			-	

## Board Diversity



## Director Nominees for a Term to Expire in 2027

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The experience, qualifications, attributes, and skills that led the Nominating and ESG Committee and the Board to conclude that the following individuals should serve as directors are set forth below. The committee memberships stated below are those in effect as of the date of this proxy statement. References to director service to Hillman include service to our predecessor companies HMAN Group Holdings, Inc. and The Hillman Companies, Inc., as applicable.



### DIANA DOWLING

Director | Age: 58 | Director Since: 2021

Committee: Compensation, Nominating and ESG

Ms. Dowling has been an innovation and strategy consultant advising corporations on partnerships, M&A activity, and new product initiatives since 2017. Her recent clients include Epiq, where she focused on data privacy products and acquisitions, and Pitney Bowes, where she focused on mobile location data and ecommerce. While consulting at Pitney Bowes, Ms. Dowling led both the business strategy for the Newgistics acquisition, as well as the post-merger integration. She is also the CEO/Founder of Two Hudson Ventures, investing in start-ups and real estate. Earlier in her career, Ms. Dowling was a VP of Business Development at MaMaMedia, a digital media startup, and Director of Business Development at Hearst New Media. In addition, she worked as a market research analyst at Tontine Partners. Ms. Dowling began her career as an analyst and associate at Bankers Trust. She was Executive Director of Harvard Business School Alumni Angels NY, as well as Co-Chair of HBSCNY Entrepreneurship. Ms. Dowling was selected to serve on our board of directors due to her experience in digital marketing, e-commerce, data and analytics, innovation, new business development, and M&A.



## TERESA GENDRON

Director | Age: 54 | Director Since: 2021  
Committee: Audit

Ms. Gendron was Chief Financial Officer of Markel Corporation (NYSE: MKL) from March 2023 to December 2023. Previously, Ms. Gendron had been the Vice President and Chief Financial Officer of Jefferies from 2014 to 2023. From 2011 to 2014, Ms. Gendron was the Vice President and Controller of Gannett Co., Inc., a NYSE listed international media and marketing solutions company, and performed the duties of Chief Accounting Officer. Previously, Ms. Gendron was Vice President and Controller at NII Holdings, Inc., a mobile communication services company, which she joined as its Finance Director in 1998. Ms. Gendron was selected to serve on our board of directors due to her financial and business experience.



## DANIEL O'LEARY

Director | Age: 68 | Director Since: 2021  
Lead Independent Director  
Committee: Audit, Nominating and ESG

Mr. O'Leary is an independent consultant who served as President and CEO of Edgen Murray Corporation from 2003 to 2021. He was appointed Chairman of the board of Edgen Murray in 2006. He began at Edgen Murray, a distributor for energy infrastructure components, specialized oil and gas parts and equipment, and its predecessor companies in 2003, guiding a management buyout that grew the company through a series of acquisitions and growth initiatives. The company went public in May 2012 and was acquired in 2013 by Sumitomo Corporation. Mr. O'Leary has served on the board of Vitesse Energy, Inc. (NYSE: VTS), and has been designated as Lead Director, since 2023 and Custom Ecology, Inc. since 2021. Additionally, he served as an independent director on the board of Sprint Industrial from 2017 to 2019. Mr. O'Leary has a long career in leadership positions in manufacturing and distribution, principally in the oil and gas and energy infrastructure markets. Mr. O'Leary was selected to serve on our board of directors due to his extensive management, operational, investment, and business experience.



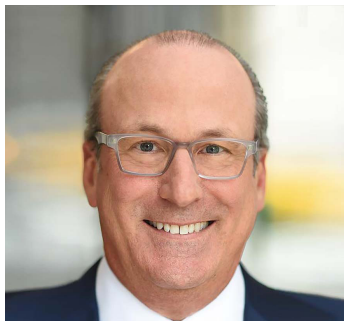
## JOHN SWYGERT

Director | Age: 55 | Director Since: 2021  
Committee: Audit

Mr. Swygert has been the President, Chief Executive Officer, and a Director of Ollie's Bargain Outlet Holdings, Inc. (Nasdaq: OLLI) since December 2019. Prior to this appointment, Mr. Swygert was Ollie's Executive Vice President and Chief Operating Officer since January 2018. Mr. Swygert joined Ollie's in March 2004 as Chief Financial Officer and was later promoted to Executive Vice President and Chief Financial Officer in 2011. Mr. Swygert has worked in discount retail as a finance professional for over 30 years. Prior to joining Ollie's, Mr. Swygert was Executive Vice President and Chief Financial Officer at Factory 2-U Stores, Inc. He held several positions while at Factory 2-U Stores from 1992, ranging from Staff Accountant, Assistant Controller, Controller, Director of Financial Planning and Analysis, Vice President of Finance and Planning, and Executive Vice President and Chief Financial Officer. Mr. Swygert also previously worked for PETCO Animal Supplies, Inc. in Business Development and Financial Analysis. Mr. Swygert previously served on the board of Truck Hero Holdings, Inc. from 2018 through January 2021. Mr. Swygert was selected to serve on our board of directors due to his extensive financial, operational and management experience in the retail field.

## Continuing Directors – Term to Expire in 2025

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### DOUGLAS J. CAHILL

Chairman, President, and Chief Executive Officer

Age: 64 | Director Since: 2014

Mr. Cahill has been our Chairman since 2014 and Hillman's President and Chief Executive Officer since 2019. Prior to joining Hillman, Mr. Cahill was a Managing Director of CCMP from July 2014 to July 2019 and was a member of CCMP's Investment Committee and previously was an Executive Adviser of CCMP from March 2013. Mr. Cahill served as President and Chief Executive Officer of Oreck, the manufacturer of upright vacuums and cleaning products, from May 2010 until December 2012. Prior to joining Oreck, Mr. Cahill served for eight years as President and Chief Executive Officer of Doane Pet Care Company, a private label manufacturer of pet food and former CCMP portfolio company, through to its sale to MARS Inc. in 2006. From 2006 to 2009, Mr. Cahill served as president of Mars Petcare U.S. Prior to joining Doane in 1997, Mr. Cahill spent 13 years at Olin Corporation, a diversified manufacturer of metal and chemicals, where he served in a variety of managerial and executive roles. Mr. Cahill serves as a Board Member for Junior Achievement of Middle Tennessee and the Visitor Board at Vanderbilt University's Owen Graduate School of Management. In January 2009, Mr. Cahill was appointed as an Adviser to Mars Incorporated. Mr. Cahill previously served as a director of Banfield Pet Hospital from 2006 to 2016, Ollie's Bargain Outlet (Nasdaq: OLLI) from 2013 to 2016, Jamieson Laboratories from 2014 to 2017, Founder Sport Group from 2016 to 2019, and Shoes for Crews from 2015 to 2019. Mr. Cahill serves as the Chairman of our board of directors due to his financial, investment, and extensive management experience.



## DIANE HONDA

Director | Age: 59 | Director Since: 2023  
Committee: Compensation

Ms. Honda most recently served as the Chief Administrative Officer, General Counsel, & Secretary of Barracuda Networks, a cybersecurity and data protection company, through January 2024. During her 12 years at Barracuda, Ms. Honda built and led the Human Resources, Legal, Compliance, Information Security, and Real Estate functions. Prior to joining Barracuda in 2012, she held leading technical and business operations roles at Fortune 50 and mid-size public companies. She has years of transformational experience in leadership positions on both corporate and non-profit boards, and is currently on the Board of Directors and a member of the Audit Committee of Lucidworks, Inc., a privately held provider of next-generation AI-powered search applications. Ms. Honda was initially selected to serve on our board of directors due to her extensive cybersecurity, human capital, legal and corporate governance experience.

### Continuing Directors – Term to Expire in 2026



## AARON P. JAGDFELD

Director | Age: 52 | Director Since: 2014  
Committee: Compensation (Chair)

Mr. Jagdfeld has been the President and Chief Executive Officer of Generac Power Systems, Inc. since September 2008 and a director of Generac since November 2006 (NYSE: GNRC). Mr. Jagdfeld began his career at Generac in the finance department in 1994 and became Generac's Chief Financial Officer in 2002. In 2007, he was appointed President and was responsible for sales, marketing, engineering, and product development. Prior to joining Generac, Mr. Jagdfeld worked in the audit practice of the Milwaukee, Wisconsin office of Deloitte & Touche from 1993 to 1994. Mr. Jagdfeld was selected to serve on our board of directors due to his extensive management and financial experience.



## DAVID A. OWENS

Director | Age: 61 | Director Since: 2018  
Committee: Nominating and ESG (Chair)

Dr. Owens has been the executive director of The Wond'ry, Vanderbilt University's center for creativity, innovation, design, and making since 2019. He is also Professor of the Practice of Innovation at the Vanderbilt Graduate School of Management where he has taught since 1998. Dr. Owens has significant industry experience, having served as an independent management consultant for numerous Fortune 100 companies since 1998 and having served as CEO of Griffin Technologies, a consumer products company, from 2017 to 2018. Dr. Owens was selected to serve on our board of directors due to his financial and business experience.



## PHILIP K. WOODLIEF

Director | Age: 70 | Director Since: 2015  
Committee: Audit (Chair)

Mr. Woodlief has been an independent financial consultant since 2007 and was an Adjunct Professor of Management at Vanderbilt University's Owen Graduate School of Business from 2010 to 2020. At Vanderbilt, Mr. Woodlief taught Financial Statement Research and Financial Statement Analysis. Mr. Woodlief also served as a Visiting Instructor of Accounting at Sewanee: The University of the South from 2017 to 2020. Prior to 2008, Mr. Woodlief was Vice President and Chief Financial Officer of Doane Pet Care, a global manufacturer of pet products. Prior to 1998, Mr. Woodlief was Vice President and Corporate Controller of Insilco Corporation, a diversified manufacturer of consumer and industrial products. Mr. Woodlief began his career in 1979 at KPMG Peat Marwick in Houston, Texas, progressing to the Senior Manager level in the firm's Energy and Natural Resources practice. Mr. Woodlief was a certified public accountant. Mr. Woodlief currently serves as Chairman of the board of trustees of Sewanee St. Andrew's School, and serves on the Masters of Accounting Advisory Board at Vanderbilt University's Owen Graduate School of Business. Mr. Woodlief previously served on the board of Founder Sport Group from 2017 to 2020. Mr. Woodlief was selected to serve on our board of directors due to his financial and business experience.



## Corporate Governance

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The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and ESG Committee. In addition, the Board has adopted Corporate Governance Principles and a Code of Business Conduct and Ethics. Each of these documents and the charters of the Board Committees are posted on the Company's web site at <https://ir.hillmangroup.com/corporate-governance/governance-documents>.

### DIRECTOR INDEPENDENCE

The Board and the Nominating and ESG Committee have reviewed and evaluated transactions and relationships with Board members and Board nominees to determine the independence of each of the members or nominees. The Board does not believe that any of its non-employee members or nominees have relationships with the Company that would interfere with the exercise of independent judgment in carrying out his or her responsibilities as a director. The Board has determined that each of Ms. Dowling, Ms. Gendron, Ms. Honda, Mr. Jagdfeld, Mr. O'Leary, Mr. Owens, Mr. Swygert, and Mr. Woodlief are "independent directors" as defined in Nasdaq rules and the applicable SEC rules. In making these determinations, the Board considered Ms. Gendron's role as Chief Financial Officer of Jefferies through March 2023, which serves as a lender to the Company and has a current and long standing investment banking relationship with the Company.

### BOARD ATTENDANCE

Each member of the Board is expected to make a reasonable effort to attend all meetings of the Board, all applicable committee meetings and each annual meeting of stockholders. There were 5 meetings of our Board during the fiscal year ended December 30, 2023. Each director attended at least 75% of the aggregate meetings of the Board and the committees on which he or she served in fiscal 2023. All of our directors attended our 2023 Annual Meeting of Stockholders.

### BOARD LEADERSHIP STRUCTURE

Our Corporate Governance Principles provide our Board with flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer in accordance with its determination that utilizing one or the other structure would be in the best interests of our Company. Currently, the roles are combined, with Mr. Cahill serving as Chairman of the Board and Chief Executive Officer. Our Board has determined that combining the roles of Chairman of the Board and Chief Executive Officer is in the best interests of our Company and its stockholders at this time because it promotes unified leadership by Mr. Cahill and allows for a single, clear focus for management to execute the Company's strategy and business plans.

The Company revised its Corporate Governance Principles on November 2, 2023 to require a Lead Independent Director when the positions of Chairman of the Board and CEO are held by the same person. The independent directors of the Board appointed Daniel O'Leary as Lead Independent Director on November 2, 2023. The Lead Independent Director's duties include:

- Work closely with the Chairman with regard to approving the information presented to the Board and setting and approving meeting agendas and meeting schedules;
- Chair meetings of the Board in the absence of the Chairman;
- Have authority to call and oversee meetings of the independent Directors, including executive sessions of the non-employee Directors;
- Serve as the principal liaison between the independent Directors and the Chairman; and
- Take a significant role in the Board evaluation process.

Due to the strong leadership of Mr. Cahill, coupled with the independent oversight provided by our independent committees and the position of Lead Independent Director, our Board has concluded that our current leadership structure is appropriate at this time. However, our Board will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

### BOARD ROLE IN RISK OVERSIGHT

The Board executes its oversight responsibility for risk management with the assistance of its Audit Committee, Compensation Committee, and Nominating and ESG Committee. The Audit Committee oversees the Company's risk management activities, generally, and is charged with reviewing and discussing with management the Company's

major risk exposures and emerging risks and the steps management has taken to monitor, control, and manage these exposures. The Audit Committee's meeting agendas include discussions of individual risk areas throughout the year, as well as an annual summary of the risk management process, including the Company's risk assessment and risk management guidelines. The Compensation Committee oversees the Company's compensation policies generally to determine whether they create risks that are reasonably likely to have a material adverse effect on the Company. The Nominating and ESG Committee monitors compliance with the Corporate Governance Principles and reviews the Company's management of risks related to corporate social responsibility, including with respect to sustainability and the environment.

Although the Board and its committees oversee risk management for the Company, management is responsible for the day-to-day management and mitigation of the Company's risks. We believe this division of responsibility reflects the appropriate roles of the Board and management in assessing and managing risks.

#### **DIRECTOR NOMINEE SELECTION PROCESS**

The Nominating and ESG Committee is responsible for recommending to the Board a slate of nominees for election at each annual meeting of stockholders. The Nominating and ESG Committee recruits candidates for Board membership through its own efforts and through recommendations from other directors, management, and stockholders. In addition, the Nominating and ESG Committee may retain an independent search firm to assist in identifying and recruiting director candidates who meet the criteria developed by the Nominating and ESG Committee.

The Nominating and ESG Committee also considers the specific experience and abilities of director candidates in light of our current business, strategy, structure, and the current or expected needs of the Board in its identification and recruitment of director candidates.

#### **CANDIDATES NOMINATED BY STOCKHOLDERS**

Stockholders who wish to recommend director candidates for consideration by the Nominating and ESG Committee may send a written notice to the Secretary at the Company's principal executive offices. Stockholders should review the Company's Bylaws and most recent proxy statement filed with the SEC to determine the applicable deadlines for the Company's receipt of a stockholder's nomination notice.

In general, the notice should indicate the name, age, and address of the person recommended, the person's principal occupation or employment for the last five years, other public company boards on which the person serves, whether the person would qualify as independent as the term is defined under the applicable listing standards of Nasdaq, and the class and number of shares of Company securities owned by the person. The Nominating and ESG Committee may require additional information to determine the eligibility and qualifications of the person recommended. The notice should also state the name and address of, and the class and number of shares of Company securities owned by, the person or persons making the recommendation.

In addition, to comply with the universal proxy rules, stockholders who intend to solicit proxies in support of director nominees other than the Company's nominees must provide notice that sets forth the information required by Rule 14a-19 under the Securities Exchange Act of 1934 no later than April 8, 2025, which is the date 60 calendar days prior to the one year anniversary of the 2024 Annual Meeting.

The Board also approved updates to the Company's bylaws, with effectiveness contingent upon approval of the other bylaw amendments pursuant to Proposal 8 at the 2024 Annual Meeting, to add provisions relating to new universal proxy rules and amend the advance notice provisions relating to director nominations by stockholders and stockholder proposals. These provisions will be implemented pursuant to the Amended and Restated Bylaws. The full text of the Amended and Restated Bylaws is attached to this proxy statement as Appendix C, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining. The Board may reconsider these updates to the Company's bylaws at any time, even if Proposal 8 is not approved by stockholders.

#### **BOARD DIVERSITY**

In determining whether to recommend a director nominee, the Nominating and ESG Committee members consider and discuss diversity, among other factors, with a view toward the needs of the Board as a whole. The committee members generally conceptualize diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint, professional background, education, skills and other individual qualities and attributes that contribute to the total mix of viewpoints and experience represented on the Board. The Board commits that highly qualified women and minority candidates will be included in each pool from which new non-

incumbent director nominees are chosen, as well as highly qualified candidates with otherwise diverse backgrounds, skills, and experiences.

#### **PERIODIC EVALUATION OF THE BOARD**

The Nominating and ESG Committee oversees a Board evaluation process for the Board and its committees each year. As part of the Board evaluation process, the Board considers, among other matters, whether its composition reflects the skills needed to appropriately oversee the Company's long-term strategy and continued success. The Board also evaluates its processes and interactions with management to determine whether it is operating efficiently with respect to its oversight responsibilities.

#### **CORPORATE GOVERNANCE PRINCIPLES**

We operate under a set of Corporate Governance Principles designed to promote good corporate governance and align the interests of our Board and management with those of our stockholders. The Corporate Governance Principles relate to the role, composition, structure, and functions of the Board and the Company. The Nominating and ESG Committee is responsible for periodically reviewing these Corporate Governance Principles and recommending any changes to the Board.

#### **MAJORITY VOTING POLICY IN UNCONTESTED ELECTIONS**

Pursuant to our Corporate Governance Principles, in an uncontested election of directors (i.e., an election where the number of nominees does not exceed the number of directors to be elected), a nominee who receives more "Against" votes than "For" votes in such election is expected to promptly tender his or her resignation as a director. The Nominating and ESG Committee will consider each tendered director resignation and recommend to the Board whether to accept or reject it. After considering the recommendation of the Nominating and ESG Committee and any other information the Board deems appropriate, and within 90 days following the certification of the election results, the Board will act to accept or reject each tendered director resignation and promptly disclose its decision.

If a director's resignation is rejected, the Board will disclose the reasons for its decision, and the director will continue to serve the remainder of his or her term until his or her successor is duly elected or until his or her earlier death, resignation, or removal. If a director's resignation is accepted, the Board, in its sole discretion, may fill any resulting vacancy or decrease the size of the Board, in each case to the extent permitted by the Company's Bylaws.

Any director who tenders a resignation under this policy may not participate in the Nominating and ESG Committee recommendation or the action of the Board regarding whether to accept or reject such tender of resignation.

#### **CODE OF CONDUCT AND ETHICS**

We have adopted a code of business conduct that applies to all of our directors, officers, and employees, including our principal executive officer, principal financial officer, and principal accounting officer, which is available on our website at <https://ir.hillmangroup.com/corporate-governance>. Our code of business conduct is a "code of ethics", as defined in Item 406(b) of Regulation S-K. Please note that our internet website address is provided as an inactive textual reference only. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our internet website.

#### **ESG EFFORTS**

Our ESG efforts and reporting continue to evolve in a manner that is beneficial to the Company and our shareholders, and to align with upcoming reporting requirements of certain states and SEC requirements as they come to be effective. Hillman published its first annual ESG Fact Sheet in 2023 in respect of the 2022 fiscal year. Our most recent ESG Fact Sheet is posted on the Company's web site at <https://ir.hillmangroup.com/corporate-governance/governance-documents>.

#### **COMPENSATION RECOVERY POLICY (CLAWBACK)**

We have adopted a Compensation Recovery Policy that provides for the recovery of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. A copy of our Compensation Recovery Policy was filed as Exhibit 97 to our Annual Report on Form 10-K.

#### **INSIDER TRADING ARRANGEMENTS AND POLICIES**

We are committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, we have adopted our Insider Trading Policy governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, employees and certain

contractors, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to us. A copy of our Insider Trading Policy was filed as Exhibit 19.1 to our Annual Report on Form 10-K.

#### **PROHIBITION ON HEDGING AND PLEDGING**

Our Insider Trading Policy prohibits directors and executive officers from engaging, directly or indirectly, in the pledging of, hedging transactions in, or short sales of, Hillman securities.

#### **EQUITY GRANT POLICY**

Our Equity Grant Policy was approved by our Compensation Committee and specifies a procedure and timing for granting and pricing equity awards to protect against any appearance of spring loading or timing the grant of equity awards for the benefit of the grantee. The Equity Grant Policy designates quarterly predetermined grant dates for the granting of equity awards to employees, including our Executive Officers (a “Predetermined Quarterly Grant Date”), unless such date would fall during a blackout period. The Company selects Predetermined Quarterly Grant Dates because they will fall within the Company’s regular open trading window and should protect against any appearance of spring loading or timing the grant of equity awards for the benefit of the grantee.

Equity grants, including stock options, to our employees, including our executive officers, are generally approved annually at a meeting of the Committee that is held during the first quarter of each year. The grants are typically expressed and approved in fixed dollar terms, with the grant being effective as of, and the number of equity awards and exercise price calculated based on, the market value of the Company’s stock on the next Predetermined Quarterly Grant Date, which is during an open trading window (i.e. at least two full trading days following the release of earnings).

During our fiscal year ended December 30, 2023, we have not timed the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation.

#### **STOCKHOLDER COMMUNICATION WITH THE BOARD**

Any of the directors may be contacted by writing to them at: Board of Directors, c/o Secretary’s Office, Hillman Solutions Corp., 1280 Kemper Meadow Dr., Forest Park, Ohio 45240. The directors have requested that the Secretary of the Company act as their agent in processing any communication received. All communications that relate to matters that are within the scope of responsibilities of the Board and its committees will be forwarded to the Board. Communications relating to matters within the responsibility of one of the committees of the Board will be forwarded to the Chairperson of the appropriate committee. Communications relating to ordinary business matters are not within the scope of the Board’s responsibility and will be forwarded to the appropriate officer at the Company. Solicitations, advertising materials, and frivolous or inappropriate communications will not be forwarded.

## Committees of the Board

To assist the Board in undertaking its responsibilities, and to allow deeper engagement in certain areas of Company oversight, the Board has established the following three standing committees: Audit Committee, Compensation Committee, and Nominating and ESG Committee.

All committees are composed exclusively of independent directors, as defined in Nasdaq rules and the applicable SEC rules. The current charter of each Board committee is available on our website at [www.ir.hillmangroup.com](http://www.ir.hillmangroup.com) under Corporate Governance – Governance Documents.

### AUDIT COMMITTEE

Number of Meetings in 2023: 6

#### MEMBERS

Philip K. Woodlief (Chair), Teresa Gendron, Daniel O’Leary, John Swygert

#### COMMITTEE FUNCTIONS

- Assist the Board in its oversight of:
  - Integrity of the consolidated financial statements of the Company;
  - The Company’s compliance with legal and regulatory requirements;
  - Independent auditor’s qualifications and independence;
  - Performance of the Company’s internal audit function and independent auditors; and
  - The Company’s internal control over financial reporting.
- Appoint, retain or terminate the Company’s independent auditors and pre-approve all audit, audit-related, tax, and other services, if any, to be provided by the independent auditors; and
- Prepare the Audit Committee Report.

# COMPENSATION COMMITTEE

Number of Meetings in 2023: 4

## MEMBERS

Aaron P. Jagdfeld (Chair), Diana Dowling, Diane Honda

### COMMITTEE FUNCTIONS

- Review and approve the Company's overall compensation strategy;
- Review and approve, or recommend to the Board for approval, the compensation of the CEO and executive officers of the Company;
- Administers the Company's executive compensation policies and programs, including determining grants of equity awards under the plans;
- Prepare the Compensation Committee Report; and
- Has sole authority to retain and direct the committee's compensation consultant.

# NOMINATING AND ESG COMMITTEE

Number of Meetings in 2023: 5

## MEMBERS

David A. Owens (Chair), Diana Dowling, Daniel O'Leary

### COMMITTEE FUNCTIONS

- Oversee the Company's corporate governance policies and procedures;
- Identify individuals qualified to become new directors, consistent with criteria approved by the Board;
- Review the qualifications of incumbent directors to determine whether to recommend them for reelection;
- Recommend to the Board qualified individuals to serve as committee members on the various Board committees;
- Review the Board's performance and director independence; and
- Review the Company's ESG goals and initiatives and monitor the Company's progress against the same.

#### **AUDIT COMMITTEE EXPERTISE**

The Board has determined that Philip K. Woodlief qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and possesses financial sophistication, as defined under the rules of the Nasdaq Stock Market. The Board has determined that Mr. Woodlief is an independent director as defined under applicable Nasdaq rules.

#### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

No member of the Compensation Committee was at any time during fiscal year 2023, or at any other time, one of our officers or employees. None of our executive officers has served as a director or member of a compensation committee (or other committee serving an equivalent function) of any entity during fiscal year 2023, one of whose executive officers served as a director of our Board or member of our Compensation Committee.

## Beneficial Ownership of Common Stock

### SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the common shares beneficially owned as of April 1, 2024 by Hillman's directors, the NEOs, and the directors and executive officers as a group. The percentage of ownership is based on 203,062,145 of Hillman common shares outstanding on April 1, 2024, which includes the number of shares of common stock that could be acquired within 60 days following April 1, 2024 by the exercise of stock options and the vesting of time-based restricted stock units ("RSUs") held by our directors and executive officers set forth in footnote 3 below.

Shares Beneficially Owned		
Name <sup>(1)</sup>	Amount and Nature of Beneficial Ownership (#) <sup>(2)(3)</sup>	Percent of Class (%)
Douglas Cahill	6,422,896	3.1 %
Daniel O'Leary	42,236	*
John Swygert	25,029	*
Aaron Jagdfeld	246,508	*
David Owens	81,683	*
Philip Woodlief	91,683	*
Diana Dowling	32,236	*
Teresa Gendron	32,236	*
Diane Honda	14,699	*
Robert Kraft	989,604	*
Jon Michael Adinolfi	790,849	*
Scott Ride	267,690	*
Randall Fagundo	126,537	*
All directors and executive officers as a group (nineteen individuals)	9,879,221	5.1 %

\* Less than 1%

(1) Unless otherwise noted, the business address of each beneficial owner is c/o The Hillman Group, Inc., 1280 Kemper Meadow Dr., Cincinnati, Ohio 45240.

(2) This column consists of shares for which the directors and executives, directly or indirectly, have the power to vote or to dispose, or to direct the voting or disposition thereof, and also includes shares for which the person has the right to acquire beneficial ownership within 60 days following April 1, 2024. Except as otherwise noted, none of the named individuals shares with another person either voting or investment power as to the shares reported. None of the shares reported are pledged as security.



- (3) Figures for the directors and executive officers include the number of shares of common stock that could have been acquired within 60 days following April 1, 2024 by the exercise of stock options or the vesting of time-based RSUs awarded under our equity plans as set forth below:

Name	RSUs (#)	Options (#)
Douglas Cahill	—	6,110,811
Aaron Jagdfeld	14,699	49,447
David Owens	14,699	49,447
Philip Woodlief	14,699	49,447
Robert Kraft	—	794,691
Jon Michael Adinolfi	—	525,717
Scott Ride	—	267,690
Randall Fagundo	—	117,137
Diana Dowling	14,699	—
Teresa Gendron	14,699	—
Diane Honda	14,699	—
Dan O'Leary	14,699	—
John Swygert	14,699	—
All directors and executive officers as a group (nineteen individuals)	117,592	8,396,133

## Security Ownership of Certain Beneficial Owners

The following table sets forth information regarding the beneficial owners of more than five percent of Hillman common shares as of the close of business on April 1, 2024, based on reports on Schedule 13G or Schedule 13D and other information filed with the SEC.

Name and Address of Beneficial Owner	Amount and Nature of Ownership (#)	Percentage of Class (%)
The Vanguard Group <sup>(1)</sup> 100 Vanguard Blvd. Malvern, PA 19355	19,267,632	9.9 %
Kayne Anderson Rudnick Investment Management, LLC <sup>(2)</sup> 2000 Avenue of the Stars, Suite 1110 Los Angeles, CA 90067	14,977,324	7.7 %
BlackRock, Inc. <sup>(3)</sup> 50 Hudson Yards New York, NY 10001	14,257,243	7.3 %
JPMorgan Chase & Co. <sup>(4)</sup> 383 Madison Avenue New York, NY 10179	10,459,346	5.4 %
Jefferies Financial Group Inc. <sup>(5)</sup> 520 Madison Ave. New York, New York 10022	9,855,076	5.1 %

- (1) This information is based on a Schedule 13-G/A filed by The Vanguard Group on February 13, 2024. The Vanguard Group has sole voting power for none of the shares, shared voting power for 132,312 of the shares, sole dispositive power for 18,958,079 of the shares, and shared dispositive power for 309,553 of the shares.
- (2) This information is based on a Schedule 13-G/A filed by Kayne Anderson Rudnick Investment Management, LLC on February 13, 2024. Kayne Anderson Rudnick Investment Management, LLC has sole voting power for 8,884,528 of the shares, shared voting power for 3,675,621 of the shares, sole dispositive power for 11,301,703 of the shares, and shared dispositive power for 3,675,621 of the shares.
- (3) This information is based on a Schedule 13-G filed by BlackRock, Inc. on January 26, 2024. BlackRock, Inc. has sole voting power for 13,867,710 of the shares, shared voting power for none of the shares, sole dispositive power for 14,257,243 of the shares, and shared dispositive power for none of the shares.
- (4) This information is based on a Schedule 13-G/A filed by JPMorgan Chase & Co. on January 23, 2024. JPMorgan Chase & Co. has sole voting power for 9,697,895 of the shares, shared voting power for none of the shares, sole dispositive power for 10,459,346 of the shares, and shared dispositive power for none of the shares.
- (5) This information is based on a Schedule 13-G/A filed by Jefferies Financial Group Inc., on behalf of itself and its controlled subsidiaries, on February 14, 2024. Jefferies Financial Group Inc. has sole voting power for none of the shares, shared voting power for 9,855,076 of the shares, sole dispositive power for none of the shares, and shared dispositive power for 9,855,076 of the shares.

## Delinquent Section 16(a) Reports

Based solely on a review of the forms filed during, or with respect to, fiscal year 2023 and written representations from each reporting person, we believe that our directors, executive officers, controller, and beneficial owner(s) of more than 10% of our common stock filed all required reports on a timely basis, except for the late filing of a Form 4 related to the grant of restricted stock units to Anne McCalla on December 7, 2023, which was not reported timely due to an inadvertent administrative oversight.

## Certain Relationships and Related Party Transactions

## **REGISTRATION RIGHTS AGREEMENT - SECONDARY SALES**

At the closing of the Business Combination, Hillman, Jefferies Financial Group Inc., TJF, LLC, certain CCMP investors and certain Oak Hill investors entered into the A&R Registration Rights Agreement, pursuant to which, among other things, the parties to the A&R Registration Rights Agreement agreed not to effect any sale or distribution of any equity securities of Hillman held by any of them for the periods stated therein from the Closing Date, and were granted certain registration rights with respect to their respective shares of Hillman common stock, in each case, on the terms and subject to the conditions therein. Rich Zannino and Joe Scharfenberger served on our Board through May 11, 2023 and are employed by CCMP. Another director, Teresa Gendron, was the CFO of Jefferies Financial Group until March 2023.

In February 2023, certain CCMP investors sold 28,750,000 shares in a secondary public offering for gross proceeds of \$230.0 million. Hillman received no proceeds from the offering and, pursuant to its obligations under the A&R Registration Rights Agreement, incurred fees of approximately \$0.6 million related to this offering.

In May 2023, certain CCMP investors sold 22,455,000 shares in a secondary public offering for gross proceeds of \$172.7 million. Hillman received no proceeds from the offering and, pursuant to its obligations under the A&R Registration Rights Agreement, incurred fees of approximately \$0.4 million related to this offering.

## **SALES TO OLLIE'S BARGAIN OUTLET**

In fiscal 2023, Hillman made sales of \$1.6 million to Ollie's Bargain Outlet Holdings, Inc. ("Ollie's"). The sales consisted of several transactions for the sale of excess inventory. John Swygert, President and Chief Executive Officer of Ollie's, is a member of our Board of Directors.

## **RELATED PARTY TRANSACTION POLICY**

The Board has adopted a written related party transaction policy that sets forth the following policies and procedures for the review and approval or ratification of related party transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act"), any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships, in which we were or are to be a participant, where the amount involved exceeds \$120,000 in any fiscal year and a related party had, has, or will have a direct or indirect material interest, including without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related party.

In reviewing and approving any such transactions, our Audit Committee is tasked with considering all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction. All of the transactions described in this section were approved by our Audit Committee or Board, as applicable.

## Information about our Executive Officers

The following persons serve as our executive officers:

Name	Position	Age
<b>Douglas Cahill</b>	Chairman, President, and Chief Executive Officer	64
<b>Robert O. Kraft</b>	Chief Financial Officer and Treasurer	53
<b>Jon Michael Adinolfi</b>	Chief Operating Officer	48
<b>Scott C. Ride</b>	President, Hillman Canada	53
<b>Randall Fagundo</b>	Divisional President, Robotics and Digital Solutions	64
<b>Aaron Parker</b>	Vice President, Human Resources	39
<b>Gary L. Seeds</b>	Executive Vice President, Sales and Field Service	65
<b>George S. Murphy</b>	Divisional President, Hardware & Protective Solutions	59
<b>Amanda Kitzberger</b>	Vice President, General Counsel and Secretary	43
<b>Scott K. Moore</b>	Chief Technology Officer	53

The following is a brief biography of each of our executive officers. References to executive officer service to Hillman include service to our predecessor companies HMAN Group Holdings, Inc. and The Hillman Companies, Inc., as applicable.

### DOUGLAS CAHILL

Douglas Cahill serves as Hillman's President and Chief Executive Officer since 2019 and Chairman of Hillman's board of directors since 2014. Prior to joining Hillman, Mr. Cahill was a Managing Director of CCMP from July 2014 to July 2019 and was a member of CCMP's Investment Committee and previously was an Executive Adviser of CCMP from March 2013. Mr. Cahill served as President and Chief Executive Officer of Oreck, the manufacturer of upright vacuums and cleaning products, from May 2010 until December 2012. Prior to joining Oreck, Mr. Cahill served for eight years as President and Chief Executive Officer of Doane Pet Care Company, a private label manufacturer of pet food and former CCMP portfolio company, through to its sale to MARS Inc. in 2006. From 2006 to 2009, Mr. Cahill served as president of Mars Petcare U.S. Prior to joining Doane in 1997, Mr. Cahill spent 13 years at Olin Corporation, a diversified manufacturer of metal and chemicals, where he served in a variety of managerial and executive roles. Mr. Cahill serves as a Board Member for Junior Achievement of Middle Tennessee and the Visitor Board at Vanderbilt University's Owen Graduate School of Management. In January 2009, Mr. Cahill was appointed as an Adviser to Mars Incorporated. Mr. Cahill previously served as a director of Banfield Pet Hospital from 2006 to 2016, Ollie's Bargain Outlet (Nasdaq: OLLI) from 2013 to 2016, Jamieson Laboratories from 2014 to 2017, Founder Sport Group from 2016 to 2019, and Shoes for Crews from 2015 to 2019. Mr. Cahill serves as the Chairman of our board of directors due to his financial, investment, and extensive management experience.

### ROBERT O. KRAFT

Robert O. Kraft serves as Hillman's Chief Financial Officer and Treasurer since November 2017. Prior to joining Hillman, Mr. Kraft served as the President of the Omnicare (Long Term Care) division, and an Executive Vice President, of CVS Health Corporation from August 2015 to September 2017. From November 2010 to August 2015, Mr. Kraft was Chief Financial Officer and Senior Vice President of Omnicare, Inc. Mr. Kraft began his career with

PriceWaterhouseCoopers LLP in 1992, was admitted as a Partner in 2004, and is a certified public accountant (inactive). Mr. Kraft currently serves on the board of Medpace Holdings, Inc (Nasdaq: MEDP).

#### **JON MICHAEL ADINOLFI**

Jon Michael Adinolfi serves as Hillman's Chief Operating Officer since June 2023. From July 2019 to June 2023, Mr. Adinolfi served as Divisional President, Hillman US since July 2019. Prior to joining Hillman, Mr. Adinolfi served as President of US Retail for Stanley Black & Decker from November 2016 to July 2019. Prior to that, he served as President of Hand Tools for Stanley Black & Decker from October 2013 to December 2016. From June 2011 to September 2013, he served as the CFO — North America, CDIY for Stanley Black & Decker.

#### **SCOTT C. RIDE**

Scott C. Ride serves as President of The Hillman Group Canada ULC. Mr. Ride joined The Hillman Group Canada as the Chief Operating Officer in January 2015. Prior to joining Hillman, Mr. Ride served as the President of Husqvarna Canada from May 2011 through September 2014. From 2005 to 2011, Mr. Ride served in a variety of roles of increasing responsibility at Electrolux, including Senior Director of Marketing, Vice President and General Manager, and President.

#### **RANDALL FAGUNDO**

Randall Fagundo serves as Hillman's Divisional President, Robotics and Digital Solutions since August 2018. Prior to joining Hillman, Mr. Fagundo served as the President, and Chief Executive Officer of MinuteKey from June 2010 to August 2018 when the company was acquired by Hillman.

#### **AARON PARKER**

Aaron Parker serves as Hillman's Vice President, Human Resources since February 2023. From September 2020 to February 2023, Mr. Parker served as Director, then Senior Director, of Human Resources at Hillman. Prior to joining Hillman, Mr. Parker served in various positions in Human Resources at Fifth Third Bancorp from 2014 to 2020 and at Macy's, Inc. from 2009 to 2014.

#### **GARY L. SEEDS**

Gary L. Seeds serves as Hillman's Executive Vice President, Sales & Field Service since February 2020. From January 2014 to February 2020, Mr. Seeds served as Senior Vice President, Sales at Hillman. From January 2003 to January 2014, Mr. Seeds served as Senior Vice President, Regional and International Sales at Hillman. From January 1993 to January 2003, Mr. Seeds served as Vice President of Traditional Sales at Hillman. From July 1992 to January 1993, Mr. Seeds served as Regional Vice President of Sales at Hillman. From January 1989 to July 1992, Mr. Seeds served as West Coast Regional Manager. Mr. Seeds joined Hillman as a sales representative in February 1984.

#### **GEORGE S. MURPHY**

George Murphy serves as Hillman's Divisional President, Hardware & Protective Solutions since February 2024. From September 2021 to February 2024, Mr. Murphy served as Divisional President, Protective Solutions & Sales at Hillman. From October 2019 to September 2021, Mr. Murphy served as Executive Vice President, Sales at Hillman. Mr. Murphy served as Executive Vice President of Sales of our Big Time Products division from January 2018 to October 2019 and the President of Home Depot Sales from March 2016 to January 2018. Prior to joining Big Time Products, Mr. Murphy served as Senior Director of Sales for Master Lock from June 2007 to March 2016.

#### **AMANDA KITZBERGER**

Amanda Kitzberger serves as Hillman's Vice President, General Counsel, and Secretary since February 2023. From July 2021 to January 2023, Ms. Kitzberger served as Hillman's Vice President Human Resources and Administration. Ms. Kitzberger served as Assistant General Counsel at Hillman from 2019 to 2021. Prior to joining Hillman, Ms. Kitzberger was the Vice President and General Counsel at Clopay Plastic Products Co from 2014 to 2018 and served in in-house legal counsel roles at GOJO Industries, Inc. from 2008 to 2014.

#### **SCOTT K. MOORE**

Scott K. Moore serves as Hillman's Chief Technology Officer since August 2022. From August 2018 to August 2022, Mr. Moore served as Senior Vice President, IT, of Hillman's Robotics and Digital Solutions division, and in the same role at MinuteKey from 2011 to August 2018 when the company was acquired by Hillman. From 2006 to 2011, Mr. Moore served as Chief Information Officer of AP-Networks, an oil and gas consultancy using data analytics to improve performance.

# EXECUTIVE COMPENSATION

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides an overview and analysis of our compensation programs, the compensation decisions we have made under these programs, and the factors we considered in making these decisions with respect to the compensation earned by the following individuals, who as determined under the rules of the SEC are collectively referred to herein as our named executive officers (“NEOs”) for fiscal year 2023:

- Douglas J. Cahill, President and Chief Executive Officer
- Robert O. Kraft, Chief Financial Officer and Treasurer
- Jon Michael Adinolfi, Chief Operating Officer
- Scott C. Ride, President, Hillman Canada
- Randall J. Fagundo, Divisional President, Robotics and Digital Solutions

### Overview of the Compensation Program

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#### COMPENSATION PHILOSOPHY

The objective of our corporate compensation and benefits program is to establish and maintain competitive total compensation programs that will attract, motivate, and retain the qualified and skilled workforce necessary for the continued success of our business. To help align compensation paid to executive officers with the achievement of corporate goals, we have designed our cash compensation program as a pay-for-performance based system that rewards NEOs for their individual performance and contribution in achieving corporate goals. In determining the components and levels of NEO compensation each year, the Compensation Committee of our Board considers Company performance, and each individual’s performance and potential to enhance long-term stockholder value. To remain competitive, our Compensation Committee also periodically reviews compensation survey information provided by our compensation consultant as another factor in setting NEO compensation. Our Compensation Committee relies on judgment and does not have any formal guidelines or formulas for allocating between long-term and currently paid compensation, cash and non-cash compensation, or among different forms of non-cash compensation for our NEOs.

## COMPONENTS OF TOTAL COMPENSATION

Compensation packages in 2023 for the Company's NEOs were comprised of the following elements:

Short-Term Compensation Elements	
Element	Role and Purpose
Base Salary	Attract and retain executives and reward their skills and contributions to the day-to-day management of our Company.
Annual Performance-Based Bonuses	Motivate the attainment of annual Company and division, financial, operational, and strategic goals by paying bonuses determined by the achievement of specified performance targets with a performance period of one year.
Discretionary Bonuses	From time to time, the Company may award discretionary bonuses to compensate executives for special contributions or extraordinary circumstances or events.

Long-Term Compensation Elements	
Element	Role and Purpose
Stock Options, Restricted Stock Units, other Equity-Based Awards	Motivate the attainment of long-term value creation, align executive interests with the interests of our stockholders, create accountability for executives to enhance stockholder value, and promote long-term retention through the use of multi-year vesting equity awards.
Change of Control Benefits	Promote long-term retention and align the interests of executives with stockholders by providing for (i) for the pre-2021 time based awards granted prior to the Business Combination, acceleration of equity vesting in the event of a change in control transaction; and (ii) for all performance based awards granted at any time, and all time based awards granted in 2021 or later as a public company or in anticipation of becoming a public company, no mandatory acceleration of equity vesting in the event of a change in control transaction.
Severance Benefits	We adopted an Executive Severance Plan that provides severance protection in the form of continued base salary, COBRA premiums, and a pro-rated performance bonus in the event of a termination of employment without cause or for good reason for individual NEOs, as described below. The severance benefit is enhanced if the termination is within 24 months following a change in control transaction.

Benefits	
Element	Role and Purpose
Employee Benefit Plans and Perquisites	Participation in Company-wide health and retirement benefit programs provide financial security and additional compensation commensurate with senior executive level duties and responsibilities.

## Process

### ROLE OF THE COMPENSATION COMMITTEE AND MANAGEMENT

Our Compensation Committee meets at least quarterly to review and consider base salary and any proposed adjustments, prior year annual performance bonus results and targets for the current year, and any long-term incentive awards. Our Compensation Committee also reviews the compensation package for all new executive officer hires.

The key member of management involved in the compensation process is our Chief Executive Officer (“CEO”), Douglas J. Cahill. Our CEO presents recommendations for each element of compensation for each NEO, other than himself, to our Compensation Committee, which in turn evaluates these goals and either approves or appropriately revises and approves them. On an annual basis, a comprehensive report is provided by the CEO to our Compensation Committee on all of our compensation programs.

### DETERMINATION OF CEO COMPENSATION

Our Compensation Committee determines and approves the level of each element of compensation for our CEO. Consistent with its determination process for other NEOs, our Compensation Committee considers a variety of factors when determining compensation for our CEO, including past corporate and individual performance, compensation information from our peer group, input from our compensation consultant, and general market survey data for similar size companies.

### ASSESSMENT OF MARKET DATA AND ENGAGEMENT OF COMPENSATION CONSULTANTS

In establishing the compensation for each of our NEOs, our Compensation Committee considers information about the compensation practices of companies both within and outside our industry and geographic region, and considers evolving compensation trends and practices generally. Our Compensation Committee reviews market data provided by our compensation consultant. Our Compensation Committee may review such survey data for market trends and developments, and utilize such data as one factor when making its annual compensation determinations.

Pearl Meyer & Partners, LLC (“Pearl Meyer”) has been engaged since 2021 as an independent executive compensation consultant to advise on the executive and director compensation programs of Hillman. We continued to engage Pearl Meyer in 2023 and anticipate that we will continue to use an executive compensation consultant going forward.

### ROLE OF COMPENSATION CONSULTANT

Pearl Meyer, our independent compensation consultant, provides research, market data, survey, proxy information, and design expertise in developing executive and director compensation programs. As requested by the Compensation Committee, Pearl Meyer provided the Compensation Committee with market data from proprietary databases and publicly available information to consider when making compensation decisions for the NEOs. Pearl Meyer also provided similar input to support compensation recommendations and decisions made for Company executives who are not NEOs.

Pearl Meyer regularly attended Compensation Committee meetings in fiscal 2023 and advised the Compensation Committee on principal aspects of executive compensation, including the competitiveness of individual executive pay levels and short- and long-term incentive designs. Pearl Meyer also provided advice with respect to the non-employee director compensation program. Pearl Meyer is engaged by and reports directly to the Compensation Committee.



## DEVELOPMENT AND USE OF PEER GROUP

Based on Pearl Meyer’s recommendation, the Compensation Committee adopted a peer group of publicly traded industrial and consumer discretionary companies with similar revenues and market cap to determine competitive pay levels for input into the Compensation Committee’s decision-making process. For 2023, we used the following peer group (the “Peer Group”):

Allegion plc	JELD-WEN Holding, Inc.	Simpson Manufacturing Co., Inc.
American Woodmark Corporation	Leslie’s, Inc.	SiteOne Landscape Supply, Inc.
Armstrong World Industries, Inc.	Lumber Liquidators Holdings, Inc.	Spectrum Brands Holdings, Inc.
Dorman Products, Inc.	Masonite International Corporation	The AZEK Company Inc.
Floor & Decor Holdings, Inc	PGT Innovations, Inc.	Trex Company, Inc.
Gibraltar Industries, Inc.	Pool Corporation	YETI Holdings, Inc.
Griffon Corporation	Richelieu Hardware Ltd.	

As of the date on which the 2023 Peer Group was evaluated for purposes of providing input with respect to fiscal 2023 compensation, Hillman had the following financial characteristics compared to our 2023 Peer Group:

- Our net sales were at the 46th percentile; and
- Our market capitalization was at the 28th percentile.

The Compensation Committee made no changes to the 2023 Peer Group compared to the 2022 Peer Group.

The Compensation Committee has not set a range or percentile relative to its Peer Group for determining the compensation of our NEOs and other executive officers. Rather, the Peer Group is reviewed as one of many factors by our Compensation Committee.

## Short-Term Compensation Elements

### BASE SALARY

We believe that executive base salaries are an essential element to attract and retain talented and qualified executives. Base salaries are designed to provide financial security and a minimum level of fixed compensation for services rendered to the Company. Base salary adjustments may reflect an individual's performance, experience, cost of living adjustments, and/or changes in job responsibilities. We also consider the other compensation we provide to our NEOs, such as the grant date value of recently granted equity awards, when determining base salary.

The rate of annual base salary for each NEO as of the last day of the applicable fiscal year is set forth below.

Name	2023 Base Salary (\$)	2022 Base Salary (\$)	2021 Base Salary (\$)
Douglas J. Cahill	800,000	700,000	700,000
Robert O. Kraft	500,000	415,000	415,000
Jon Michael Adinolfi <sup>(1)</sup>	500,000	400,000	400,000
Scott C. Ride <sup>(2)</sup>	334,588	273,766	289,374
Randall J. Fagundo	350,000	350,000	330,000

(1) Mr. Adinolfi was promoted to Chief Operating Officer on June 6, 2023. Mr. Adinolfi's base salary was increased from \$400,000 to \$500,000 on a go forward basis upon the effective date of his promotion.

(2) Mr. Ride is based in Canada and paid in Canadian dollars. His base salaries were converted to U.S. dollars for disclosure purposes using the following rates: 1.3226 effective December 30, 2023, 1.3544 effective December 31, 2022, and 1.2813 effective December 25, 2021.

The increase, if any, in base salary for each NEO for a fiscal year reflects each individual's particular skills, responsibilities, experience, and prior year performance. The fiscal year 2023 base salary amounts were determined as part of the total compensation paid to each NEO and were not considered, by themselves, as fully compensating the NEOs for their service to the Company.

### ANNUAL PERFORMANCE-BASED BONUSES

Each NEO is eligible to receive an annual cash bonus under the terms of a performance-based bonus plan. Each NEO's bonus opportunity specifies an annual target, threshold, and maximum bonus as a percentage of the NEO's annual base salary, which percentages may be adjusted for any particular year in the discretion of our Board. The specific performance criteria and performance goals are established and approved annually by our Compensation Committee in consultation with our CEO (other than with respect to himself). The performance targets are communicated to the NEOs following formal approval by our Compensation Committee, which normally occurs in the first quarter of our fiscal year.

The table below shows the target bonus and threshold and maximum bonuses as a percentage of base salary for each NEO for 2023. Generally, the higher the level of responsibility of the NEO within the Company, the greater the percentages of base salary applied for that individual's target and maximum bonus compensation.

2023 Threshold, Target and Maximum Bonus			
Name	2023 Threshold Bonus as a Percentage of Base Salary (%)	2023 Target Bonus as Percentage of Base Salary (%)	2023 Maximum Bonus as Percentage of Base Salary (%)
Douglas J. Cahill	50%	100%	200%
Robert O. Kraft	30%	60%	120%
Jon Michael Adinolfi	30%	60%	120%
Scott C. Ride	25%	50%	100%
Randall J. Fagundo	25%	50%	100%

Historically, the Company's achievement of the threshold level of performance would result in a payout factor of 50% of the NEOs target bonus. However, given that the Company did not achieve its performance targets in fiscal 2021 and performance based bonuses were not paid to most employees, our CEO recommended, and the Compensation Committee approved, reducing the payout factor for a threshold level of performance from 50% of the NEOs target bonus to 10% of the NEOs target bonus in 2022. The lower payout factor for NEOs at the threshold level of performance in 2022 resulted in additional funds available to pay higher bonus payout levels for less senior employees. In 2023, our CEO recommended, and the Compensation Committee approved, that the payout factor for a threshold level of performance revert to our historical norm of 50% of the NEOs target bonus.

The table below shows the performance criteria for fiscal year 2023 selected for each NEO and the relative weight of total target bonus assigned to each component.

2023 Performance Criteria and Relative Weight		
Name	Adjusted EBITDA (%)	Adjusted Leverage Ratio (%)
Douglas J. Cahill	70%	30%
Robert O. Kraft	70%	30%
Jon Michael Adinolfi	70%	30%
Scott C. Ride	70%	30%
Randall J. Fagundo	70%	30%

For 2023, the bonus criteria for all NEOs included two Company performance goals measured by (1) our Adjusted EBITDA for the year ended December 30, 2023, which is our consolidated earnings before interest, taxes, depreciation, and amortization, as adjusted for non-recurring charges as shown under the header “Adjusted EBITDA” (“Adjusted EBITDA”), and (2) our adjusted leverage ratio, which is ratio of (a) overall indebtedness less cash as of year ended December 30, 2023; to (b) Adjusted EBITDA during the year ended December 30, 2023 (“Adjusted Leverage Ratio”).

For any bonus to be awarded, the Adjusted EBITDA target must meet the threshold. Once the Adjusted EBITDA threshold is met, the final payout is dependent on the achievement of all metrics and their respective targets. Achievement at levels between threshold and maximum will result in payments on a sliding scale.

Adjusted EBITDA and Adjusted Leverage Ratio are non-GAAP measures. Please refer to Appendix A for additional information, including our definitions and use of Adjusted EBITDA and Adjusted Leverage Ratio, and for a reconciliation of those measures to the most directly comparable financial measures under GAAP.

The threshold, target, and maximum amounts and payout levels of each of the Adjusted EBITDA and Adjusted Leverage Ratio targets that determine the annual bonus payouts to each of the NEOs are as follows (amounts in thousands):

Metric	Threshold	Target	Maximum
Adjusted EBITDA <sup>(1)</sup>	\$210,200	\$222,600	\$250,000
Payout	50%	100%	200%

Metric	Threshold	Target	Maximum
Adjusted Leverage Ratio <sup>(1)</sup>	4.2	3.6	2.7
Payout	50%	100%	200%

(1) Non-GAAP metric, see Appendix A to this proxy statement for additional information, including our definitions, use of, and for a reconciliation of those measures to the most directly comparable financial measures under GAAP.

The level of performance actually achieved for the fiscal year ended December 30, 2023 in each of the above categories was as follows (amounts in thousands):

Metric	Target (\$)	Actual (\$)	Achievement to Target	Resulting Payout Factor (%)
Adjusted EBITDA <sup>(1)</sup>	222,600	219,360	98.5%	86.6%
Adjusted Leverage Ratio <sup>(1)</sup>	3.6	3.3	109.3%	127.8%

(1) Non-GAAP metric, see Appendix A to this proxy statement for additional information, including our definitions, use of, and for a reconciliation of those measures to the most directly comparable financial measures under GAAP.

The annual bonus paid to each of our NEOs for the year ended December 30, 2023 was as follows:

Name	2023 Target Bonus (\$)	Plan Based Bonus Calculation (\$)	% of Target Bonus	Discretionary Adjustments	Bonus Actually Paid	% of Target Bonus
Douglas J. Cahill	750,000	742,201	99.0%	—	742,201	99.0%
Robert O. Kraft	274,500	271,645	99.0%	—	271,645	99.0%
Jon Michael Adinolfi	270,000	267,192	99.0%	—	267,192	99.0%
Scott C. Ride <sup>(1)</sup>	153,734	152,135	99.0%	—	152,135	99.0%
Randall J. Fagundo	175,000	173,180	99.0%	—	173,180	99.0%

(1) Mr. Ride is based in Canada and paid in Canadian dollars. His 2023 Target bonus was converted to U.S. dollars for disclosure using 1.3226 exchange rate effective December 30, 2023.

## Long-Term Compensation Elements

### STOCK OPTIONS AND RESTRICTED SHARES

All equity awards granted prior to the Business Combination were granted under the 2014 Equity Incentive Plan (the “2014 Equity Incentive Plan”), pursuant to which we may grant options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards for up to an aggregate of 14,523,510 shares of stock. The 2014 Equity Incentive Plan is administered by the Compensation Committee. No further grants will be made from the 2014 Equity Incentive Plan.

Upon the closing of the Business Combination, effective July 14, 2021, the Company established the 2021 Equity Incentive Plan. Under the 2021 Equity Incentive Plan (the “2021 Equity Incentive Plan”), the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan as of the Effective Date is (i) 7,150,814 shares, plus (ii) the number of shares of Stock underlying awards under the 2014 Equity Incentive Plan that on or after the Effective Date expire or become unexercisable, or are forfeited, cancelled, or otherwise terminated, in each case, without delivery of shares or cash therefor, and would have become available again for grant under the 2014 Equity Incentive Plan in accordance with its terms (not to exceed 14,523,510 shares of Stock in the aggregate) (the “Share Pool”). All grants made after the Business Combination and going forward will be made from the 2021 Equity Incentive Plan.

Our equity incentive plans are designed to align the interests of our stockholders and executive officers by increasing the proprietary interest of our executive officers in our growth and success to advance our interests by attracting and retaining key employees, and motivating such executives to act in our long-term best interests. We grant equity awards to promote the success and enhance the value of the Company by providing participants with an incentive for outstanding performance. Equity-based awards also provide the Company with the flexibility to motivate, attract, and retain the services of employees upon whose judgment, interest, and special effort the successful conduct of our operation is largely dependent.

In the year ended December 30, 2023, we granted 594,324 stock options to NEOs under the 2021 Equity Incentive Plan. See the Grants of Plan-Based Awards in Fiscal Year 2023 table below for details of the grant for each NEO. The options vest in four equal annual installments, subject to the grantee’s continued employment on the vesting dates. Additionally, the Compensation Committee is evaluating other performance based awards in fiscal 2025.

In the year ended December 30, 2023, we granted 544,064 RSUs to NEOs under the 2021 Equity Incentive Plan. See the Grants of Plan-Based Awards in Fiscal Year 2023 table below for details of the grant for each NEO. The RSUs vest on the third anniversary of the grant date, subject to the grantee’s continued employment on such vesting date,

except that 291,036 of the RSUs granted to Mr. Adinolfi on June 7, 2023 will vest 50% on the third anniversary of the grant date, 25% on the fourth anniversary of the grant date, and 25% on the fifth anniversary of the grant date.

#### **MR. ADINOLFI'S PROMOTION TO CHIEF OPERATING OFFICER**

On June 6, 2023, Mr. Adinolfi was promoted to Chief Operating Officer of the Company. As explained in the tables above and below, in connection with Mr. Adinolfi's promotion, the Compensation Committee increased his base salary to \$500,000 and increased his annual target equity award grant to \$750,000.

The Compensation Committee also approved a one time grant of \$75,000 of stock options and \$2,575,000 of RSUs to Mr. Adinolfi in connection with his promotion, which is in addition to the Company's annual equity award grants.

### **Severance and Change in Control Benefits**

On November 2, 2023, the Board of Directors of the Company adopted the Hillman Solutions Corp. Executive Severance Plan (the "Severance Plan"). The primary purpose of the Severance Plan is to standardize and clarify the severance arrangements of our named executive officers (other than Mr. Ride) and the related terms and conditions.

Each of our named executive officers, other than Mr. Ride, participate in the Plan. As a condition to participating in the Severance Plan, each of our named executive officers (other than Mr. Ride) agreed to terminate their employment agreements, if any, with the Company effective November 2, 2023.

Executives covered by the Severance Plan will generally be eligible to receive severance benefits in the event of a termination by the Company without "cause" or by the executive for "good reason" (each as defined in the Severance Plan). The severance benefit is enhanced if the termination is within 24 months following a change in control transaction.

Mr. Ride's employment agreement provides for severance payments and benefits in the event his employment is terminated under specified conditions including death, disability, termination by the Company without "cause," or Mr. Ride resigns for "good reason" (each as defined in the agreement).

In addition, we have provided for certain equity acceleration benefits under our 2014 Plan designed to assure the Company of the continued employment and attention and dedication to duty of these key management employees and to seek to ensure the availability of their continued service, notwithstanding the possibility or occurrence of a change in control of the Company and resultant employment termination. The severance payments and equity vesting benefits payable both in the event of, and independently from, a change in control are in amounts that we have determined are necessary to remain competitive in the marketplace for executive talent. See "Potential Payments Upon Termination or Change in Control" for additional information.

### **Employee Benefit Plans and Perquisites**

Executives are eligible to participate in the same health and benefit plans generally available to all full-time employees, including health, dental, vision, term life, disability insurance, and supplemental long term disability insurance. In addition, the NEOs are eligible to participate in Hillman's Defined Contribution Plan (401(k) Plan), described below.

#### **DEFINED CONTRIBUTION PLANS**

Our NEOs and most other full-time U.S. employees are covered under a 401(k) retirement savings plan (the "Defined Contribution Plan") which permits employees to make tax-deferred contributions and provides for a matching contribution of 50% of each dollar contributed by the employee up to 6% of the employee's compensation. In addition, the Defined Contribution Plan allows for a discretionary annual contribution in amounts authorized by our Board, subject to the terms and conditions of the plan.

#### **NONQUALIFIED DEFERRED COMPENSATION PLAN**

Prior to 2022, our NEOs and certain other employees were eligible to participate in the Hillman Nonqualified Deferred Compensation Plan (the "Deferred Compensation Plan"). The Deferred Compensation Plan was frozen at the end of fiscal 2021 such that the Deferred Compensation Plan does not allow new contributions. The Deferred Compensation Plan allowed eligible employees to defer up to 25% of salary and commissions and up to 100% of bonuses. Prior to 2021, the Company contributed a matching contribution of 25% on the first \$10,000 of employee deferrals, subject to a five-year vesting schedule.

## PERQUISITES

Mr. Cahill, Mr. Kraft, Mr. Adinolfi, and Mr. Fagundo are entitled to reimbursement for the reasonable expenses of leasing or buying a car up to \$700 per month. Mr. Adinolfi moved from a company owned car to a car allowance in 2023, and was paid a one-time sum of \$27,668 to approximate the difference in value of the company owned car relative to the lower valued car allowance received going forward. Mr. Ride is entitled to use of a Company car, incurring \$13,307 in personal use in 2023.

## STOCK OWNERSHIP GUIDELINES

The Board adopted stock ownership guidelines applicable to our executive officers, and our non-employee directors.

The stock ownership guidelines for executive officers are determined as holdings of the Company's common stock, expressed as a multiple of the officer's base salary, as set forth below:

Position / Title	Multiple of Executive's Base Salary
Chief Executive Officer	5x
Chief Financial Officer	3x
Chief Operating Officer	3x
Divisional Presidents	2x
Other Executive Officers that are Vice Presidents	1x

Non-employee directors are required to hold shares of the Company's common stock with a value equal to three (3) times the amount of the annual cash retainer paid to outside directors for service on the Board (excluding additional chair of the Board, committee and committee chair retainers, if any). Further detail on non-employee director compensation can be found in the section entitled "Compensatory Arrangements for Directors" below.

Executive officers and non-employee directors are required to achieve the applicable level of ownership within five (5) years from the later of (a) July 14, 2021, which is the date the guidelines were originally adopted, or (b) the date the person was initially designated an executive officer or director, as applicable, of the Company.



## Compensation Committee Report

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The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

The Compensation Committee

**Aaron Jagdfeld (Chairman)**

**Diana Dowling**

**Diane Honda**

## Summary Compensation Table

The following table sets forth compensation that the Company's principal Chief Executive Officer ("CEO"), principal Chief Financial Officer ("CFO"), and each of the next three highest paid executive officers of the Company, or the NEOs, earned during the years ended December 30, 2023, December 31, 2022, and December 25, 2021 in each executive capacity in which each NEO served (including with our predecessor companies HMAN Group Holdings, Inc. and The Hillman Companies, Inc.).

Name and Principal Position	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$)	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Compensation - All Other (\$) <sup>(4)</sup>	Total (\$)
<b>Douglas J. Cahill</b> President and CEO	2023	746,154	—	1,067,493	1,067,500	742,201	19,537	3,642,885
	2022	700,000	—	899,997	899,123	102,802	17,363	2,619,285
	2021	698,077	—	—	2,637,196	—	13,827	3,349,100
<b>Robert O. Kraft</b> CFO and Treasurer	2023	454,231	—	374,996	374,999	271,645	18,826	1,494,697
	2022	415,000	—	299,999	299,708	36,568	17,992	1,069,267
	2021	415,000	—	—	3,130,835	—	15,104	3,560,939
<b>Jon Michael Adinolfi</b> Chief Operating Officer	2023	446,154	—	2,874,993	374,996	267,192	43,023	4,006,358
	2022	400,000	—	224,992	224,778	35,246	8,308	893,324
	2021	400,000	—	—	709,318	—	8,338	1,117,656
<b>Scott C. Ride<sup>(5)</sup></b> President, Hillman Canada	2023	304,626	—	200,000	199,999	152,135	40,326	897,086
	2022	273,766	150,920	219,992	219,784	20,122	16,411	900,995
	2021	289,384	—	—	1,839,399	—	24,306	2,153,089
<b>Randall J. Fagundo</b> President, RDS Division	2023	350,000	—	200,000	199,999	173,180	9,992	933,171
	2022	349,231	—	—	224,778	25,701	—	599,710
	2021	329,992	453,992	—	1,038,488	—	17,578	1,840,050

(1) These discretionary bonuses are presented in the table in the year in which the bonuses were earned.

(2) The amount included in the "Option Awards" column represents the grant date fair value of options calculated in accordance with FASB ASC Topic 718. See Note 13 - Stock Based Compensation, to the Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 30, 2023 for additional details. In accordance with SEC disclosure rules, the Option Awards column for 2021 also includes the incremental fair value associated with the modification to the vesting terms of the previously issued options with performance-based vesting. Upon completion of the Business Combination, performance-based vesting conditions of any option granted prior to 2021 were adjusted such that the performance-based portion of the associated option will vest upon certain pre-established stock price hurdles. The amount of compensation included in 2021 associated with the modification of vesting terms of options is \$2,266,137 for Mr. Kraft, \$1,440,347 for Mr. Ride and \$528,717 for Mr. Fagundo. See Note 13 - Stock Based Compensation, to the Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 25, 2021 for additional details.

- (3) Represents earned bonuses for services rendered in each year and paid in the subsequent year based on achievement of performance goals under the performance-based bonus arrangements. “Compensation Discussion and Analysis—Short-Term Compensation Elements—Annual Performance-Based Bonuses” above, for additional information.
- (4) The amounts in this column for 2023 consist of matching contributions to the Hillman 401(k) plan (or Canadian Deferred Profit Sharing Plan in the case of Mr. Ride), car allowance or personal use of a company car, relocation / moving expenses, premiums for group term life insurance, or or other miscellaneous. These amounts are detailed below:

Name	401(k) Matching Contribution (\$)	Car Allowance / Pers. Use Company Car (\$)	Relocation / Moving (\$)	Premium for Group Term Life Ins. (\$)	Other Misc. (\$)	Total Other Comp. (\$)
<b>Douglas J. Cahill</b>	9,949	8,400	—	1,188	—	19,537
<b>Robert O. Kraft</b>	10,012	8,400	—	414	—	18,826
<b>Jon Michael Adinolfi</b>	8,365	6,720	—	270	27,668	43,023
<b>Scott C. Ride</b>	27,019	13,307	—	—	—	40,326
<b>Randall J. Fagundo</b>	404	8,400	—	1,188	—	9,992

Mr. Adinolfi’s other miscellaneous expense listed above reflects a one-time payment in connection with Mr. Adinolfi moving from a company owned car to a car allowance. The payment amount approximates the difference in value of the company owned car relative to the lower valued car allowance received going forward.

- (5) Mr. Ride is based in Canada and paid in Canadian dollars. His compensation was converted to U.S. dollars for disclosure using the following rates: 1.3226 effective December 30, 2023, 1.3544 effective December 31, 2022, and 1.2813 effective December 25, 2021.

## Grants of Plan-Based Awards in Fiscal Year 2023

The following table summarizes the plan-based incentive awards granted to NEOs in 2023:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(2)</sup>
		Minimum (\$)	Target (\$)	Maximum (\$)				
Douglas J. Cahill	2/16/2023	375,000	750,000	1,500,000	—	—	—	—
	3/7/2023	—	—	—	121,721	—	—	1,067,493
	3/7/2023	—	—	—	—	285,718	8.77	1,067,500
Robert O. Kraft	2/16/2023	137,250	274,500	549,000	—	—	—	—
	3/7/2023	—	—	—	42,759	—	—	374,996
	3/7/2023	—	—	—	—	100,369	8.77	374,999
Jon Michael Adinolfi	2/16/2023	135,000	270,000	540,000	—	—	—	—
	3/7/2023	—	—	—	34,207	—	—	299,995
	3/7/2023	—	—	—	—	80,295	8.77	299,998
	6/7/2023	—	—	—	8,731	—	—	74,999
	6/7/2023	—	—	—	291,036	—	—	2,499,999
	6/7/2023	—	—	—	—	20,882	8.59	74,998
Scott C. Ride	2/16/2023	76,867	153,734	307,469	—	—	—	—
	3/7/2023	—	—	—	22,805	—	—	200,000
	3/7/2023	—	—	—	—	53,530	8.77	199,999
Randall J. Fagundo	2/16/2023	87,500	175,000	350,000	—	—	—	—
	3/7/2023	—	—	—	22,805	—	—	200,000
	3/7/2023	—	—	—	—	53,530	8.77	199,999

(1) Reflects the 2023 performance-based bonus awards that each NEO was eligible to receive pursuant to the Company's 2023 performance bonus plan. The award opportunities presented in the table represent the potential payout range based on percentages of base salary at threshold, target, and maximum levels of corporate performance. See the description of Annual Performance Bonus in the Compensation Discussion and Analysis for a description of the specific performance components and more detail regarding the determination of actual 2023 performance-based bonus payments.

(2) The amount included in this column represents the grant date fair value of options and restricted stock calculated in accordance with FASB ASC Topic 718. See Note 13 - Stock Based Compensation to the Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 30, 2023 for additional details.

## Outstanding Equity Awards at 2023 Fiscal Year-End

The following table sets forth the number of unexercised options and unvested shares of restricted stock held by the NEOs at December 30, 2023.

		Option Awards <sup>(1)</sup>					Stock Awards <sup>(2)</sup>	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Option (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units (#) of stock that have not vested	Market value of shares or units (\$) of stock that have not vested
Douglas J. Cahill	7/29/2019	5,494,126	—	—	8.50	7/29/2029	—	—
	1/22/2021	272,291	272,292	—	10.00	1/22/2031	—	—
	1/11/2022	68,409	205,230	—	9.94	1/10/2032	—	—
	3/7/2023	—	285,718	—	8.77	3/7/2033	—	—
	1/11/2022	—	—	—	—	—	90,543	833,901
	3/7/2023	—	—	—	—	—	121,721	1,121,050
Robert O. Kraft	11/1/2017	247,238	—	247,238	6.07	11/1/2027	—	—
	8/30/2018	103,015	—	103,015	7.29	8/30/2028	—	—
	7/30/2020	239,820	79,941	—	7.89	7/30/2030	—	—
	1/22/2021	89,280	89,281	—	10.00	1/22/2031	—	—
	1/11/2022	22,803	68,410	—	9.94	1/10/2032	—	—
	3/7/2023	—	100,369	—	8.77	3/7/2033	—	—
	1/11/2022	—	—	—	—	—	30,181	277,967
	3/7/2023	—	—	—	—	—	42,759	393,810

		Option Awards <sup>(1)</sup>					Stock Awards <sup>(2)</sup>	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Option (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units (#) of stock that have not vested	Market value of shares or units (\$) of stock that have not vested
Jon Michael Adinolfi	7/15/2019	197,790	—	197,790	8.50	7/15/2029	—	—
	7/30/2020	163,794	54,599	—	7.89	7/20/2030	—	—
	1/22/2021	73,237	73,238	—	10.00	1/22/2031	—	—
	1/11/2022	17,102	51,307	—	9.94	1/10/2032	—	—
	3/7/2023	—	80,295	—	8.77	3/7/2033	—	—
	6/7/2023	—	20,882	—	8.59	6/7/2033	—	—
	1/11/2022	—	—	—	—	—	22,635	208,468
	3/7/2023	—	—	—	—	—	34,207	315,046
	6/7/2023	—	—	—	—	—	291,036	2,680,442
	6/7/2023	—	—	—	—	—	8,731	80,413

		Option Awards <sup>(1)</sup>					Stock Awards <sup>(2)</sup>	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Option (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units (#) of stock that have not vested	Market value of shares or units (\$) of stock that have not vested
Scott C. Ride	2/12/2015	145,046	—	145,046	6.07	2/12/2025	—	—
	10/1/2017	72,523	—	72,523	6.07	10/1/2027	—	—
	7/30/2020	86,532	28,845	—	7.89	7/30/2030	—	—
	1/22/2021	41,207	41,206	—	10.00	1/22/2031	—	—
	1/11/2022	16,722	50,167	—	9.94	1/10/2032	—	—
	3/7/2023	—	53,530	—	8.77	3/7/2033	—	—
	1/11/2022	—	—	—	—	—	22,132	203,836
	3/7/2023	—	—	—	—	—	22,805	210,034
Randall J. Fagundo	8/10/2018	86,533	—	86,533	7.29	8/10/2028	—	—
	7/30/2020	239,820	79,941	—	7.89	7/30/2030	—	—
	1/22/2021	52,634	52,634	—	10.00	1/22/2031	—	—
	1/11/2022	17,102	51,307	—	9.94	1/11/2032	—	—
	3/7/2023	—	53,530	—	8.77	3/7/2033	—	—
	1/11/2022	—	—	—	—	—	22,635	208,468
	3/7/2023	—	—	—	—	—	22,805	210,034

- (1) All stock options reported in the table above with a grant date prior to July 14, 2021 are options to acquire common stock granted under the 2014 Equity Incentive Plan. For all options granted prior to 2021, pursuant to each NEO's stock option award agreement (other than options granted to Mr. Cahill in 2019 and options granted to Mr. Kraft and Mr. Ride in 2020), these options were divided into two equal vesting tranches. The first tranche is a time-based award which, beginning on the first anniversary of the grant date, vests 25% annually until fully vested on the fourth anniversary of the grant date, subject to the grantee's continued employment on each such vesting date.

The second tranche of each stock option granted prior to 2021 is performance-based. Subject to the grantee's continuous employment with the Company, 100% of the performance-based options will vest upon the Hillman stock achieving a 20-day volume weighted average price (VWAP) of \$12.50. Options granted to Mr. Cahill in 2019 and options granted to Mr. Kraft and Mr. Ride in 2020 do not contain the performance-based vesting criteria and vest solely on the time-based schedule described above.

All stock options reported in the table above with a grant date on or after July 14, 2021 are options to acquire common stock granted under the 2021 Equity Incentive Plan. These stock options are time-based awards which, beginning on the first anniversary of the grant date, vest 25% annually until fully vested on the fourth anniversary of the grant date, subject to the grantee's continued employment on each such vesting date.

- (2) All stock awards reported in the table above are restricted stock units granted under the 2021 Equity Incentive Plan. All restricted stock units vest 100% on the third anniversary of the grant date, subject to the grantee's continued employment on the vesting date, except that Mr. Adinolfi's grant of 291,036 restricted stock units on June 7, 2023 will vest 50% on the

third anniversary of the grant date, 25% on the fourth anniversary of the grant date, and 25% on the fifth anniversary of the grant date.

### Option Exercises and Stock Vested During Fiscal Year 2023

No NEO exercised any stock options or had any stock awards vest during the year ended December 30, 2023.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Douglas J. Cahill	—	—	—	—
Robert O. Kraft	—	—	—	—
Jon Michael Adinolfi	—	—	—	—
Scott C. Ride	—	—	—	—
Randall J. Fagundo	—	—	—	—



## Nonqualified Deferred Compensation for Fiscal Year 2023

The Nonqualified Deferred Compensation Plan was frozen to new contributions starting in fiscal year 2022. As such, No NEO contributed to the Nonqualified Deferred Compensation Plan in fiscal year 2023.

Name	Executive Contributions (\$)	Company Matching Contributions (\$)	Aggregate Earnings (\$) <sup>(1)</sup>	Aggregate Withdrawal/Distributions (\$)	Aggregate Balance at December 30, 2023 (\$) <sup>(2)</sup>
Douglas J. Cahill	—	—	—	—	—
Robert O. Kraft	—	—	8,049	—	55,490
Jon Michael Adinolfi	—	—	—	—	—
Scott C. Ride	—	—	—	—	—
Randall J. Fagundo	—	—	—	—	—

- (1) Earnings in the Deferred Compensation Plan were not required to be included in the Summary Compensation Table because the earnings were neither preferential nor above-market.
- (2) Amounts reported in this column for each NEO include amounts previously reported in the Company's Summary Compensation Table in previous years when earned if that officer's compensation was required to be disclosed in a previous year. Amounts previously reported in such years include previously earned, but deferred, salary and bonus and Company matching contributions. This total reflects the cumulative value of each NEO's deferrals, matching contributions, and investment experience.

The Nonqualified Deferred Compensation Plan was frozen to new contributions starting in fiscal year 2022. The Deferred Compensation Plan allowed eligible employees to defer up to 25% of salary and commissions and up to 100% of bonuses. A separate account is maintained for each participant in the Deferred Compensation Plan, reflecting hypothetical contributions, earnings, expenses, and gains or losses. The plan is "unfunded" for tax purposes — those are notional accounts and not held in trust. Prior to 2021, we contributed a matching contribution of 25% on the first \$10,000 of salary and bonus deferrals. Participants in the Deferred Compensation Plan can choose to invest amounts deferred and the matching Company contributions in a variety of mutual fund investments, consisting of bonds, stocks, and short-term investments as well as blended funds. The available investment choices are the same as the primary investment choices available under the Defined Contribution Plan. The account balances are thus subject to investment returns and will change over time depending on market performance. A participant is entitled to receive his or her account balance upon termination of employment or the date or dates selected by the participant on his or her enrollment forms. If a participant dies or experiences a total and permanent disability before terminating employment and before commencement of payments, the entire value of the participant's account shall be paid at the time selected by the participant in his or her enrollment forms.

## Potential Payments Upon Termination or Change in Control

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### Severance Payments and Benefits under Executive Severance Plan

On November 2, 2023, the Board of Directors of the Company adopted the Hillman Solutions Corp. Executive Severance Plan (the "Severance Plan"). The primary purpose of the Severance Plan is to standardize and clarify the severance arrangements of our named executive officers (other than Mr. Ride) and the related terms and conditions.

Each of our named executive officers, other than Mr. Ride, participate in the Plan. As a condition to participating in the Severance Plan, each of our named executive officers (other than Mr. Ride) agreed to terminate their employment agreements, if any, with the Company effective November 2, 2023.

#### TERMINATION WITHOUT CHANGE IN CONTROL

Under the Severance Plan, in the event of a termination by the Company without "Cause" or by the NEO for "Good Reason" (each as defined in the Severance Plan) prior to a Change in Control or more than 24 months following a Change in Control, the severance benefits for the a participating NEO shall generally consist of the following:

- Lump sum payment of the NEO's earned but unpaid bonus for a performance period ending prior to the Executive's termination (if any);
- Continuation of the NEO's base salary for a period specified in the applicable NEO's participation notice, which is (i) eighteen months in the case of Mr. Cahill; and (ii) twelve months in the case of all other participating NEOs.
- In the case of Mr. Cahill only, an amount equal to 150% of his performance based bonus at target achievement level, payable over eighteen months in equal installments on the Company's regular payroll dates.
- Payment by the Company of COBRA medical, dental and/or vision insurance premiums, based on the Executive's benefits plan elections in effect at the time of termination for a period specified in the applicable NEO's participation notice, which is (i) eighteen months in the case of Mr. Cahill; and (ii) twelve months in the case of all other participating NEOs.
- Payment of the NEO's performance based bonus for the year in which the termination occurred, pro-rated for the NEO's service up to and including the date of termination and based on actual performance for the year, payable concurrently with bonus payments to other employees under the bonus plan.

#### TERMINATION WITH CHANGE IN CONTROL

Under the Severance Plan, in the event of a termination by the Company without Cause or by the Executive for Good Reason within the 24 months following a Change in Control, the severance benefits for the Executive shall generally consist of the following:

- Lump sum payment of the NEO's earned but unpaid bonus for a performance period ending prior to the NEO's termination (if any);
- Continuation of the NEO's base salary for a period specified in the applicable NEO's participation notice, which is (i) twenty-four months in the case of Mr. Cahill; and (ii) twelve months in the case of all other participating NEOs.
- In the case of Mr. Cahill only, an amount equal to 200% of his performance based bonus at target achievement level, payable over twenty-four months in equal installments on the Company's regular payroll dates.
- In the case of all participating NEOs other than Mr. Cahill, an amount equal to 100% of the NEO's performance based bonus at target achievement level, payable over twelve months in equal installments on the Company's regular payroll dates.
- Payment by the Company of COBRA medical, dental and/or vision insurance premiums, based on the NEO's benefits plan elections in effect at the time of termination for a period specified in the applicable NEO's participation notice, which is (i) twenty-four months in the case of Mr. Cahill; and (ii) twelve months in the case of all other participating NEOs.

- Payment of the NEO's performance based bonus for the year in which the termination occurred, pro-rated for the NEO's service up to and including the date of termination and based on actual performance for the year, payable concurrently with bonus payments to other employees under the bonus plan.

"Good reason" is defined generally as (i) any material diminution in the executive's authority, duties, or responsibilities with the Company, (ii) the Company reassigning the executive to work at a location that is more than 50 miles from the executive's current work location, or (iii) any reduction in base salary or bonus unless such reduction is part of a generalized reduction affecting similarly situated executives. The Company has a 30-day period to cure all circumstances otherwise constituting good reason.

## Severance Payments and Benefits under Employment Agreement

### SCOTT C. RIDE

We have an employment agreement with Mr. Ride that provides for specified payments and benefits in connection with certain terminations of employment.

For Mr. Ride, in the event of termination of employment by the Company without cause or resignation by Mr. Ride with good reason, Mr. Ride would be entitled to (i) continued payments of base salary for a period of one year following termination, (ii) 50% of the Termination Bonus Amount (equal to the greater of the average of the annual bonuses for the preceding three calendar years, or the last annual bonus), payable when bonus payments for such year are made to other senior executives, (iii) a prorated portion of his annual bonus for the year in which termination occurs, payable when bonus payments for such year are made to other senior executives, and (iv) Company-paid continuation of health benefits coverage and life and disability benefits coverage for twelve months.

Additionally, in the event of Mr. Ride's termination by reason of death, disability, or due to non-renewal by the Company, Mr. Ride would be entitled to a prorated portion of his annual bonus, if any, for the year in which termination occurs, based on actual performance results for the full year and payable when bonuses are paid to other senior executives.

"Good reason" is defined generally as (i) any material diminution in the executive's position, authority, or duties with the Company, (ii) the Company reassigning the executive to work at a location that is more than 75 miles from the executive's current work location, (iii) any amendment to the Company's bylaws which results in a material and adverse change to the officer and director indemnification provisions contained therein, or (iv) a material breach of the compensation, benefits, term, and severance provisions of the employment agreement by the Company which is not cured within 10 days following written notice from the executive. The Company has a 10-day period to cure all circumstances otherwise constituting good reason.

## Equity Award Vesting Upon a Change in Control

### 2014 Equity Incentive Plan

Options granted prior to the Business Combination were granted under our 2014 Equity Incentive Plan. All time based options granted under the 2014 Equity Incentive Plan issued prior to 2021 will fully vest upon a change in control. All time based options granted under the 2014 Equity Incentive Plan issued during 2021 prior to the Business Combination do not have mandatory vesting upon a change in control. All performance based options granted under our 2014 Equity Incentive Plan do not have mandatory vesting upon a change in control, but will vest under their terms if the change in control transaction causes the performance targets to be achieved.

### 2021 Equity Incentive Plan

All equity awards granted following the Business Combination are granted under our 2021 Equity Incentive Plan. The awards granted under our 2021 Equity Incentive Plan do not have mandatory vesting upon a change in control, but do allow for the Compensation Committee to accelerate vesting on a discretionary basis.

## Estimated Payments Upon Termination of Employment or Change in Control

As required by SEC rules, the table below shows the severance payments and benefits that each of our NEOs would receive upon (1) death, disability, or non-renewal by executive, (2) termination without cause, resignation with good reason, or non-renewal by the Company, (3) termination without cause, resignation with good reason, or non-renewal by the Company within 90 days of a change in control, or (4) a change in control, regardless of termination. The amounts are calculated as if the termination of employment (and change in control, where applicable) occurred on December 30, 2023.

For purposes of the table, the cost of continuing health care, life, and disability insurance coverage is based on the current Company cost for the level of such coverage elected by the executive. The amounts in the table under the "Change in Control" column assume that all outstanding options and awards with mandatory accelerated vesting will vest, and those options and awards with discretionary vesting and performance criteria did not vest. For any amounts payable based upon actual performance bonus, as opposed to target bonus, the amounts in the table are calculated using the actual bonus earned in the year ended December 30, 2023, see the Annual Performance-Based Bonuses section of this Compensation Discussion and Analysis for additional details on that calculation.

Name	Death, Disability, or non-renewal by Executive (\$)	Termination without cause, resignation with good reason, or non-renewal by the Company (\$)	Termination without cause, resignation with good reason, or non-renewal by the Company within 90 days of a change in control (\$)	Change in Control (regardless of termination) (\$) <sup>(1)</sup>
Douglas J. Cahill	—	3,168,900	3,977,799	—
Robert O. Kraft	—	789,387	1,194,909	105,522
Jon Michael Adinolfi	—	786,548	1,158,619	72,071
Scott Ride	—	565,493	603,569	38,075
Randall J. Fagundo	—	540,976	821,498	105,522

- (1) Represents the cash-out value of unvested options as of December 30, 2023 using the closing price of our common stock on the last trading day of our fiscal year (\$9.21 per share) less the applicable exercise price, and assuming that the applicable performance targets were not achieved and/or our Compensation Committee did not exercise its discretion to accelerate the vesting in full of all outstanding equity awards upon a "change in control." Note that, in the absence of an actual change in control transaction, it is not possible to determine whether the performance thresholds would actually be met or whether our Compensation Committee would accelerate vesting.
- (2) Mr. Ride is based in Canada and paid in Canadian dollars. His payouts were converted to U.S. dollars for disclosure using the exchange rate 1.3226 effective December 30, 2023.

## Pay Ratio Disclosure

The following information is a reasonable estimate of the annual total compensation of our employees as relates to the 2023 total compensation of our CEO. Based on the methodology described below, our CEO's 2023 total compensation was approximately 80 times that of our median employee.

We identified the median employee using our employee population as of December 30, 2023, which included all 3,801 global full-time, part-time, temporary, and seasonal employees employed on that date. We applied an exchange rate as of December 30, 2023 to convert all international currencies into U.S. Dollars.

A variety of pay elements comprise the total compensation of our employees. This includes annual base salary, equity awards, annual cash incentive payments based on Company performance, sales or commission incentives, and various field bonuses. The incentive awards an employee is eligible for is based on his or her pay grade and reporting level, and are consistently applied across the organization. Cash incentives, rather than equity, are the primary vehicle of incentive compensation for most of our employees throughout the organization. While all employees earn a base salary, not all receive such cash incentive payments. Furthermore, only a relatively small percentage of our employees received equity awards in fiscal 2023. Consequently, for purposes of applying a consistently-applied compensation metric for determining our median employee, we selected annual base salary as the sole, and most appropriate, compensation element for determining the median employee. We used the annual base salary of our employees as reflected on our human resources systems on December 30, 2023, excluding that of our CEO, in preparing our data set.

Using this methodology, we determined that the median employee was a full-time service representative located in the United States with total annual compensation of \$45,554, which includes base pay, overtime pay, bonus pay, car allowance, 401(k) match, and equity awards. With respect to the 2023 total compensation of our CEO, we used the amount reported in the "Total" column of our 2023 Summary Compensation Table included in this proxy statement, \$3,642,885. Accordingly, our CEO to Employee Pay Ratio is 80:1. The pay ratio disclosed is a reasonable estimate calculated in a manner consistent with the applicable SEC disclosure rules.

## Pay Versus Performance Disclosure

As discussed in the CD&A above, our Compensation Committee has implemented an executive compensation program designed to link a substantial portion of our NEOs' realized compensation to the achievement of Hillman's financial, operational, and strategic objectives, and to align our executive pay with changes in the value of our shareholders' investments. The following table sets forth additional compensation information for our NEOs, calculated in accordance with SEC regulations, for fiscal years 2023, 2022, 2021, and 2020.

Value of Initial Fixed \$100  
Investment Based on:

Year	Summary Compensation Table Total for CEO (\$) <sup>(1)</sup>	Compensation Actually Paid to CEO (\$) <sup>(2)</sup>	Average Summary Compensation Table Total for Non-CEO NEOs (\$) <sup>(3)</sup>	Average Compensation Actually Paid to Non-CEO NEOs (\$) <sup>(2)(3)</sup>	Total Shareholder Return (\$) <sup>(4)</sup>	Peer Group Total Shareholder Return (\$) <sup>(5)</sup>	Net Income (\$)	Adjusted EBITDA <sup>(6)</sup>
2023	3,642,885	6,663,136	1,832,761	2,494,439	92.80	166.70	(9,589)	219,360
2022	2,619,285	(2,579,710)	966,154	(1,105)	72.64	114.20	(16,436)	210,249
2021	3,349,100	8,165,216	2,426,095	2,428,106	105.80	130.10	(38,332)	207,418
2020	1,578,261	4,823,414	2,434,882	2,751,209	103.20	102.90	(24,499)	221,215

- (1) The dollar amounts reported are the amounts of total compensation reported for our CEO, Mr. Cahill, in the Summary Compensation Table for fiscal years 2023, 2022, 2021 and 2020. Mr. Cahill served as CEO for each of the years presented.
- (2) The dollar amounts reported represent the amount of “compensation actually paid”, as computed in accordance with SEC rules. Deductions from, and additions to, total compensation in the Summary Compensation Table by year to calculate CAP are described in the tables immediately following this table.
- (3) For 2023, reflects compensation information for our NEOs, other than our CEO, as described in the CD&A of this proxy statement. For 2022, reflects compensation information for Mr. Kraft, Scott K. Moore, Hillman’s Chief Technology Officer, George S. Murphy, Hillman’s then Divisional President, Protective Solutions & Sales, and Mr. Ride. For 2021, reflects compensation information for Mr. Kraft, Mr. Ride, Mr. Fagundo, and Gary L. Seeds, Hillman’s Executive Vice President, Sales & Field Service. For 2020, reflects compensation information for Mr. Kraft, Mr. Fagundo, Mr. Murphy, and Jarrod T. Streng, Hillman’s then Divisional President, Personal Protective Solutions & Corporate Marketing.
- (4) Reflects cumulative total stockholder return on our common stock as of the last trading day prior of each of our fiscal years listed. The graph assumes an initial investment of \$100 at the market close on November 27, 2020, which was our initial trading day.
- (5) Reflects cumulative total stockholder return of the Dow Jones U.S. Industrial Suppliers Index (INDEXDJX: DJUSDS) as of the last trading day prior to the end of each of our fiscal years listed. The graph assumes an initial investment of \$100 at the market close on November 27, 2020, which was our initial trading day. The Dow Jones U.S. Industrial Suppliers Index is the peer group used by Hillman for purposes of Item 201(e) of Regulation S-K under the Exchange Act in Hillman’s Annual Report on Form 10-K for the Year Ended December 30, 2023.
- (6) Adjusted EBITDA is a non-GAAP measure that represents our consolidated earnings before interest, taxes, depreciation, and amortization, as adjusted for non-recurring charges. For a reconciliation of out net income on a GAAP basis to adjusted EBITDA, see Appendix A.

## CEO Pay

To calculate the amounts in the “Compensation Actually Paid to CEO” column in the table above, the following amounts were deducted from and added to (as applicable) our CEO’s “Total” compensation as reported in the Summary Compensation Table (SCT):

CEO Adjustments	2023 (\$)	2022 (\$)	2021 (\$)	\$2020 (\$)
<b>Total Compensation from Summary Compensation Table</b>	3,642,885	2,619,285	3,349,100	1,578,261
<b>Adjustments for Equity Awards:<sup>(1)</sup></b>				
<b>Subtract: Grant Date Fair Values in Summary Compensation Table</b>	(2,134,993)	(1,799,120)	(2,637,196)	—
<b>Add: Year-end fair value of awards granted during the year</b>	2,322,888	1,326,398	2,353,822	—
<b>Year-over-year increase (decrease) of fair value of unvested awards granted in prior years</b>	687,985	(4,084,314)	3,430,666	4,047,789
<b>Increase (decrease) from prior fiscal year-end of fair value for awards that vested during the year</b>	2,144,371	(641,959)	1,668,824	(802,636)
<b>Subtract: Forfeitures during current year equal to prior year-end fair value</b>	—	—	—	—
<b>Total Adjustments for Equity Awards</b>	3,020,251	(5,198,995)	4,816,116	3,245,153
<b>Compensation Actually Paid as Calculated</b>	6,663,136	(2,579,710)	8,165,216	4,823,414

- (1) Fair values set forth in the table above are computed in accordance with ASC 718 as of the end of the respective fiscal year, other than fair values of awards that vest in the covered year, which are valued as of the applicable vesting date, or the fair values of awards forfeited in the covered year, which are valued as of the end of the prior fiscal year. The fair value or change in fair value of RSUs is measured using the closing price of a share of Company common stock on the applicable measurement date. The fair value or change in fair value of stock options is determined using the Black-

Scholes option pricing model. Refer to Note 13 - Stock Based Compensation, to the Consolidated Financial Statements included in our Form 10-K for each applicable fiscal year ended for additional details.

## Non-CEO NEO Pay

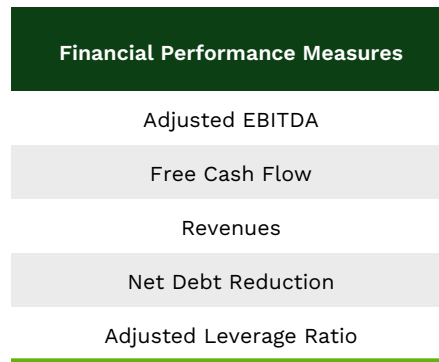
To calculate the amounts in the “Average Compensation Actually Paid to Non-CEO NEOs” column in the table above, the following amounts were deducted from and added to (as applicable) the average of the “Total” compensation of our non-CEO named executive officers for each applicable year, as reported in the SCT for that year:

Non-CEO NEO Adjustments	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
<b>Total Compensation from Summary Compensation Table</b>	1,832,761	966,154	2,426,095	2,434,882
<b>Adjustments for Equity Awards:<sup>(1)</sup></b>				
<b>Subtract: Grant Date Fair Values in Summary Compensation Table</b>	(1,199,996)	(559,829)	(1,962,204)	(374,079)
<b>Add: Year-end fair value of awards granted during the year</b>	1,297,678	418,321	484,799	640,681
<b>Year-over-year increase (decrease) of fair value of unvested awards granted in prior years</b>	393,356	(752,231)	1,367,983	67,201
<b>Increase (decrease) from prior fiscal year-end of fair value for awards that vested during the year</b>	170,640	(73,520)	111,433	(17,476)
<b>Subtract: Forfeitures during current year equal to prior year-end fair value</b>	—	—	—	—
<b>Total Adjustments for Equity Awards</b>	661,678	(967,259)	2,011	316,327
<b>Compensation Actually Paid as Calculated</b>	2,494,439	(1,105)	2,428,106	2,751,209

- (1) Fair values set forth in the table above are computed in accordance with ASC 718 as of the end of the respective fiscal year, other than fair values of awards that vest in the covered year, which are valued as of the applicable vesting date, or the fair values of awards forfeited in the covered year, which are valued as of the end of the prior fiscal year. The fair value or change in fair value of RSUs is measured using the closing price of a share of Company common stock on the applicable measurement date. The fair value or change in fair value of stock options is determined using the Black-Scholes option pricing model. Refer to Note 13 - Stock Based Compensation, to the Consolidated Financial Statements included in our Form 10-K for each applicable fiscal year ended for additional details.

## Tabular List of Financial Performance Metrics

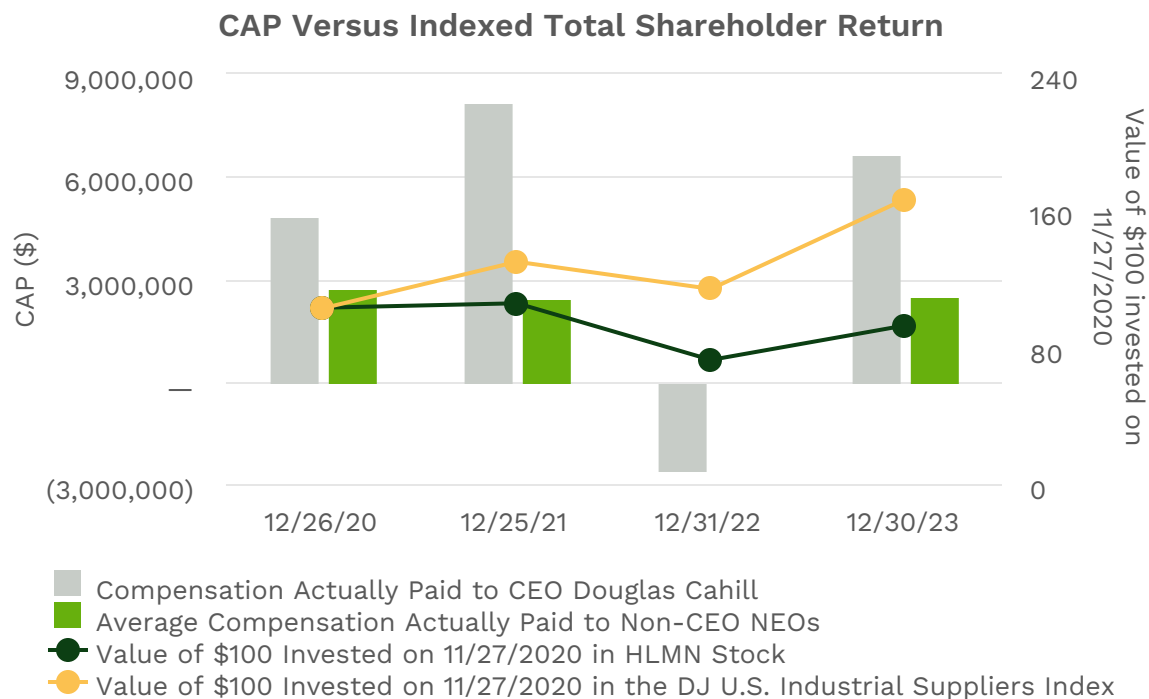
As described in greater detail in the CD&A, we have a significant focus on pay-for-performance. The most important financial performance measures used to link CAP (as calculated in accordance with the SEC rules), to our NEOs in 2023 to our performance were:



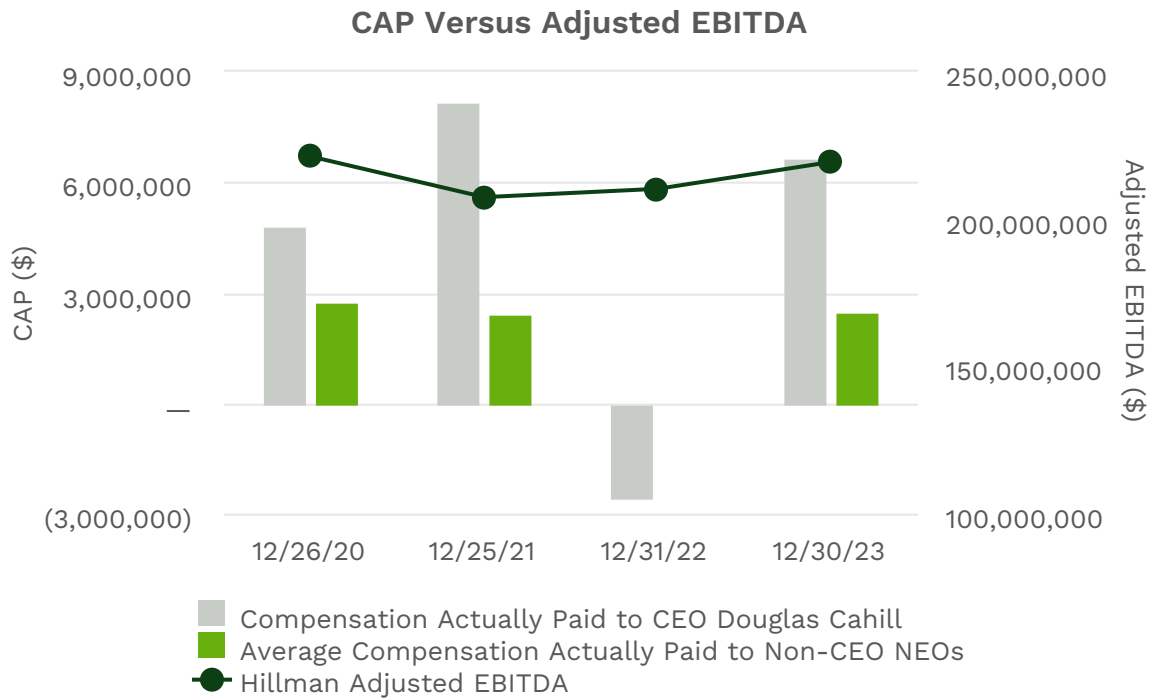
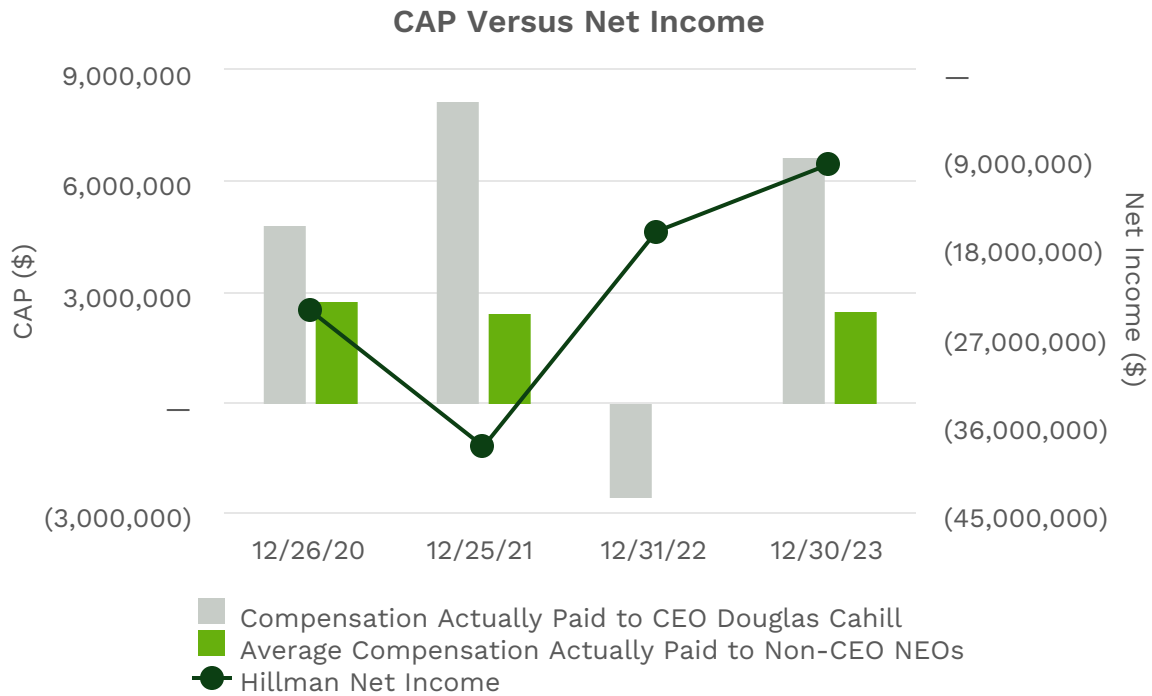
## Description of Relationship Between Pay and Performance

The graphs below provide a description of CAP (as calculated in accordance with the SEC rules) and the following measures:

- Hillman’s cumulative TSR and Dow Jones U.S. Industrial Suppliers Index cumulative TSR;
- Hillman’s Net Income; and
- the Company Selected Measure, which for Hillman is Adjusted EBITDA.







## Director Compensation for Fiscal Year 2023

The following table sets forth compensation earned by the Company's directors who are not also employees of the Company during the year ended December 30, 2023.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Total (\$)
Diana Dowling	75,000	120,238	195,238
Teresa S. Gendron	75,000	120,238	195,238
Diane C. Honda <sup>(2)</sup>	44,093	120,238	164,331
Aaron P. Jagdfeld <sup>(3)</sup>	91,176	120,238	211,414
Daniel O'Leary <sup>(4)</sup>	79,053	120,238	199,291
David A. Owens <sup>(5)</sup>	83,819	120,238	204,057
Joseph M. Scharfenberger, Jr. <sup>(6)</sup>	—	—	—
John Swygert	75,000	120,238	195,238
Philip K. Woodlief <sup>(7)</sup>	95,000	120,238	215,238
Richard F. Zannino <sup>(6)</sup>	—	—	—

- (1) The amount included in the "Stock Awards" column represents the grant date fair value of RSUs calculated in accordance with FASB ASC Topic 718. See Note 13 - Stock Based Compensation, to the Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 30, 2023 for additional details.
- (2) Ms. Honda joined the Board on May 31, 2023. Her annual cash fee of \$75,000 was prorated for her partial year of service in 2023.
- (3) Mr. Jagdfeld is a member of the Board and is entitled to a \$75,000 annual board fee and an additional \$17,000 fee for serving as the chair of our Compensation Committee, which was increased from \$15,000 on May 31, 2023.
- (4) Mr. O'Leary is a member of the Board and is entitled to a \$75,000 annual board fee and an additional \$25,000 fee for serving as our Lead Independent Director, which was pro-rated to reflect his appointment as Lead Independent Director on November 2, 2023.
- (5) Mr. Owens is a member of the Board and is entitled to a \$75,000 annual board fee and an additional \$15,000 fee for serving as the chair of our Nominating & ESG Committee, which was instituted on May 31, 2023.
- (6) Mr. Scharfenberger and Mr. Zannino are each employed and compensated by CCMP and were not compensated for their services on the Board. Mr. Scharfenberger and Mr. Zannino each resigned from Board on May 11, 2023 in connection with CCMP's exit of its investment in the Company.
- (7) Mr. Woodlief is a member of the Board and is entitled to a \$75,000 annual board fee and an additional \$20,000 fee for serving as our Audit Committee chair.

Directors do not receive any perquisites or other personal benefits from the Company.

The Board, following the recommendation of our Compensation Committee, made the following changes to our non-employee director compensation policy on a pro-rated basis during 2023 to align with market practices and reflect the creation of the Lead Independent Director role:

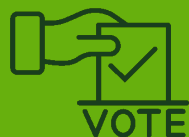
Compensation Element	Prior Amount (\$)	Updated Amount (\$)
Annual cash retainer	75,000	75,000
Additional annual cash retainer for Lead Independent Director	N/A	25,000
Additional annual cash retainer for chair of the Audit Committee	20,000	20,000
Additional annual cash retainer for chair of the Compensation Committee	15,000	17,000
Additional annual cash retainer for chair of the Nominating & ESG Committee	—	15,000
Annual equity retainer	100,000	120,000

We also reimburse expenses incurred by our non-employee directors to attend Board and committee meetings. Directors who are also our employees do not receive cash or equity compensation for services on our Board in addition to compensation payable for their services as employees.

As mentioned above, our non-employee directors are subject to stock ownership guidelines requiring them to hold shares of the Company's common stock with a value equal to three (3) times his or her annual cash retainer. Non-employee directors are required to achieve the applicable level of ownership within five (5) years from the later of (a) July 14, 2021, which is the date the guidelines were originally adopted, or (b) the date the person was initially designated an executive officer or director, as applicable, of the Company.

# ITEM NO. 2

## ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION



You are being asked to vote, on a nonbinding, advisory basis, to approve the compensation of our NEOs.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR THE APPROVAL  
OF COMPENSATION OF OUR NEOs.**

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we give our stockholders the right to approve, on a nonbinding, advisory basis, the compensation of our NEOs as disclosed earlier in this proxy statement in accordance with the SEC's rules.

As discussed earlier in the Compensation Discussion & Analysis, our compensation philosophy is to attract and retain the best management talent and to motivate these associates to achieve our business and financial goals. Our incentive plans are designed to reward the actions that lead to long-term value creation. To achieve our objectives, we seek to ensure that compensation is competitive and that there is a direct link between pay and performance.

The vote on this resolution is not intended to address any specific element of compensation. Rather, the vote relates to the compensation of our NEOs as described in this proxy statement. The vote is advisory. This means that the vote is not binding on Hillman. The Compensation Committee of the Board is responsible for establishing executive compensation. In so doing, the Compensation Committee will consider, along with all other relevant factors, the results of this vote.

We ask our stockholders to vote on the following resolution:

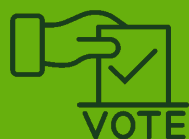
“RESOLVED, that the compensation paid to the Company’s NEOs, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and the related narrative discussion, is hereby APPROVED.”

The next advisory vote will occur at our 2025 Annual Meeting.

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 3

## AMEND CHARTER TO DECLASSIFY THE BOARD



You are being asked to vote to amend our certificate of incorporation to declassify the Board by the 2027 Annual Meeting of Stockholders.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR CHARTER  
TO DECLASSIFY THE BOARD.**

As part of our Board's review of its corporate governance principles and the periodic evaluation of its size, structure, composition and functioning in light of corporate governance trends and recognized best practices, our Board has determined that holding annual elections of each of our directors is in the best interests of our stockholders. The Board is also seeking to eliminate the requirement for a supermajority vote to amend certain provisions of our Charter (as defined below), as reflected in Proposal 4. In November 2023, the Board also created the position of Lead Independent Director and the Company's independent directors unanimously elected Daniel O'Leary to the newly created position.

Accordingly, our Board has recommended and is seeking stockholder approval of an amendment to our Third Amended and Restated Certificate of Incorporation (our "Charter") to provide for the phased elimination of the Company's classified board structure (the "Proposed Declassification Amendment"). The proposed amendment to our Charter would eliminate the classification of the board over a three-year period beginning at the 2025 Annual Meeting, at which time each director on the ballot for election would be elected for a one-year term following the expiration of such director's existing term.

Currently, Section 5.2 of our Charter divides the Board into three classes that are elected by class for three-year terms. If approved by stockholders at the Annual Meeting, the Proposed Declassification Amendment will be implemented pursuant to the Fourth Amended and Restated Certificate of Incorporation (the "Amended and Restated Charter") and would declassify the Board over a three-year period, as follows:

- Class I directors will serve out the remainder of their current three-year terms, and they will stand for election for a one-year term at our 2025 annual meeting, and they and any successors will stand for election at each subsequent annual meeting;
- Class II directors will serve out the remainder of their current three-year terms, and they will stand for election for a one-year term at our 2026 annual meeting, and they and any successors will stand for election at each subsequent annual meeting; and

- Class III directors will be elected at this Annual Meeting and serve out their three-year terms, and they will stand for election for a one-year term at our 2027 annual meeting, and they and any successors will stand for election at each subsequent annual meeting.

Beginning at the 2027 Annual Meeting, all directors would be elected annually. If approved by our stockholders, the Amended and Restated Charter would become effective upon its filing with the Secretary of State of the State of Delaware, which the Company would file promptly following the Annual Meeting. The proposed amendment would not change the present number of directors or the Board's authority to increase or decrease the size of the Board or fill any vacancies or newly created director positions. Vacancies which occur during the year may be filled by the board for the remainder of the full term.

In accordance with Delaware law, our Amended and Restated Charter will provide that any director selected to serve on the Board at the 2025 Annual Meeting or thereafter may be removed from office by the Company's stockholders, with or without cause, by the affirmative vote of the holders of a majority of the voting power of all outstanding shares of our common stock then entitled to vote in the election of directors.

### **Complete Text of Proposed Amendment**

This description of the proposed amendment to our Charter is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Amended and Restated Charter attached to this Proxy Statement as Appendix B, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

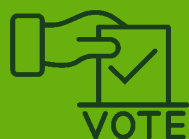
### **Vote Required**

The affirmative vote of the holders of sixty-six percent (66%) of the voting power of the Company's outstanding shares of common stock entitled to vote on this proposal will be required to approve this proposal. Abstentions and broker non-votes will count as votes against this proposal. The Company also intends to make certain conforming amendments to the Bylaws if this proposal is approved (See Proposal 8). The approval of this Proposal 3 is not conditioned upon approval of any of the other Charter amendment proposals in this proxy statement

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 4

## AMEND CHARTER TO ELIMINATE SUPERMAJORITY VOTING



You are being asked to vote to amend our charter to eliminate supermajority voting provisions.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR CHARTER  
TO ELIMINATE SUPERMAJORITY VOTING.**

Consistent with our Board's review of our corporate governance principles and focus on promoting certain governance best practices, our Board has recommended and is seeking stockholder approval of an amendment to our Charter that would eliminate the requirement for a supermajority vote to amend certain provisions described below, and replace these requirements with a majority vote requirement.

Currently, Article XI of our Charter requires the affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of our then outstanding shares of common stock, entitled to vote thereon, to amend, modify, or repeal the following provisions of our Charter:

- Article V (Board of Directors)
- Article VI (Bylaws)
- Section 7.1 (Special Meetings of Stockholders)
- Section 7.3 (No Stockholder Action by Written Consent)
- Article VIII (Limited Liability; Indemnification)
- Article IX (Corporate Opportunity)
- Article X (Business Combinations)
- Article XI (Amendment to Charter)

This proposal will be implemented pursuant to the Amended and Restated Charter.

Our Board recognizes that a majority voting standard for effecting changes to the Charter enhances our stockholders' ability to participate in corporate governance and aligns the Company with recognized best practices in corporate governance.

If approved by the Company's stockholders, the Amended and Restated Charter reflecting the elimination of all supermajority vote requirements for amending our Charter would become effective upon its filing with the Secretary



of State of the State of Delaware, which the Company would file promptly following the Annual Meeting. As a result, at future meetings of stockholders, the affirmative vote of the holders of a majority in voting power of the Company's outstanding stock entitled to vote thereon will be required to amend all provisions of the Amended and Restated Charter.

### **Complete Text of Proposed Amendment**

This description of the proposed amendment to our Charter is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Amended and Restated Charter attached to this proxy statement as Appendix B, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

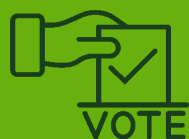
### **Vote Required**

The affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of the Company's outstanding shares of common stock entitled to vote on this proposal will be required to approve this proposal. Abstentions and broker non-votes will count as votes against this proposal. The Company also intends to make certain conforming amendments to the Bylaws if this proposal is approved (see Proposal 8). The approval of this Proposal 4 is not conditioned upon approval of any of the other Charter amendment proposals in this proxy statement

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 5

## AMEND CHARTER TO PROVIDE FOR OFFICER EXCULPATION OF LIABILITY



You are being asked to vote to amend our certificate of incorporation to provide for officer exculpation of liability.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR CHARTER  
TO PROVIDE FOR OFFICER EXCULPATION  
OF LIABILITY.**

Our Board has recommended and is seeking stockholder approval of an amendment to our Charter that would provide for the exculpation of officers of the Company (the “Officer Exculpation Amendment”), consistent with current Delaware law.

In August 2022, the Delaware legislature amended Section 102(b)(7) the DGCL to allow Delaware corporations to include an exculpation provision in their charters limiting or eliminating the personal liability of certain officers for monetary damages arising out of certain fiduciary duty breaches.

Amended Section 102(b)(7) does not permit exculpation of officers with respect to: (i) breaches of the duty of loyalty to the Company or its stockholders; (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; or (iii) any transactions in which an officer derived an improper personal benefit. Section 102(b)(7) also does not permit exculpation of an officer in any action by or in the right of the corporation, such as derivative actions.

Currently, Section 8.1 of our Charter includes an exculpation provision for directors, but not for officers. To keep our Charter aligned with the amended Section 102(b)(7), we are proposing to update Section 8.1 of our Charter to also provide an exculpation provision for officers. If the Officer Exculpation Amendment is approved by our stockholders, certain officers will be exculpated from monetary liability from certain fiduciary duty breaches, solely to the extent permitted by Delaware Law.

Our Board believes that officer exculpation will enhance the ability of our officers to make value-enhancing decisions. Our officers are often called upon to make time-sensitive decisions which, in the current litigious environment, carry with them a risk of claims, actions, suits or proceedings that will require a significant investment of the Company’s time and resources to address, regardless of the merit of the claims. An exculpation provision for officers will allow officers to more freely exercise their independent business judgment to advance the goals of the Company and maximize the Company’s value. Further, our officers would not be protected from liability under our Officer Exculpation Amendment for (i) breaches of the duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, or (iii) any

transactions in which an officer derived an improper personal benefit and will also not be protected from liability for actions by or in the right of the Company, all according to Delaware Law.

Additionally, we operate in a competitive industry. We expect many of our peers to also adopt provisions exculpating their officers now that Delaware law permits such exculpation. If our peers adopt such exculpation provisions and we do not, our ability to attract and retain highly qualified officer candidates in this competitive marketplace may be adversely impacted. Thus, adopting the Officer Exculpation Amendment, which may enhance the Company's ability to retain and attract the most capable persons as our officers, is in the best interests of the Company and our stockholders.

If approved by the Company's stockholders, the Amended and Restated Charter reflecting the Officer Exculpation Amendment would become effective upon its filing with the Secretary of State of the State of Delaware, which the Company would file promptly following the Annual Meeting.

### **Complete Text of Proposed Amendment**

This description of the proposed amendment to our Charter is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Amended and Restated Charter attached to this proxy statement as Appendix B, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

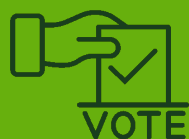
### **Vote Required**

The affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of the Company's outstanding shares of common stock entitled to vote on this proposal will be required to approve this proposal. Abstentions and broker non-votes will count as votes against this proposal. The approval of this Proposal 5 is not conditioned upon approval of any of the other Charter amendment proposals in this proxy statement.

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 6

## AMEND CHARTER TO ELIMINATE SPONSOR CORPORATE OPPORTUNITY PROVISION



You are being asked to vote to amend our certificate of incorporation to eliminate a sponsor corporate opportunity provision.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR CHARTER  
TO ELIMINATE A SPONSOR CORPORATE  
OPPORTUNITY PROVISION.**

Our Board has recommended and is seeking stockholder approval for amendments to our Charter that would eliminate a number of provisions relating to our former financial sponsor, CCMP Capital Advisors, LP and certain of its affiliates (“CCMP”). CCMP acquired a controlling interest in the Company in 2014 and remained a significant stockholder until it completely exited its position in Hillman in May 2023. Since CCMP exited its investment in the Company, these provisions have become obsolete.

Currently, Article IX of our Charter includes provisions that expressly allow CCMP to engage in lines of businesses or pursue corporate opportunities that are the same or similar to those of the Company. If approved by stockholders at the Annual Meeting, the proposed amendment would eliminate these provisions and will be implemented pursuant to the Amended and Restated Charter.

Our Board believes it is in the best interests of our stockholders to eliminate these provisions to avoid potential confusion relating to provisions that are no longer applicable.

If approved by the Company’s stockholders, the Amended and Restated Charter reflecting the deletion of certain financial sponsor corporate opportunity provisions of the Certificate would become effective upon its filing with the Secretary of State of the State of Delaware, which the Company would file promptly following the Annual Meeting.

### Complete Text of Proposed Amendment

This description of the proposed amendment to our Charter is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Amended and Restated Charter attached to this proxy statement as Appendix B, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

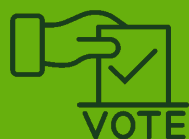
### Vote Required

The affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of the Company's outstanding shares of common stock entitled to vote on this proposal will be required to approve this proposal. Abstentions and broker non-votes will count as votes against this proposal. The approval of this Proposal 6 is not conditioned upon approval of any of the other Charter amendment proposals in this proxy statement.

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 7

## AMEND CHARTER TO ELIMINATE SPONSOR BUSINESS COMBINATION PROVISION



You are being asked to vote to amend our certificate of incorporation to eliminate a sponsor business combination provision.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR CHARTER  
TO ELIMINATE A SPONSOR BUSINESS  
COMBINATION PROVISION.**

Our Board has recommended and is seeking stockholder approval for amendments to our Charter that would eliminate a number of provisions relating to our former financial sponsor, CCMP Capital Advisors, LP and certain of its affiliates (“CCMP”). CCMP acquired a controlling interest in the Company in 2014 and remained a significant stockholder until it completely exited its position in Hillman in May 2023. Since CCMP exited its investment in the Company, these provisions have become obsolete.

Currently, Article X of our Charter includes provisions that causes the Company to not be governed by Section 203 of the DGCL and, instead, includes a provision in the Charter that is substantially similar to Section 203 of the DGCL, but excludes CCMP from the definition of “interested stockholder”. If approved by stockholders at the Annual Meeting, the proposed amendment would eliminate these provisions such that the Company will be governed by Section 203 of the DGCL and there will be no exclusions from the definition of “interested stockholder”. The proposed amendment will be implemented pursuant to the Amended and Restated Charter.

Our Board believes it is in the best interests of our stockholders to eliminate these provisions to avoid potential confusion relating to provisions that are no longer applicable.

If approved by the Company’s stockholders, the Amended and Restated Charter reflecting the deletion of certain financial sponsor business combination provisions of the Certificate would become effective upon its filing with the Secretary of State of the State of Delaware, which the Company would file promptly following the Annual Meeting.

### Complete Text of Proposed Amendment

This description of the proposed amendment to our Charter is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Amended and Restated Charter attached to this proxy statement as Appendix B, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

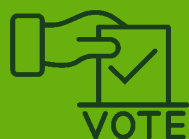
## Vote Required

The affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of the Company's outstanding shares of common stock entitled to vote on this proposal will be required to approve this proposal. Abstentions and broker non-votes will count as votes against this proposal. The approval of this Proposal 7 is not conditioned upon approval of any of the other Charter amendment proposals in this proxy statement.

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 8

## AMEND BYLAWS TO ELIMINATE SUPERMAJORITY VOTING



You are being asked to vote to amend our bylaws to eliminate supermajority voting

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR BYLAWS  
TO ELIMINATE SUPERMAJORITY VOTING.**

Consistent with our Board's review of our corporate governance principles and focus on promoting certain governance best practices, our Board has recommended and is seeking stockholder approval of an amendment to our Bylaws that would eliminate the additional supermajority stockholder vote requirement in the case of amending Article VII (Indemnification). Instead, amendments to the indemnification provision would be governed by Section 9.14 (Amendments) and would be treated the same as any other amendment to our Bylaws. Additionally, our Board has recommended and is seeking stockholder approval to reduce the vote requirement for stockholder initiated amendments to our bylaws from a 66% supermajority to a simple majority.

Currently, Section 8.7 of our Bylaws provides that amending Article VIII (Indemnification) of the Bylaws requires the approval of our Board and the affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of our then outstanding shares of common stock, entitled to vote thereon. Additionally, Section 9.14 (Amendments) of our Bylaws provides that stockholder initiated amendments of our Bylaws require the affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of our then outstanding shares of common stock, entitled to vote thereon.

This proposal will be implemented pursuant to the Amended and Restated Bylaws.

Our Board recognizes a majority voting standard for effecting stockholder initiated changes to the Bylaws enhances our stockholders' ability to participate in corporate governance and aligns the Company with recognized best practices in corporate governance.

If approved by the Company's stockholders, the Amended and Restated Bylaws reflecting the elimination of all supermajority vote requirements would become effective immediately after the Annual Meeting.

### Complete Text of Proposed Amendment

This description of the proposed amendment to our Charter is qualified in its entirety by reference to, and should be read in conjunction with, the full text of the Amended and Restated Bylaws attached to this proxy statement as



Appendix C, in which we have shown the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

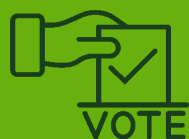
### **Vote Required**

The affirmative vote of the holders of at least sixty-six percent (66%) of the voting power of the Company's outstanding shares of common stock entitled to vote on this proposal will be required to approve this proposal. Abstentions and broker non-votes will count as votes against this proposal. The approval of this Proposal 8 is not conditioned upon approval of any of the other Charter amendment proposals in this proxy statement

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 9

## AMEND 2021 EQUITY INCENTIVE PLAN TO INCREASE SHARE RESERVE



You are being asked to vote to amend our 2021 Equity Incentive Plan to increase the plan shares reserved for issuance

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR AMENDING OUR 2021  
EQUITY INCENTIVE PLAN TO INCREASE  
THE SHARE RESERVE**

We are asking our stockholders to approve an amendment of our 2021 Equity Incentive Plan (referred to in this Proxy Statement as the “2021 Plan”), to increase the number of shares of Common Stock available for the grant of awards under the 2021 Plan by 2,000,000 shares, representing approximately 1% of our shares of Common Stock outstanding as of December 30, 2023. We believe equity compensation is a critical tool for employee motivation and retention. We are proposing the share increase to enable us to continue offering effective equity compensation to our employees. A copy of the proposed amendment is attached to this Proxy Statement as .

Upon the recommendation of our Compensation Committee, our Board of Directors approved the amendment to the 2021 Plan, subject to stockholder approval. If approved by our stockholders, the amended 2021 Plan will become effective as of the date of the Annual Meeting.

### Purpose and Background

The primary goal of the amendment to our 2021 Plan is to provide us with a sufficient reserve of Common Stock to offer appropriate incentives to our employees. Our equity program is a key component of our strategy to attract and retain key individuals, and the share requirements of our equity program have grown with our company. Accordingly, we strongly believe that amending the 2021 Plan is important to our future success.

As of March 30, 2024, approximately 3,236,220 shares remained available for grant under the 2021 Plan. The Board believes that additional shares are necessary to meet the Company’s anticipated equity compensation needs. The proposed share increase, when combined with the amount of shares currently available for grant under the 2021 Plan, is expected to last approximately one to two years. This estimate is based on a forecast that takes into account our historical granting practices, our historical forfeiture rates, as well as an estimated range of our stock price over time.

If our stockholders do not approve the 2021 Plan, as proposed to be amended, we may not have sufficient shares of Common Stock available for issuance under the 2021 Plan to fully execute our equity compensation program beyond fiscal 2024. We believe that such a lack of available equity would materially limit our ability to attract, retain and motivate individuals integral to achieving our business goals and objectives and place us at a competitive disadvantage.

We continue to believe that equity compensation is critical in motivating key employees and that it effectively aligns employee compensation with stockholder interests. On July 14, 2021, the Company adopted the 2021 Plan and agreed not to issue any additional awards under prior plans. The 2021 Plan is the sole available plan for granting discretionary equity compensation to our employees. If the amended 2021 Plan is not approved and we are unable to grant equity compensation in the future, we may need to consider other compensation alternatives, such as increasing cash compensation.

We recognize that equity awards dilute existing stockholders. In reaching our conclusion as to the appropriate number of shares of Common Stock to seek to add to the 2021 Plan in this proposal, we reviewed, among other things, our burn rate. Burn rate measures how rapidly a company is depleting its shares reserved for equity compensation and is commonly used by investors and proxy advisory firms to evaluate proposals relating to equity compensation plans.

We believe that our burn rate of 1.01% in fiscal 2022, our first full year as a publicly traded company, and 1.08% in fiscal 2023 is generally consistent with similarly sized companies in our industry. We calculate burn rate as shares reserved for issuance as a result of equity grants during the fiscal year divided by our shares outstanding as of the end of the applicable fiscal year on a fully diluted basis.

## The 2021 Plan Incorporates Good Compensation and Governance Practices

- **Administration.** The 2021 Plan is administered by the Compensation Committee of the Board, which is comprised entirely of independent non-employee directors.
- **Stockholder approval is required for additional Shares.** The 2021 Plan does not contain an annual “evergreen” provision but instead reserves a fixed maximum number of Shares for issuance. Stockholder approval is required to increase that number.
- **Explicit prohibition on repricing without stockholder approval.** The 2021 Plan prohibits the repricing, cash-out or other exchange of underwater stock options or stock appreciation rights without prior stockholder approval, except in certain situations with a corporate transaction involving the Company.
- **No discounted stock options or stock appreciation rights.** The 2021 Plan requires that stock options and stock appreciation rights issued under it must have an exercise price equal to at least the fair market value of our common stock on the date the award is granted.
- **Ten-year term.** All stock options and stock appreciation rights granted under the 2021 Plan have a term of no more than ten years, thereby limiting the potential for unproductive overhang.
- **Share-counting provisions.** In general, when awards granted under the 2021 Plan expire or are cancelled without having been fully exercised, or are settled in cash, the Shares reserved for those awards are returned to the share reserve and become available for future awards. However, if Shares are tendered to us or withheld by us to pay a stock option’s or stock appreciation right’s exercise price or satisfy such award’s tax withholding obligations, those Shares do not become available for future awards. Also, if a stock appreciation right is exercised, we subtract from the 2021 Plan share reserve the full number of Shares subject to the portion of the stock appreciation right actually exercised, regardless of how many Shares actually were used to settle the stock appreciation right.
- **Limited transferability.** In general, awards may not be sold, assigned, transferred, pledged or otherwise encumbered, except by will or the laws of descent and distribution.
- **No tax gross-ups.** The 2021 Plan does not provide for any tax gross-ups.

## Summary of the 2021 Plan

The following summary describes the expected material terms of the 2021 Plan, as amended. This summary is not a complete description of all provisions of the 2021 Plan and is qualified in its entirety by reference to the 2021 Plan, a copy of which is attached hereto as , and we urge you to read it in its entirety.

### **Purpose**

The purpose of the 2021 Plan is to advance our interests by providing for the grant to our employees, directors, consultants and advisors of stock and stock-based awards.

### **Administration**

The 2021 Plan is administered by our Compensation Committee, except with respect to matters that are not delegated to the compensation committee by our Board (whether pursuant to committee charter or otherwise). The Compensation Committee (or Board, as applicable) will have the discretionary authority to administer and interpret the 2021 Plan and any awards granted under it, determine eligibility for and grant awards, determine the exercise price, base value from which appreciation is measured or purchase price, if any, applicable to any award, determine, modify, accelerate and waive the terms and conditions of any award, determine the form of settlement of awards, prescribe forms, rules and procedures relating to the 2021 Plan and awards, and otherwise do all things necessary or desirable to carry out the purposes of the 2021 Plan or any award. The Compensation Committee may delegate such of its duties, powers and responsibilities as it may determine to one or more of its members, members of the Board and, to the extent permitted by law, our officers, and may delegate to employees and other persons such ministerial tasks as it deems appropriate. As used in this summary, the term “Administrator” refers to the Compensation Committee and its authorized delegates, as applicable.

### **Eligibility**

Our employees, non-employee directors, consultants and advisors are eligible to participate in the 2021 Plan. Eligibility for stock options intended to be incentive stock options, or ISOs, is limited to our employees or employees of certain of our affiliates. Eligibility for stock options, other than ISOs, and stock appreciation rights, or SARs, is limited to individuals who are providing direct services to us or certain of our affiliates on the date of grant of the award. As of the date of this proxy statement, approximately 3,800 employees and approximately eight non-employee directors are eligible to participate in the 2021 Plan, including all of our executive officers. In addition, certain consultants and other service providers may, in the future, become eligible to participate in the 2021 Plan, though, as of the date of this proxy statement, no grants to any consultants or other service providers are expected.

### **Authorized shares**

At our special meeting on July 13, 2021, our stockholders approved the maximum number of shares of our common stock that may be delivered in satisfaction of awards under the 2021 Plan of (i) 7,150,814 shares, plus (ii) up to an aggregate of 14,523,510 shares of our common stock underlying awards under the HMAN Group Holdings Inc. (our predecessor entity) 2014 Equity Incentive Plan (the “Prior Plan”) that on or after the date the 2021 Plan becomes effective, expire or become unexercisable, or are forfeited, cancelled or otherwise terminated, in each case, without delivery of shares or cash therefor, and would have become available under the terms of the Prior Plan (collectively, the “share pool”). The stockholders are now being asked to approve an additional 2,000,000 shares to become available for issuance under the 2021 Plan, such that the amount of shares in clause (i) above would be increased to 9,150,814 shares. As of March 30, 2024, approximately 3,236,220 shares remained available for grant under the 2021 Plan.

Up to the total number of shares in the share pool described above may be delivered in satisfaction of ISOs. The number of shares of our common stock delivered in satisfaction of awards under the 2021 Plan is determined (i) by reducing the share pool by the number of shares withheld by us in payment of the exercise price or purchase price of the award or in satisfaction of tax withholding requirements with respect to the award, (ii) by reducing the share pool by the full number of shares covered by any portion of a SAR which is settled in shares of our common stock (and not only the number of shares delivered in settlement of a SAR), and (iii) by increasing the share pool by any shares underlying awards settled in cash or that expire, become unexercisable, terminate or are forfeited to or repurchased by us without the issuance of shares of our common stock (or retention, in the case of restricted stock or unrestricted stock) of shares of our common stock. The number of shares available for delivery under the 2021 Plan will not be increased by any shares that have been delivered under the 2021 Plan and are subsequently repurchased using proceeds directly attributable to stock option exercises.

Shares that may be delivered under the 2021 Plan may be authorized but unissued shares, treasury shares or previously issued shares acquired by us. No fractional shares will be delivered under the 2021 Plan.

### Director limits

The maximum value of all compensation granted or paid to any of our non-employee directors with respect to any calendar year, including awards under the 2021 Plan and cash fees or other compensation paid by us to any such director for services as a director during such calendar year, may not exceed \$750,000 in the aggregate, calculating the value of any awards under the 2021 Plan based on their grant date fair value and assuming maximum payout.

### Types of awards

The 2021 Plan provides for the grant of stock options, SARs, restricted and unrestricted stock and stock units, restricted stock units, performance awards and other awards that are convertible into or otherwise based on our common stock. Dividend equivalents may also be provided in connection with certain awards under the 2021 Plan, provided that any dividend equivalents will be subject to the same risk of forfeiture, if any, as applies to the underlying award.

- **Stock options and SARs.** The Administrator may grant stock options, including ISOs, and SARs. A stock option is a right entitling the holder to acquire shares of our common stock upon payment of the applicable exercise price. A SAR is a right entitling the holder upon exercise to receive an amount (payable in cash or shares of equivalent value) equal to the excess of the fair market value of the shares subject to the right over the base value from which appreciation is measured. The exercise price per share of each stock option, and the base value of each SAR, granted under the 2021 Plan shall be no less than 100% of the fair market value of a share on the date of grant (110% in the case of certain ISOs). Other than in connection with certain corporate transactions or changes to our capital structure, stock options and SARs granted under the 2021 Plan may not be repriced, amended, or substituted for with new stock options or SARs having a lower exercise price or base value, nor may any consideration be paid upon the cancellation of any stock options or SARs that have a per share exercise or base price greater than the fair market value of a share on the date of such cancellation, in each case, without shareholder approval. Each stock option and SAR will have a maximum term of not more than ten years from the date of grant (or five years, in the case of certain ISOs).
- **Restricted and unrestricted stock and stock units.** The Administrator may grant awards of stock, stock units, restricted stock and restricted stock units. A stock unit is an unfunded and unsecured promise, denominated in shares, to deliver shares or cash measured by the value of shares in the future, and a restricted stock unit is a stock unit that is subject to the satisfaction of specified performance or other vesting conditions. Restricted stock are shares subject to restrictions requiring that they be forfeited, redelivered or offered for sale to us if specified performance or other vesting conditions are not satisfied.
- **Performance awards.** The Administrator may grant performance awards, which are awards subject to the achievement of performance criteria.
- **Other share-based awards.** The Administrator may grant other awards that are convertible into or otherwise based on shares of our common stock, subject to such terms and conditions as it determines.
- **Substitute awards.** The Administrator may grant substitute awards in connection with certain corporate transactions, which may have terms and conditions that are inconsistent with the terms and conditions of the 2021 Plan.

### Vesting; terms of awards

The Administrator determines the terms and conditions of all awards granted under the 2021 Plan, including the time or times an award vests or becomes exercisable, the terms and conditions on which an award remains exercisable, and the effect of termination of a participant's employment or service on an award. The Administrator may at any time accelerate the vesting or exercisability of an award. The Administrator may cancel, rescind, withhold or otherwise limit or restrict any award if a participant is not in compliance with all applicable provisions of the 2021 Plan and/or any award agreement evidencing the grant of an award, or if the participant breaches any restrictive covenants.

### Recovery of compensation

The Administrator may provide that any outstanding award, the proceeds of any award or shares acquired thereunder and any other amounts received in respect of any award or shares acquired thereunder will be subject to forfeiture and disgorgement to us, with interest and other related earnings, if the participant to whom the award was granted is not in compliance with any provision of the 2021 Plan or any award, any non-competition, non-solicitation, no-hire, non-disparagement, confidentiality, invention assignment or other restrictive covenant, or any company policy that relates to trading on non-public information and permitted transactions with respect to shares

of our common stock or provides for forfeiture, disgorgement or clawback, or as otherwise required by law or applicable stock exchange listing standards.

### **Transferability of awards**

Except as the Administrator may otherwise determine, awards may not be transferred other than by will or by the laws of descent and distribution.

### **Effect of certain transactions**

In the event of certain covered transactions (including the consummation of a consolidation, merger or similar transaction, the sale of all or substantially all of our assets or shares of our common stock, or our dissolution or liquidation), the Administrator may, with respect to outstanding awards, provide for (in each case, on such terms and subject to such conditions as it deems appropriate):

- The assumption, substitution or continuation of some or all awards (or any portion thereof) by the acquiror or surviving entity;
- The acceleration of exercisability or delivery of shares in respect of any award, in full or in part; and/or
- The cash payment in respect of some or all awards (or any portion thereof) equal to the difference between the fair market value of the shares subject to the award and its exercise or base price, if any.

Except as the Administrator may otherwise determine, each award will automatically terminate or be forfeited immediately upon the consummation of the covered transaction, other than awards that are substituted for, assumed, or that continue following the covered transaction.

### **Adjustment provisions**

In the event of certain corporate transactions, including a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in our capital structure, the Administrator shall make appropriate adjustments to the maximum number of shares that may be delivered under the 2021 Plan, the individual award limits, the number and kind of securities subject to, and, if applicable, the exercise or purchase prices (or base values) of outstanding awards, and any other provisions affected by such event. The Administrator may also make any such adjustments if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the 2021 Plan or any outstanding awards. The Administrator is not required to treat participants or awards (or portions thereof) in a uniform manner in connection in the event of a covered transaction.

### **Amendments and termination**

The Administrator may at any time amend the 2021 Plan or any outstanding award and may at any time suspend or terminate the 2021 Plan as to future grants. However, except as expressly provided in the 2021 Plan, the Administrator may not alter the terms of an award so as to materially and adversely affect a participant's rights without the participant's consent (unless the Administrator expressly reserved the right to do so in the applicable award agreement). Any amendments to the 2021 Plan will be conditioned on shareholder approval to the extent required by applicable law, regulations or stock exchange requirements.

### **Term**

No awards shall be granted under the 2021 Plan after July 14, 2031, which is ten years from the date on which the 2021 Plan was approved by the board of directors and our stockholders, but awards previously granted may extend beyond that time.

## **Certain Federal Income Tax Consequences of the 2021 Plan**

The following is a summary of certain U.S. federal income tax consequences associated with awards granted under the 2021 Plan. The summary does not purport to cover federal employment tax or other U.S. federal tax consequences that may be associated with the 2021 Plan, nor does it cover state, local or non-U.S. taxes, except as may be specifically noted. The 2021 Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended, and is not intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code").

### **Stock options (other than ISOs)**

In general, a participant has no taxable income upon the grant of a stock option that is not intended to be an ISO (an “NSO”) but realizes income in connection with the exercise of the NSO in an amount equal to the excess (at the time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price. A corresponding deduction is generally available to us, subject to the limitations set forth in the Code. Upon a subsequent sale or exchange of the shares, any recognized gain or loss is treated as a capital gain or loss for which we are not entitled to a deduction.

### **ISOs**

In general, a participant realizes no taxable income upon the grant or exercise of an ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the participant. With some exceptions, a disposition of shares purchased pursuant to an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the participant (and generally a deduction to us, subject to the limitations set forth in the Code) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is treated as a capital gain for which we are not entitled to a deduction. If the participant does not dispose of the shares until after the expiration of these one and two-year holding periods, any gain or loss recognized upon a subsequent sale of shares purchased pursuant to an ISO is treated as a long-term capital gain or loss for which we are not entitled to a deduction.

### **SARs**

The grant of a SAR does not itself result in taxable income, nor does taxable income result merely because a SAR becomes exercisable. In general, a participant who exercises a SAR for shares of stock or receives payment in cancellation of a SAR will have ordinary income equal to the amount of any cash and the fair market value of any stock received upon such exercise. A corresponding deduction is generally available to us, subject to the limitations set forth in the Code.

### **Unrestricted stock awards**

A participant who purchases or is awarded unrestricted stock generally has ordinary income equal to the excess of the fair market value of the shares at that time over the purchase price, if any, and a corresponding deduction is generally available to us, subject to the limitations set forth in the Code.

### **Restricted stock awards**

A participant who is awarded or purchases shares subject to a substantial risk of forfeiture generally does not have income until the risk of forfeiture lapses. When the risk of forfeiture lapses, the participant has ordinary income equal to the excess of the fair market value of the shares at that time over the purchase price, if any, and a corresponding deduction is generally available to us, subject to the limitations set forth in the Code. However, a participant may make an election under Section 83(b) of the Code to be taxed on restricted stock when it is acquired rather than later, when the substantial risk of forfeiture lapses. A participant who makes an effective 83(b) election will realize ordinary income equal to the fair market value of the shares as of the time of acquisition less any price paid for the shares. A corresponding deduction will generally be available to us, subject to the limitations set forth in the Code. If a participant makes an effective 83(b) election, no additional income results by reason of the lapsing of the restrictions.

For purposes of determining capital gain or loss on a sale of shares awarded under the 2021 Plan, the holding period in the shares begins when the participant recognizes taxable income with respect to the transfer. The participant’s tax basis in the shares equals the amount paid for the shares plus any income realized with respect to the transfer. However, if a participant makes an effective 83(b) election and later forfeits the shares, the tax loss realized as a result of the forfeiture is limited to the excess of what the participant paid for the shares (if anything) over the amount (if any) realized in connection with the forfeiture.

### **Restricted stock units**

The grant of a restricted stock unit does not itself generally result in taxable income. Instead, the participant is taxed upon vesting (and a corresponding deduction is generally available to us, subject to the limitations set forth in the Code), unless he or she has made a proper election to defer receipt of the shares (or cash if the award is cash settled) under Section 409A of the Code. If the shares delivered are restricted for tax purposes, the participant will instead be subject to the rules described above for restricted stock.

### **Application of Section 409A of the Code**



Section 409A of the Code imposes an additional 20% tax and interest on an individual receiving non-qualified deferred compensation under a plan that fails to satisfy certain requirements.

While the awards to be granted pursuant to the 2021 Plan are expected to be designed in a manner intended to comply with the requirements of Section 409A of the Code, if they do not comply with Section 409A, a participant could be subject to additional taxes and interest.

## Number of Awards Granted to Employees, Consultants, and Directors

The number of awards that an employee, director or consultant may receive under the 2021 Plan is in the discretion of the Administrator and therefore cannot be determined in advance. Notwithstanding the foregoing, non-employee directors are entitled to receive annual grants under the 2021 Plan and thus it is expected that each non-employee director will next receive an award of restricted stock units with a grant date fair value of approximately \$120,000 on June 7, 2024, subject to continued service on such date.

The following table sets forth, with respect to the individuals and groups named below: the aggregate number of shares subject to options granted under the 2021 Plan (whether or not outstanding, vested or forfeited, as applicable) as of March 30, 2024, and the aggregate number of shares subject to awards of restricted stock and restricted stock units granted under the 2021 Plan (whether or not outstanding, vested or forfeited, as applicable) as of March 30, 2024.

Name of Individual or Group	Number of Options Granted (#)	Number of Shares subject to Stock Awards (#)
Douglas J. Cahill	806,751	326,709
Robert O. Kraft	274,046	111,088
Jon Michael Adinolfi	252,050	394,757
Scott C. Ride	120,419	70,369
Randall J. Fagundo	154,924	60,699
All current executive officers as a group	1,915,015	1,294,607
All current non-employee directors as a group	—	240,351
All other current employees (including all current officers who are not executive officers) as a group	—	1,946,451

## Registration with the SEC

The Company intends to file with the SEC a registration statement on Form S-8 covering the new shares reserved for issuance under the 2021 Plan in February 2025.

## Vote Required

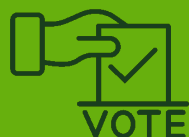
The affirmative vote of a majority of the votes cast is required to approve this proposal. Abstentions and broker non-votes will have no effect on the outcome of this Proposal. The approval of this Proposal 9 is not conditioned upon approval of any of the other proposals in this proxy statement.



**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

# ITEM NO. 10

## RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITOR



You are being asked to ratify the appointment of Hillman's independent auditor, Deloitte & Touche LLP.

**THE BOARD RECOMMENDS THAT  
YOU VOTE FOR THE RATIFICATION  
OF DELOITTE & TOUCHE LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM.**

The Audit Committee has again selected Deloitte & Touche LLP ("Deloitte") to serve as our independent registered public accounting firm for fiscal 2024. We are asking stockholders to ratify the appointment of Deloitte because we value our stockholders' views on the Company's independent registered public accounting firm selection and as a matter of good corporate governance.

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the independent registered public accounting firm. The Audit Committee regularly evaluates the qualifications, performance, and independence of the independent registered public accounting firm, and whether the firm should be rotated.

Deloitte has served as our independent registered public accounting firm since 2022. The Audit Committee and the Board believe that the continued retention of Deloitte to serve as our independent registered public accounting firm is in the best interests of the Company and its stockholders. The Audit Committee will reconsider the appointment of Deloitte if its selection is not ratified by the stockholders. The Audit Committee may also reconsider the appointment of Deloitte at any time even if the selection is ratified by stockholders.

## Change in Independent Auditors

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As previously disclosed in the Company's Form 8-K filed on March 29, 2022, the Audit Committee conducted a competitive process to determine the Company's independent registered public accounting firm for fiscal 2022. Several firms were invited to participate in this process including KPMG LLP ("KPMG"), which had served as the Company's independent registered public accounting firm since 2010 (including service KPMG performed on behalf of The Hillman Companies, Inc., the predecessor registrant for our business prior to the business combination with the Company on July 14, 2021).

As a result of this process, following the review and evaluation of the proposals from the participating firms, on March 23, 2022, the Audit Committee approved the engagement of Deloitte as the Company's independent registered public accounting firm to audit the Company's consolidated financial statements for the year ending December 31, 2022 and dismissed KPMG as the Company's independent registered public accounting firm.

The audit reports of KPMG on the Company's financial statements as of and for the fiscal years ended December 25, 2021 and December 26, 2020 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal years ended December 25, 2021 and December 26, 2020 and during the subsequent interim period through March 23, 2022 there were no (1) disagreements (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and KPMG on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedures which, if not resolved to KPMG's satisfaction, would have caused KPMG to make reference in connection with their opinion to the subject matter of the disagreement, or (2) "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K), except for the material weakness in the Company's internal control over financial reporting as disclosed in the Company's annual report on Form 10-K for the year ended December 26, 2020 related to design and maintenance of effective controls over the completeness and accuracy of the accounting for, and disclosure of, the valuation allowance against deferred tax assets. In response to the material weakness, management implemented changes to its internal control over financial reporting to remediate the control deficiencies that gave rise to the material weakness. Those changes included the engagement of third party consultants to assist with technical tax accounting research and application of guidance, the addition of a committee to review technical accounting issues and ensure the Company has the appropriate subject matter experts engaged, and hiring additional personnel in our tax department. The Company has tested the newly implemented controls and found them to be effective, and therefore have concluded that as of December 25, 2021, the previously identified material weakness has been remediated.

During the Company's fiscal years ended December 25, 2021 and December 26, 2020 and during the subsequent interim period through March 23, 2022, neither the Company, nor anyone on behalf of the Company, consulted with Deloitte with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the consolidated financial statements of the Company and its subsidiaries, and no written report or oral advice was provided by Deloitte to the Company that Deloitte concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue or (ii) any matter that was the subject of either a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

In connection with our Current Report on Form 8-K, filed with the SEC on March 29, 2022, the Company provided KPMG with a copy of the foregoing disclosures and requested that KPMG furnish the Company with a letter addressed to the SEC stating whether it agrees with the statements made by the Company set forth above. A copy of KPMG's letter dated March 29, 2022 is filed as Exhibit 16.1 to the Current Report on Form 8-K filed with the SEC on March 29, 2022.

### INDEPENDENT AUDITOR ATTENDANCE AT THE ANNUAL MEETING

Representatives of Deloitte, our independent registered public accounting firm for the most recently completed fiscal year (2023) and for the current fiscal year (2024) will be present at the 2024 Annual Meeting. These representatives will have an opportunity at the annual meeting to make a statement if they so desire and will also be available to respond to appropriate stockholder questions.

## Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees

For the fiscal years ended December 30, 2023 (fiscal 2023) and December 31, 2022 (fiscal 2022), the Company paid, or will pay, the following fees to its independent auditor for services rendered during the year or for the audit in respect of those years (dollars in thousands):

	Fiscal 2023 (\$)	Fiscal 2022 (\$)
Independent Auditor	Deloitte	Deloitte
<b>Audit Fees<sup>(1)</sup></b>	1,223	1,032
<b>Audit Related Fees<sup>(2)</sup></b>	50	44
<b>Tax Fees<sup>(3)</sup></b>	64	105
<b>All Other Fees<sup>(4)</sup></b>	4	70
<b>Total</b>	<b>1,341</b>	<b>1,251</b>

- (1) Audit fees consist of fees for professional services rendered for the audit of the Company's Consolidated Financial Statements and review of the interim condensed consolidated financial statements included in quarterly reports and services that are normally provided in connection with statutory and regulatory filings.
- (2) Audit related fees are fees associated with the secondary offerings of shares in 2023. Audit related fees in 2022 are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's Consolidated Financial Statements and are not under "Audit Fees."
- (3) Tax fees consist of fees billed for professional services for tax compliance, tax advice, tax planning, and transfer pricing services.
- (4) All Other Fees consist of fees billed in 2023 for subscriptions. All Other Fees consist of fees billed in 2022 for internal audit and other subscriptions.

### PRE-APPROVAL POLICY

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by its independent auditor on a case-by-case basis, and any pre-approval is detailed as to the particular service or category of service and is generally subject to a specific budget. These services may include audit services, audit related services, tax services, and other related services. The independent auditor and the Company's management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval policy, and the fees for the services performed to date. In accordance with its policies and procedures, the Audit Committee pre-approved 100% of the audit and non-audit services performed by Deloitte for the years ended December 30, 2023 and December 31, 2022.

**THE BOARD RECOMMENDS  
A VOTE FOR THIS PROPOSAL.**

## Audit Committee Report

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Management of the Company is responsible for the preparation and presentation of the Company's financial statements, the Company's accounting and financial reporting principles and internal controls, and procedures that are designed to provide reasonable assurance regarding compliance with accounting standards and applicable laws and regulations. The independent public accountants are responsible for auditing the Company's financial statements and expressing opinions as to the financial statements' conformity with generally accepted accounting principles.

In performing its functions, the Audit Committee:

- Met separately with the Company's internal auditor and Deloitte with and without management present to discuss the results of the audits;
- Met separately with the Company's Chief Financial Officer or the Company's General Counsel when needed;
- Met regularly in executive sessions;
- Reviewed and discussed with management the audited financial statements included in our Annual Report;
- Discussed with Deloitte the matters required to be discussed under the applicable requirements of the Public Company Accounting Oversight Board and the SEC; and
- Received the written disclosures and the letter from Deloitte required by the applicable requirements of the Public Accounting Oversight Board regarding the independent public accountant's communication with the Audit Committee concerning independence and discussed the matters related to their independence.

Based upon the review and discussions described in this report, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 30, 2023, as filed with the SEC.

This report is submitted by the Audit Committee.

**Philip K. Woodlief (Chair)**  
**Teresa Gendron**  
**Daniel O'Leary**  
**John Swygert**

# APPENDIX A

## RECONCILIATION OF NON-GAAP MEASURES

The following charts reconcile Adjusted EBITDA and Adjusted Leverage Ratio to their nearest GAAP measure. Please refer to the “Non-GAAP Financial Measures” section of this filing for additional information, including our definitions and use of Adjusted EBITDA and Adjusted Leverage Ratio, and for a reconciliation of those measures to the most directly comparable financial measures under GAAP.

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.

The following table presents a reconciliation of Net loss, the most directly comparable financial measures under GAAP, to Adjusted EBITDA:

### Adjusted EBITDA

Amounts in Thousands

	Year Ended December 30, 2023 (\$)
Net loss	(9,589)
Income tax expense	2,207
Interest expense, net	68,310
Depreciation	59,331
Amortization	62,309
<b>EBITDA</b>	<b>182,568</b>
Stock compensation expense	12,004
Restructuring and other <sup>(1)</sup>	3,031
Litigation expense <sup>(2)</sup>	339
Transaction and integration expense <sup>(3)</sup>	1,754
Change in fair value of contingent consideration	(4,936)
Asset impairment charges	24,600
<b>Adjusted EBITDA</b>	<b>219,360</b>

- (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 (see Note 18 – Commitments and Contingencies of the Notes to Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 30, 2023 for additional information).
- (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.

We define Adjusted Leverage Ratio as a ratio of (a) reported gross debt less cash on hand as of December 30, 2023 (“Net Debt”); to (b) Adjusted EBITDA during the year ended December 30, 2023. Adjusted Leverage Ratio is a resulting calculation of two metrics that are 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 the Adjusted Leverage Ratio provides further insight and comparability into liquidity, borrowing capacity, and its capital structure.

Adjusted EBITDA is defined and reconciled above. The following is a the calculation of Net Debt and the resultant Adjusted Leverage Ratio calculation

## Net Debt and Resulting Adjusted Leverage Ratio

Amounts in Thousands

	Year Ended December 30, 2023 (\$)	
Revolving loans	\$	—
Senior Term Loan		751,852
Finance leases and other obligations		9,097
Gross Debt	\$	761,000
Less Cash		38,553
Net Debt	\$	722,400
Adjusted EBITDA (See Reconciliation Above)	\$	219,360
Adjusted Leverage Ratio (Net Debt / Adjusted EBITDA)		3.3

**~~THIRD~~FOURTH AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
LANDCADIA HOLDINGS III, INC.HILLMAN SOLUTIONS CORP.  
~~July 14, 2021~~June 7, 2024**

~~Landcadia Holdings III, Inc.~~Hillman Solutions Corp., a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), which was formerly known as Landcadia Holdings III, Inc. DOES HEREBY CERTIFY AS FOLLOWS:

1. The Corporation was initially formed as Automalyst LLC (the “**LLC**”), a Delaware limited liability company, on March 13, 2018. The sole member of the LLC was M Science Holdings LLC, a Delaware limited liability company. On August 24, 2020, the LLC filed a certificate of conversion with the Secretary of State of the State of Delaware for purposes of converting the LLC to a corporation.

2. The original certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 24, 2020.

3. The Corporation filed an amended and restated certificate of incorporation with the Secretary of State of the State of Delaware on September 16, 2020.

4. The Corporation filed a second amended and restated certificate of incorporation with the Secretary of State of the State of Delaware on October 8, 2020.

~~—(the “**Second**”~~5. The Corporation filed a third amended and restated certificate of incorporation with the Secretary of State of the State of Delaware on July 14, 2021 (the “**Third Amended and Restated Certificate**”).

56. This ~~Third~~Fourth Amended and Restated Certificate of Incorporation (this “~~Third~~Fourth Amended and Restated Certificate”) was duly adopted by the Board of Directors of the Corporation (the “**Board**”) and the stockholders of the Corporation in accordance with Sections ~~228~~, 242 and 245 of the General Corporation Law of the State of Delaware (as amended from time to time, the “**DGCL**”).

67. This Certificate shall become effective ~~on the date of~~immediately upon filing with the Secretary of State of the State of Delaware.

78. This ~~Third~~Fourth Amended and Restated Certificate restates, integrates and amends the provisions of the ~~Second~~Third Amended and Restated Certificate. Certain capitalized terms used in this ~~Third~~Fourth Amended and Restated Certificate are defined where appropriate herein.

~~8. The Second Amended and Restated Certificate is being amended and restated in connection with the transactions contemplated by that certain Agreement and Plan of Merger, dated as of January 24, 2021, by and among the Corporation, HMAN Group Holdings Inc. and the other parties thereto (as amended, modified, supplemented or waived from time to time, the “**Merger Agreement**”). As part of the transactions contemplated by the Merger Agreement, and in accordance with Section 4.3(b) of the Second Amended and Restated Certificate, all 20,000,000 shares of the Class B Common Stock of the Corporation will be automatically converted on a 1-for-1 basis into 20,000,000 shares of Class A Common Stock of the Corporation such that, at the effectiveness of this Third Amended and Restated Certificate, only Class A Common Stock remains outstanding. All Class A Common Stock issued and~~



~~outstanding prior to the effectiveness of this Third Amended and Restated Certificate and all Class A Common Stock issued as part of the Merger Agreement and the Subscription Agreements contemplated by the Merger Agreement shall be renamed as Common Stock for all purposes of this Third Amended and Restated Certificate.~~

9. The text of the ~~Second~~Third Amended and Restated Certificate is hereby restated and amended in its entirety to read as follows:

## Article 1 NAME

The name of the corporation is “Hillman Solutions Corp.”.

## Article 2 PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL. In addition to the powers and privileges conferred upon the Corporation by law and those incidental thereto, the Corporation shall possess and may exercise all the powers and privileges that are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the Corporation.

## Article 3 REGISTERED AGENT

The address of the Corporation’s registered office in the State of Delaware is 251 Little Falls Drive, Wilmington, New Castle ~~Country~~County, Delaware 19808, and the name of the Corporation’s registered agent at such address is Corporation Service Company.

## Article 4 CAPITALIZATION

Section 1.a Authorized Capital Stock. The total number of shares of all classes of capital stock, each with a par value of \$0.0001 per share, which the Corporation is authorized to issue is 501,000,000 shares, which shall be divided into (a) 500,000,000 shares of common stock (the “**Common Stock**”) and (b) 1,000,000 shares of preferred stock (the “**Preferred Stock**”).

Section 1.b Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board is hereby expressly authorized to provide for the issuance of shares of the Preferred Stock in one or more series and to establish from time to time the number of shares to be included in each such series and to fix the voting rights, if any, designations, powers, preferences and relative, participating, optional, special and other rights, if any, of each such series and any qualifications, limitations and restrictions thereof, as shall be stated in the resolution or resolutions adopted by the Board providing for the issuance of such series and included in a certificate of designation (a “**Preferred Stock Designation**”) filed pursuant to the DGCL, and the Board is hereby expressly vested with the authority to the full extent provided by law, now or hereafter, to adopt any such resolution or resolutions. Except as otherwise provided by any Preferred Stock Designation with respect to any series of Preferred Stock then outstanding or by law, no holder of any such series of Preferred Stock, as such, shall be entitled to any voting powers in respect thereof.

Section 1.c Common Stock.

(i) Except as otherwise required by law or this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation), the holders of the Common Stock shall exclusively possess all voting power with respect to the Corporation. The holders of shares of Common Stock shall be entitled to one vote for each such share on each matter properly submitted to the stockholders on which the holders of the Common Stock are entitled to vote. The holders of shares of Common Stock shall at all times vote together as one class on all matters submitted to a vote of the stockholders of the Corporation.

(ii) Except as otherwise required by law or this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation), at any annual or special meeting of the stockholders of the Corporation, the holders of the Common Stock shall have the exclusive right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders. Notwithstanding the foregoing, except as otherwise required by law or this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation), the holders of the Common Stock shall not be entitled to vote on any amendment to this ~~Third~~Fourth Amended and Restated Certificate (including any amendment to any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of the Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation) or the DGCL.

(iii) Subject to the rights, if any, of the holders of any outstanding series of the Preferred Stock, the holders of the Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the Board from time to time out of any assets or funds of the Corporation legally available therefor, and shall share equally on a per share basis in such dividends and distributions.

(iv) Subject to the rights, if any, of the holders of any outstanding series of the Preferred Stock, in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of the Common Stock held by them.

Section 1.d Rights and Options. The Corporation has the authority to create and issue rights, warrants and options entitling the holders thereof to purchase shares of any class or series of the Corporation's capital stock or other securities of the Corporation, and such rights, warrants and options shall be evidenced by instrument(s) approved by the Board. The Board is empowered to set the exercise price, duration, times for exercise and other terms and conditions of such rights, warrants or options; provided, however, that the consideration to be received for any shares of capital stock issuable upon exercise thereof may not be less than the par value thereof.

Section 1.e No Class Vote on Changes in Authorized Number of Shares of Stock. Subject to the rights of the holders of any outstanding series of Preferred Stock, the number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of holders of a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the DGCL.

## **Article 5**

### **BOARD OF DIRECTORS**

Section 1.a Board Powers. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board, except as may be otherwise provided by the DGCL or by this ~~Third~~Fourth Amended and Restated Certificate.

Section 1.b Number, Election and Term.

(i) The number of directors of the Corporation, other than those who may be elected by the holders of one or more series of the Preferred Stock voting separately by class or series, shall be fixed from time to time exclusively by the Board.

(ii) Subject to Section 5.5 hereof, until the election of directors at the 2027 annual meeting of stockholders, the Board shall be divided into three classes, as nearly equal in number as possible, and designated Class I, Class II and Class III. ~~The Board is authorized to assign members of the Board already in office to Class I, Class II or Class III. The term of the initial Class I directors shall expire at the first~~ Any director elected prior to the 2025 annual meeting of the stockholders of the Corporation following the effectiveness of this Third Amended and Restated Certificate; ~~the term of the initial Class II directors shall expire at the second~~ shall hold office for a term expiring on the date of the annual meeting of the stockholders of the Corporation following the effectiveness of this Third Amended and Restated Certificate; ~~and the term of the initial Class III directors shall expire at the third~~ held in the third year following the year of their election. Each director elected at the 2025 annual meeting of the stockholders of the Corporation following the effectiveness of this Third Amended and Restated Certificate. At each succeeding annual meeting of the stockholders of the Corporation, beginning with the first annual meeting of the stockholders of the Corporation following the effectiveness of this Third Amended and Restated Certificate, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term will be elected for a term expiring at the 2026 annual meeting of stockholders. Each director elected at the 2026 annual meeting of stockholders will be elected for a term expiring at the 2027 annual meeting of stockholders. At the 2027 annual meeting of stockholders and at each annual meeting of stockholders thereafter, all directors will be elected for a term expiring at the next annual meeting of stockholders. Subject to Section 5.5 hereof, if the number of directors is changed prior to the 2027 annual meeting of stockholders, any increase or decrease shall be apportioned by the Board among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any such additional director of any class elected to fill a newly created directorship resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. ~~A director shall hold office until the annual meeting at which his or her term expires and until his or her successor shall be elected and qualified, or his or her death, resignation, retirement, disqualification or removal from office.~~ Subject to the rights of the holders of one or more series of Preferred Stock, voting separately by class or series, to elect directors pursuant to the terms of one or more series of Preferred Stock, directors shall be elected by a plurality of the votes cast at an annual meeting of stockholders by holders of the Common Stock.

(iii) Subject to Section 5.5 hereof, a director shall hold office until the annual meeting ~~for the year in~~ at which his or her term expires and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

(iv) Unless and except to the extent that the Amended and Restated Bylaws of the Corporation (as may be amended from time to time, "**Bylaws**") shall so require, the election of directors need not be by written ballot.

**Section 1.c Newly Created Directorships and Vacancies.** Subject to Section 5.5 hereof, newly created directorships resulting from an increase in the number of directors and any vacancies on the Board resulting from death, resignation, retirement, disqualification, removal or other cause shall be filled solely by a majority vote of the remaining directors then in office, even if less than a quorum, or by a sole remaining director (and not by stockholders); ~~and~~ Prior to the election of directors at the 2027 annual meeting of stockholders, any director so chosen shall hold office for the remainder of the full term of the class of directors to which the new directorship was added or in which the vacancy occurred and until his or her successor has been elected and qualified,

subject, however, to such director's earlier death, resignation, retirement, disqualification or removal. From and after the election of directors at the 2027 annual meeting of stockholders, any director elected in accordance with the first sentence of this Section 5.3 shall hold office until the next annual meeting of stockholders and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

Section 1.d Removal. Subject to Section 5.5 hereof, any or all of the directors may be removed from office at any time, ~~but only for~~with or without cause ~~and only~~, by the affirmative vote of the holders of ~~at least 66% in voting power of all the then outstanding shares of capital stock of the Corporation~~ a majority of the shares then entitled to vote ~~generally in the~~ at an election of directors, ~~voting together as a single class. At least forty-five (45) days prior to any annual or special~~; provided, that any director who is serving a three-year term prior to the 2027 annual meeting of stockholders at which it is proposed that any director be removed from office, ~~written notice of such proposed removal and the alleged grounds thereof shall be sent to the director whose removal will be considered at the meeting~~ may be removed only for cause.

Section 1.e Preferred Stock – Directors. Notwithstanding any other provision of this Article V, and except as otherwise required by law, whenever the holders of one or more series of the Preferred Stock shall have the right, voting separately by class or series, to elect one or more directors, the term of office, the filling of vacancies, the removal from office and other features of such directorships shall be governed by the terms of such series of the Preferred Stock as set forth in this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation) ~~and such directors shall not be included in any of the classes created pursuant to this Article V unless expressly provided by such terms.~~

## **Article 6**

### **BYLAWS**

In furtherance and not in limitation of the powers conferred upon it by law, the Board is expressly authorized to adopt, amend, alter or repeal the Bylaws without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or this ~~Third~~Fourth Amended and Restated Certificate. The Bylaws also may be adopted, amended, altered or repealed by the stockholders; provided, however, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by law or by this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation), the affirmative vote of the holders of at least ~~66%~~a majority in voting power of all the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend, alter or repeal the Bylaws; and provided further, however, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

## **Article 7**

### **MEETINGS OF STOCKHOLDERS; ACTION BY WRITTEN CONSENT**

Section 1.a Meetings. Subject to the rights, if any, of the holders of any outstanding series of the Preferred Stock, and to the requirements of applicable law, special meetings of the stockholders of the Corporation may be called only by the Board, and special meetings of stockholders may not be called by any other person or persons. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation.

Section 1.b Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

Section 1.c Action by Written Consent. Except as may be otherwise provided for or fixed pursuant to this Fourth Amended and Restated Certificate (including any Preferred Stock Designation) relating to the rights of the holders of any outstanding series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected by a duly called annual or special meeting of such stockholders and may not be effected by written consent of the stockholders.

## Article 8

### LIMITED LIABILITY; INDEMNIFICATION

Section 1.a Limitation of Director and Officer Liability. ~~A-To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, a~~ director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director or officer of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

Section 1.b Indemnification and Advancement of Expenses.

(i)The Corporation, to the fullest extent permitted by law, shall indemnify and advance expenses to any director of the Corporation and may indemnify and advance expenses to any other ~~Person~~person, in each case, made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or any predecessor of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(ii)The rights to indemnification and advancement of expenses conferred on any indemnitee by this Section 8.2 shall not be exclusive of any other rights that any indemnitee may have or hereafter acquire under law, this ~~Third~~Fourth Amended and Restated Certificate, the Bylaws, an agreement, vote of stockholders or disinterested directors, or otherwise.

(iii)Any repeal or amendment of this Section 8.2 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this ~~Third~~Fourth Amended and Restated Certificate inconsistent with this Section 8.2, shall, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto), and shall not in any way diminish or adversely affect any right or protection existing at the time of such repeal or amendment or adoption of such inconsistent provision in respect of any proceeding (regardless of when such proceeding is first threatened, commenced or completed) arising out of, or related to, any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision.

(iv)This Section 8.2 shall not limit the right of the Corporation, to the extent and in the manner authorized or permitted by law, to indemnify and to advance expenses to persons other than indemnitees.



## Article 9

### **CORPORATE OPPORTUNITY**[RESERVED]

~~Section 9.1 To the greatest extent permitted by applicable law, each of CCMP Capital Advisors, LP and the investment funds affiliated with CCMP Capital Advisors, LP and their respective successors, Transferees and Affiliates (each as defined in Section 10.3) (other than the Corporation and its subsidiaries) and all of their respective partners, principals, directors, officers, members, managers, equity holders and/or employees, including any of the foregoing who serve as officers or directors of the Corporation (each, an “**Exempted Person**”) shall not have any fiduciary duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries. **To the fullest extent permitted by** applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time available to the Exempted Persons, even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each such Exempted Person shall have no duty to communicate or offer such business opportunity to the Corporation (and there shall be no restriction on the Exempted Persons using the general knowledge and understanding of the industry in which the Corporation operates which it has gained as an Exempted Person in considering and pursuing such opportunities or in making investment, voting, monitoring, governance or other decisions relating to other entities or securities) and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries or stockholders for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Exempted Person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries, or uses such knowledge and understanding in the manner described herein. In addition to and notwithstanding the foregoing, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity that the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation’s business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy. Any person or entity purchasing or otherwise acquiring any interest in any shares of stock of the Corporation shall be deemed to have notice of the provisions of this Article IX.~~

~~Section 9.2 Neither the alteration, amendment, addition to or repeal of this Article IX, nor the adoption of any provision of this Third Amended and Restated Certificate (including any Preferred Stock Designation) inconsistent with this Article IX, shall eliminate or reduce the effect of this Article IX in respect of any business opportunity first identified or any other matter occurring, or any cause of action, suit or claim that, but for this Article IX, would accrue or arise, prior to such alteration, amendment, addition, repeal or adoption. This Article IX shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Third Amended and Restated Certificate, the Bylaws or applicable law.~~

## Article 10

### **BUSINESS COMBINATIONS**[RESERVED]

~~Section 10.1 Opt Out of DGCL 203. The Corporation shall not be governed by Section 203 of the DGCL.~~

~~Section 10.2 Limitations on Business Combinations. Notwithstanding the foregoing, the Corporation shall not engage in any business combination, at any point in time at which the~~

Common Stock is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, with any interested stockholder for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

(a) prior to such time, the Board approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; or

(b) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by: (i) persons who are directors and also officers; or (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

(c) at or subsequent to such time, the business combination is approved by the Board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66% in voting power of all the then outstanding voting stock of the Corporation which is not owned by the interested stockholder.

Section 10.3 Definitions. For purposes of this Article X, the term:

(a) “**Affiliate**” means, with respect to any person, any other person that controls, is controlled by, or is under common control with such person:

(b) “**associate**,” when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(c) “**business combination**,” when used in reference to the Corporation and any interested stockholder of the Corporation, means:

(i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation: (A) with the interested stockholder; or (B) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Section 10.2 is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

(iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (A) pursuant to the



~~exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (B) pursuant to a merger under Section 251(g) of the DGCL; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (D) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (E) any issuance or transfer of stock by the Corporation; provided, however, that in no case under items (C) — (E) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);~~

~~(iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or~~

~~(v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.~~

~~(d) “**control**,” including the terms “**controlling**,” “**controlled by**” and “**under common control with**,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.~~

~~(e) “**interested stockholder**” means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that: (i) is the owner of 15% or more of the outstanding voting stock of the Corporation; or (ii) is an Affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; or (iii) an Affiliate or associate of any such person described in clauses (i) and (ii); provided, however, that the term “interested stockholder” shall not include: (A) the Sponsor Holders or their transferees; or (B) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation; provided, that such person specified in this clause (B) shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of “owner”~~

below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(f) ~~“owner,”~~ including the terms ~~“own”~~ and ~~“owned,”~~ when used with respect to any stock, means a person that individually or with or through any of its Affiliates or associates:

(i) ~~beneficially owns such stock, directly or indirectly; or~~

~~(ii) has: (A) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s Affiliates or associates until such tendered stock is accepted for purchase or exchange; or (B) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or~~

~~(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose Affiliates or associates beneficially own, directly or indirectly, such stock.~~

(g) ~~“person”~~ means any individual, corporation, partnership, unincorporated association or other entity.

(h) ~~“stock”~~ means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

(i) ~~“Sponsor Holders”~~ means the investment funds affiliated with CCMP Capital Advisors, LP and their respective successors, Transferees and Affiliates.

(j) ~~“Transferee”~~ means any Person who (i) becomes a beneficial owner of Common Stock upon having acquired such shares of Common Stock from an investment fund affiliated with CCMP Capital Advisors, LP and (ii) is designated in writing by the transferor as a “Transferee” and a copy of such writing is provided to the Corporation at or prior to the time of such transfer; provided, however, that a purchaser of Common Stock in a registered offering or in a transaction effected pursuant to Rule 144 under the Securities Act of 1933, as amended (or any similar or successor provision thereto), shall not be a “Transferee.”

(k) ~~“voting stock”~~ means stock of any class or series entitled to vote generally in the election of directors.

## Article 11 AMENDMENT OF ~~THIRD~~FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this ~~Third~~Fourth Amended and Restated Certificate (including any Preferred Stock Designation), in the manner now or hereafter prescribed by this ~~Third~~Fourth

Amended and Restated Certificate and the DGCL, and, except as set forth in Article VIII, all rights, preferences and privileges herein conferred upon stockholders, directors, officers or any other persons by and pursuant to this ~~Third~~Fourth Amended and Restated Certificate in its present form or as hereafter amended are granted subject to the right reserved in this Article XI. ~~Notwithstanding anything to the contrary contained in this Third Amended and Restated Certificate, and notwithstanding that a lesser percentage may be permitted from time to time by applicable law, no provision of Article V, Article VI, Section 7.1, Section 7.3, Article VIII, Article IX, Article X and this Article XI may be altered, amended or repealed in any respect, nor may any provision or bylaw inconsistent therewith be adopted, unless, in addition to any other vote required by this Third Amended and Restated Certificate or otherwise required by law, such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 66% in voting power of all the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.~~

## **Article 12**

### **EXCLUSIVE FORUM FOR CERTAIN LAWSUITS**

Section 1.a Exclusive Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the “***Court of Chancery***”) shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative claim or proceeding brought on behalf of the Corporation, (ii) any claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the DGCL or this ~~Third~~Fourth Amended and Restated Certificate or the Bylaws, or (iv) any claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine (each of (i) through (iv) above, a “***Covered Claim***”) and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder’s counsel. Notwithstanding the foregoing, the provisions of this Section 12.1 will not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 12.1.

Section 1.b Federal Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to this provision.

Section 1.c Consent to Jurisdiction. If any claim the subject matter of which is within the scope of Section 12.1 immediately above is filed in a court other than a court located within the State of Delaware (a “***Foreign Action***”) in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 12.1 immediately above (an “***FSC Enforcement Action***”) and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder’s counsel in the Foreign Action as agent for such stockholder.

Section 1.d Severability. If any provision or provisions of this Article XII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article XII (including, without limitation, each portion of any sentence of this Article XII containing any

such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XII.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Corporation has caused this ~~Third~~Fourth Amended and Restated Certificate to be duly executed in its name and on its behalf by an authorized officer as of the date first set forth above.

~~LANDCADIA~~ ~~HOLDINGS~~ ~~III,~~  
~~INC~~HILLMAN SOLUTIONS CORP.

By: ~~/s/ Steven L. Scheinthal~~

Name: ~~Steven L. Scheinthal~~Amanda Kitzberger

Title: Vice President, General Counsel and  
Secretary

*[Signature Page to the ~~Third~~Fourth Amended and Restated Certificate of Incorporation]*

**SECOND AMENDED AND RESTATED BYLAWS  
OF  
HILLMAN SOLUTIONS CORP.  
(f/k/a ~~LANDCADIA HOLDINGS III, INC.~~)  
June 7, 2024**

**Article 1  
OFFICES**

**Section 1.a Registered Office.** The registered office of Hillman Solutions Corp. (the “*Corporation*”) within the State of Delaware shall be located at either: (a) the principal place of business of the Corporation in the State of Delaware; or (b) the office of the corporation or individual acting as the Corporation’s registered agent in Delaware.

**Section 1.b Additional Offices.** The Corporation may, in addition to its registered office in the State of Delaware, have such other offices and places of business, both within and outside the State of Delaware, as the Board of Directors of the Corporation (the “*Board*”) may from time to time determine or as the business and affairs of the Corporation may require.

**Article 2  
STOCKHOLDERS MEETINGS**

**Section 1.a Annual Meetings.** The annual meeting of stockholders shall be held at such place and time and on such date as shall be determined by the Board and stated in the notice of the meeting; provided that the Board may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 9.5(a). At each annual meeting, the stockholders shall elect those directors of the Corporation to fill any term of a directorship that expires on the date of such annual meeting and may transact any other business as may properly be brought before the meeting.

**Section 1.b Special Meetings.** Subject to the rights of the holders of any outstanding series of the preferred stock of the Corporation (the “*Preferred Stock*”), and to the requirements of applicable law, special meetings of stockholders, for any purpose or purposes, may be called only by the Board. Special meetings of stockholders shall be held at such place and time and on such date as shall be determined by the Board and stated in the Corporation’s notice of the meeting; provided that the Board may in its sole discretion determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication pursuant to Section 9.5(a).

**Section 1.c Notices.** Notice of each stockholders meeting stating the place, if any, date, and time of the meeting, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, shall be given in the manner permitted by Section 9.3 to each stockholder entitled to vote thereat by the Corporation not less than 10 nor more than 60 days before the date of the meeting. If said notice is for a stockholders meeting other than an annual meeting, it shall in addition state the purpose or purposes for which the meeting is called, and the business transacted at such meeting shall be limited to the matters so stated in the Corporation’s notice of meeting (or any supplement thereto). Any meeting of stockholders as to which notice has been given may be postponed, and any special meeting of stockholders as to which notice has been given may be cancelled, by the Board upon public announcement (as defined in Section 2.7(c)) given before the date previously scheduled for such meeting.

**Section 1.d Quorum.** Except as otherwise provided by applicable law, the Corporation's ~~Third~~Fourth Amended and Restated Certificate of Incorporation, as the same may be amended or restated from time to time (the "***Certificate of Incorporation***"), or these Bylaws, the presence, in person or by proxy, at a stockholders meeting of the holders of shares of outstanding capital stock of the Corporation representing a majority of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote at such meeting shall constitute a quorum for the transaction of business at such meeting, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of shares representing a majority of the voting power of the outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. If a quorum shall not be present or represented by proxy at any meeting of the stockholders of the Corporation, the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 2.6 until a quorum shall attend. The stockholders present at a duly convened meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the voting power of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any such other corporation to vote shares held by it in a fiduciary capacity.

## **Section 1.e Voting of Shares.**

(i)Voting Lists. The Secretary of the Corporation (the "***Secretary***") shall prepare, or shall cause the officer or agent who has charge of the stock ledger of the Corporation to prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders of record entitled to vote at such meeting and showing the address and the number of shares registered in the name of each stockholder. Nothing contained in this Section 2.5(a) shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of ~~at least~~ 10 days ~~prior to ending on the day before~~ the meeting date: (i) on a reasonably accessible electronic network; provided that the information required to gain access to such list is provided with the notice of the meeting; or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. ~~If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If a meeting of stockholders is to be held solely by means of remote communication as permitted by Section 9.5(a), the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of meeting.~~ The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list required by this Section 2.5(a) or to vote in person or by proxy at any meeting of stockholders.

(ii)Manner of Voting. At any stockholders meeting, every stockholder entitled to vote may vote in person or by proxy. If authorized by the Board, the voting by stockholders or proxy holders at any meeting conducted by remote communication may be effected by a ballot submitted by electronic transmission (as defined in Section 9.3); provided that any such electronic transmission must either set forth or be submitted with information from which the Corporation can determine that the electronic transmission was authorized by the stockholder or proxy holder. The Board, in its discretion, or the chairman of the meeting of stockholders, in



such person's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

(iii) Proxies.

(1) ~~(e) Proxies.~~ Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies need not be filed with the Secretary until the meeting is called to order, but shall be filed with the Secretary before being voted. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, either of the following in (A) and (B) below shall constitute a valid means by which a stockholder may grant such authority. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

- (a) ~~(i)~~ A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.
- (b) ~~(ii)~~ A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission; provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(2) Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board.

(iv) Required Vote. Subject to the rights of the holders of one or more series of Preferred Stock, voting separately by class or series, to elect directors pursuant to the terms of one or more series of Preferred Stock, the election of directors shall be determined by a plurality of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. All other matters shall be determined by the vote of a majority of the votes cast (excluding abstentions and broker non-votes) on such matter, unless the matter is one upon



which, by applicable law, the Certificate of Incorporation, these Bylaws or applicable stock exchange rules, a different vote is required, in which case such provision shall govern and control the decision of such matter.

(v)Inspectors of Election. The Board may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more persons as inspectors of election, who may be employees of the Corporation or otherwise serve the Corporation in other capacities, to act at such meeting of stockholders or any adjournment thereof and to make a written report thereof. The Board may appoint one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspectors of election or alternates are appointed by the Board, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain and report the number of outstanding shares and the voting power of each; determine the number of shares present in person or represented by proxy at the meeting and the validity of proxies and ballots; count all votes and ballots and report the results; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. No person who is a candidate for an office at an election may serve as an inspector at such election. Each report of an inspector shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors.

**Section 1.f Adjournments.** Any meeting of stockholders, annual or special, may be adjourned ([including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication](#)) by the chairman of the meeting, from time to time, whether or not there is a quorum, to reconvene at the same or some other place. Notice need not be given of any such adjourned meeting if the date, time, and place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken [or are provided in any other manner permitted by the Delaware General Corporation Law \(the “DGCL”\)](#). At the adjourned meeting, the stockholders or the holders of any class or series of stock entitled to vote separately as a class, as the case may be, may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

### **Section 1.g Advance Notice for Business.**

(i)Annual Meetings of Stockholders. No business may be transacted at an annual meeting of stockholders, other than business that is either: (i) specified in the Corporation’s notice of meeting (or any supplement thereto) given by or at the direction of the Board; (ii) otherwise properly brought before the annual meeting by or at the direction of the Board; or (iii) otherwise properly brought before the annual meeting by any stockholder of the Corporation: (A) who is a stockholder of record on the date of the giving of the notice provided for in this [Section 2.7\(a\)](#) and on the record date for the determination of stockholders entitled to vote at such annual meeting; and (B) who complies with the notice procedures set forth in this [Section 2.7\(a\)](#). For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to bring business properly before an annual meeting of stockholders (other than matters properly brought under Rule 14a-8 under the [Securities Exchange Act of 1934, as amended \(the “Exchange Act”\)](#)). Notwithstanding anything in this [Section 2.7\(a\)](#) to the contrary, only persons

nominated for election as a director ~~to fill any term of a directorship that expires on the date of the annual meeting~~ pursuant to Section 3.2 will be considered for election at such meeting.

(1) In addition to any other applicable requirements, for business (other than nominations) to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary and such business must otherwise be a proper matter for stockholder action. Subject to Section 2.7(a)(vii), a stockholder's notice to the Secretary with respect to such business, to be timely, must be received by the Secretary at the principal executive offices of the Corporation not later than ~~the close of business~~5:00 p.m., Eastern Time, on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders ~~(which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock (as defined in the Certificate of Incorporation) are first publicly traded, be deemed to have occurred on July 14, 2021);~~ provided, however, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered, or mailed and received, not later than 5:00 p.m., Eastern Time, on the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "**Timely Notice**"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(2) The public announcement of an adjournment or postponement of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described in this Section 2.7(a).

(3) To be in proper written form, a stockholder's notice to the Secretary with respect to any business (other than nominations) must set forth as to each such matter such stockholder proposes to bring before the annual meeting:

- (a) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, the text, if any, of any resolutions or Bylaw amendment proposed for adoption, ~~and any material interest~~ a brief written statement of the reasons why such stockholder favors the proposal and the reasons for considering the proposal at the meeting, any substantial interest (within the meaning of Item 5 of Schedule 14A under the Exchange Act (as defined below)) in such business of each Proposing Person (as defined below); and any other information relating to such proposal that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies in support of the proposal pursuant to Section 14(a) of the Exchange Act, including Regulation 14A;
- (b) (i) the name and address of the stockholder giving the notice, as they appear on the Corporation's books, and the names and addresses of the other Proposing Persons (if any) and (ii) as to each Proposing Person, the following information: (a) the class or series and number of all shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially or of record by such Proposing Person or any of its affiliates or associates (as such terms are defined in Rule 12b-2 promulgated under the Exchange

Act), including any shares of any class or series of capital stock of the Corporation as to which such Proposing Person or any of its affiliates or associates has a right to acquire beneficial ownership at any time in the future, (b) all Synthetic Equity Interests (as defined below) in which such Proposing Person or any of its affiliates or associates, directly or indirectly, holds an interest, including a description of the material terms of each such Synthetic Equity Interest, including without limitation, the date the Synthetic Interest was acquired or entered into, identification of the counterparty to each such Synthetic Equity Interest and disclosure, for each such Synthetic Equity Interest, as to (x) whether or not such Synthetic Equity Interest conveys any voting rights, directly or indirectly, in such shares to such Proposing Person, (y) whether or not such Synthetic Equity Interest is required to be, or is capable of being, settled through delivery of such shares and (z) whether or not such Proposing Person and/or, to the extent known, the counterparty to such Synthetic Equity Interest has entered into other transactions that hedge or mitigate the economic effect of such Synthetic Equity Interest, (c) any proxy (other than a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with, the Exchange Act), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to, directly or indirectly, vote any shares of any class or series of capital stock of the Corporation, (d) any rights to dividends or other distributions on the shares of any class or series of capital stock of the Corporation, directly or indirectly, owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, and (e) any performance-related fees (other than an asset based fee) that such Proposing Person, directly or indirectly, is entitled to based on any increase or decrease in the value of shares of any class or series of capital stock of the Corporation or any Synthetic Equity Interests (the disclosures to be made pursuant to the foregoing clauses (a) through (e) are referred to, collectively, as “**Material Ownership Interests**”), and (iii) a description of the material terms of all agreements, arrangements or understandings (whether or not in writing) entered into by any Proposing Person or any of its affiliates or associates with any other person for the purpose of acquiring, holding, disposing or voting of any shares of any class or series of capital stock of the Corporation;

- (c) (i) a description of all agreements, arrangements, plans, proposals or understandings by and among any of the Proposing Persons, or by and among any Proposing Persons and any other person, pertaining to the business proposed to be brought before the meeting of stockholders (which description shall identify the name of each other person who is party to such an agreement, arrangement, plan, proposal or understanding), including without limitation any agreements, arrangements, plans, proposals or understandings that would be required to be disclosed pursuant to Schedule 13D under the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable), and (ii) identification of the names and addresses of other stockholders

(including beneficial owners) known by any of the Proposing Persons to support such business proposal(s), and to the extent known the class and number of all shares of the Corporation's capital stock owned beneficially or of record by such other stockholder(s) or other beneficial owner(s); ~~and~~

- (d) (i) a representation that such stockholder (or a qualified representative of the stockholder) intends to appear in person or by proxy at the annual meeting to bring such business before the meeting, and (ii) a statement whether or not the stockholder giving the notice and/or the other Proposing Person(s), if any, will engage in a solicitation (within the meaning of Rule 14a-1(l) under the Exchange Act) with respect to the proposal and, if so, the name of each participant (as defined in Item 4 of Schedule 14A under the Exchange Act) in such solicitation and whether such person intends or is part of a group which intends to deliver a proxy statement and form of proxy to holders of at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to approve the business proposal; ~~and~~
- (e) any other information relating to such stockholder and/or the other Proposing Person(s) or proposed business that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitations of proxies in support of such proposal pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

For purposes of these Bylaws, the term “**Proposing Person**” shall mean the following persons: (i) the stockholder of record as of the record date for such applicable meeting of stockholders providing the notice of nominations or business proposed to be brought before a stockholders’ meeting, ~~and~~ (ii) the beneficial owner(s), if different, on whose behalf the nominations or business proposed to be brought before a stockholders’ meeting is made, (iii) any affiliate or associate (as such terms are defined in Rule 12b-2 promulgated under the Exchange Act) of such stockholder or beneficial owner(s), and (iv) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation. For purposes of these Bylaws, the term “**Synthetic Equity Interest**” shall mean any transaction, agreement or arrangement (or series of transactions, agreements or arrangements), including, without limitation, ~~any~~ and regardless of the form of settlement, any option, warrant, convertible security, forward contract, contract of sale or other derivative, swap, hedge, pledge, repurchase, voting rights or so-called “stock borrowing” agreement or arrangement, the purpose or effect of which is to, directly or indirectly: (a) give a person or entity economic benefit and/or risk similar to ownership of shares of any class or series of capital stock of the Corporation, in whole or in part, including due to the fact that such transaction, agreement or arrangement provides, directly or indirectly, the opportunity to profit or avoid a loss from any increase or decrease in the value of any shares of any class or series of capital stock of the Corporation, (b) mitigate loss to, reduce the economic risk of or manage the risk of share price changes for, any person or entity with respect to any shares of any class or series of capital stock of the Corporation, (c) otherwise provide in any manner the opportunity to profit or avoid a loss from any decrease in the value of any shares of any class or series of capital stock of the Corporation,

or (d) increase or decrease the voting power of any person or entity with respect to any shares of any class or series of capital stock of the Corporation.

(4) At the request of the Corporation, a Proposing Person must promptly, but in any event within five (5) business days after such request, provide to the Corporation such other information that the Corporation may reasonably request.

(5) ~~(iv)~~—A stockholder providing appropriate and timely notice of business proposed to be brought before an annual meeting of stockholders of the Corporation shall further update and supplement such notice, if necessary, so that the information (including, without limitation, the Material Ownership Interests information) provided or required to be provided in such notice pursuant to this Bylaw shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to such annual meeting, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than ~~the close of business~~5:00 p.m., Eastern Time, on the fifth (5th) business day after the record date for the annual meeting (in the case of the update and supplement required to be made as of the record date), and not later than ~~the close of business~~5:00 p.m., Eastern Time, on the eighth (8th) business day prior to the date of the annual meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting), provided that no update or supplement made pursuant to this paragraph may be deemed to cure any defects or limit the remedies available to the Corporation relating to any defect.

(6) ~~(v)~~—The foregoing notice requirements of this Section 2.7(a) shall be deemed satisfied by a stockholder as to any proposal (other than nominations) if the stockholder has notified the Corporation of such stockholder's intention to present such proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) of the ~~Securities Exchange Act of 1934, as amended (the "Exchange Act")~~, and such stockholder has complied with the requirements of such Rule for inclusion of such proposal in a proxy statement prepared by the Corporation to solicit proxies for such annual meeting. No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 2.7(a); provided, however, that once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.7(a) shall be deemed to preclude discussion by any stockholder of any such business. If the Board or the chairman of the annual meeting determines that any stockholder proposal was not made in accordance with the provisions of this Section 2.7(a) or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2.7(a), such proposal shall not be presented for action at the annual meeting. Notwithstanding the foregoing provisions of this Section 2.7(a), if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting of stockholders of the Corporation to present the proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such matter may have been received by the Corporation.

(7) ~~(vi)~~—In addition to the provisions of this Section 2.7(a), a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 2.7(a) shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(ii)Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made



at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to Section 3.2.

(iii)Public Announcement. For purposes of these Bylaws, “*public announcement*” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

**Section 1.h Conduct of Meetings.** The chairman of each annual and special meeting of stockholders shall be the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chairman of the Board, the Chief Executive Officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the Chief Executive Officer or if the Chief Executive Officer is not a director, the President (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the President or if the President is not a director, the Lead Independent Director (if any); or, in the absence (or inability or refusal to act) of the Lead Independent Director, such other person as shall be appointed by the Board. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with these Bylaws or such rules and regulations as adopted by the Board, the chairman of any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The secretary of each annual and special meeting of stockholders shall be the Secretary or, in the absence (or inability or refusal to act) of the Secretary, an Assistant Secretary so appointed to act by the chairman of the meeting. In the absence (or inability or refusal to act) of the Secretary and all Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

**Section 1.i Consents in Lieu of Meeting.** Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected by a duly called annual or special meeting of such stockholders and may not be effected by written consent of the stockholders.

## Article 3 DIRECTORS

**Section 1.a Powers.** The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders. Directors need not be stockholders or residents of the State of Delaware.

## Section 1.b Advance Notice for Nomination of Directors.

(i) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided by the terms of one or more series of Preferred Stock with respect to the rights of holders of one or more series of Preferred Stock to elect directors. Nominations of persons for election to the Board at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may be made: (i) by or at the direction of the Board; or (ii) by any stockholder of the Corporation: (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 3.2 and on the record date for the determination of stockholders entitled to vote at such meeting; and (B) who complies with the notice procedures set forth in this Section 3.2. For the avoidance of doubt, the foregoing clause (ii) shall be the exclusive means for a stockholder to bring nominations before ~~an annual~~ meeting of stockholders (other than matters properly brought under Rule 14a-8 under the Exchange Act). The number of nominees a Proposing Person may include in the notice described below or nominate for election at a meeting of stockholders shall not exceed the number of directors to be elected at such meeting.

(ii) In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary. To be timely, a stockholder's notice to the Secretary must be received by the Secretary at the principal executive offices of the Corporation: (i) in the case of an annual meeting, not later than ~~the close of business~~ 5:00 p.m., Eastern Time, on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders ~~(which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock (as defined in the Certificate of Incorporation) are first publicly traded, be deemed to have occurred on July 14, 2021); provided, however,~~ that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered, or mailed and received, not later than 5:00 p.m., Eastern Time, on the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made; and (ii) in the case of a special meeting of stockholders called for the purpose of electing directors, not earlier than the opening of business on the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of the special meeting is first made by the Corporation (such notice within such time periods, "**Timely Notice**"). In no event shall any adjournment or postponement of ~~an annual~~ meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(iii) Notwithstanding anything in paragraph (b) to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is ~~greater than the number of directors whose terms expire on the date of the annual meeting~~ increased effective after the time period for which nominations would otherwise be due under paragraph (b) and there is no public announcement by the Corporation naming all of the nominees for the additional directors to be elected or specifying the size of the increased Board before ~~the close of business~~ 5:00 p.m., Eastern Time, on the 90th day prior to the anniversary date of the immediately preceding annual meeting of stockholders, a stockholder's notice required by this Section 3.2 shall also be considered timely, but only with respect to nominees for ~~the additional directorships~~ any new positions created by such increase that are to be filled by election at such annual meeting, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than ~~the close of business~~ 5:00 p.m., Eastern Time, on the 10th day following the date on which such public announcement was first made by the Corporation.

(iv) To be in proper written form, a stockholder's notice to the Secretary with respect to any nomination must set forth:

(1) as to each person whom the stockholder proposes to nominate for election as a director: (A) the name, age, business address and residence address of the nominee, (B) the principal occupation or employment of the nominee for at least the last five years, including all positions of such person as a director, officer, partner, employee or controlling stockholder of any corporation or other business entity, (C) the class and number of shares of the Corporation that are held of record or are beneficially owned by the nominee and any derivative positions or Synthetic Equity Interests held or beneficially held by the nominee, (D) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the Corporation, and a description of any other agreement, arrangement or understanding (including any Synthetic Equity Interest, short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (E) a description of all arrangements or understandings between or among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder or concerning the nominee's potential service on the Board, (F) a description of any business or personal interests that could place such nominee in a potential conflict of interest with the Corporation or any of its subsidiaries, (G) a written statement executed by the nominee acknowledging that as a director of the corporation, the nominee will owe fiduciary duties under Delaware law with respect to the Corporation and its stockholders, ~~and (G)~~ (H) a written representation and agreement, which shall be signed by the nominee and pursuant to which the nominee shall represent and agree that the nominee (1) consents to serving as a director if elected and (if applicable) to being named in the Corporation's proxy statement and/or form of proxy as a nominee, and currently intends to serve as a director for the full term for which such person is standing for election, (2) will promptly notify the Corporation of the nominee's actual or potential unwillingness or inability to serve as a director, (3) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the person, if elected as a director, will act or vote on any issue or question that has not been disclosed to the Corporation, or that could limit or interfere with the nominee's ability to comply, if elected as a director, with such nominee's fiduciary duties under applicable law, (4) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director or nominee that has not been disclosed to the Corporation, (5) does not need any permission or consent from any third party to serve as a director of the Corporation, if elected, that has not been obtained, including any employer or other board or governing body on which such nominee serves, including providing copies of any and all requisite permissions or consents, and (6) if elected as a director, will comply with all of the Corporation's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other Corporation policies and guidelines applicable to directors (which will be provided to such nominee promptly following a request therefor), (I) a signed and completed written questionnaire with respect to the background, qualifications, stock ownership and independence of such proposed nominee in the form required by the Corporation (which form shall be requested in writing from the Secretary prior to submitting the notice), and (J) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Section 14(a) of the Exchange Act, including Regulation 14A and Rule 14a-19 promulgated under the Exchange Act ~~(including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected)~~;



(2) (A) the name and address of the stockholder giving the notice, as they appear on the Corporation's books, and the names and addresses of the other Proposing Persons (if any) and (B) as to each Proposing Person, the following information: (a) the class or series and number of all shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially or of record by such Proposing Person or any of its affiliates or associates (as such terms are defined in Rule 12b-2 promulgated under the Exchange Act), including any shares of any class or series of capital stock of the Corporation as to which such Proposing Person or any of its affiliates or associates has a right to acquire beneficial ownership at any time in the future, (b) all Synthetic Equity Interests (as defined below) in which such Proposing Person or any of its affiliates or associates, directly or indirectly, holds an interest, including a description of the material terms of each such Synthetic Equity Interest, including without limitation, the date the Synthetic Interest was acquired or entered into, identification of the counterparty to each such Synthetic Equity Interest and disclosure, for each such Synthetic Equity Interest, as to (x) whether or not such Synthetic Equity Interest conveys any voting rights, directly or indirectly, in such shares to such Proposing Person, (y) whether or not such Synthetic Equity Interest is required to be, or is capable of being, settled through delivery of such shares and (z) whether or not such Proposing Person and/or, to the extent known, the counterparty to such Synthetic Equity Interest has entered into other transactions that hedge or mitigate the economic effect of such Synthetic Equity Interest, (c) any proxy (other than a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with, the Exchange Act), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to, directly or indirectly, vote any shares of any class or series of capital stock of the Corporation, (d) any rights to dividends or other distributions on the shares of any class or series of capital stock of the Corporation, directly or indirectly, owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, and (e) any performance-related fees (other than an asset based fee) that such Proposing Person, directly or indirectly, is entitled to based on any increase or decrease in the value of shares of any class or series of capital stock of the Corporation or any Synthetic Equity Interests (the disclosures to be made pursuant to the foregoing clauses (a) through (e) are referred to, collectively, as "**Material Ownership Interests**") and (C) a description of the material terms of all agreements, arrangements or understandings (whether or not in writing) entered into by any Proposing Person or any of its affiliates or associates with any other person for the purpose of acquiring, holding, disposing or voting of any shares of any class or series of capital stock of the Corporation;

(3) (A) a description of all agreements, arrangements, plans, proposals or understandings by and among any of the Proposing Persons, or by and among any Proposing Persons and any other person (including with any proposed nominee(s)), pertaining to the nomination(s), or other business proposed to be brought before the meeting of stockholders (which description shall identify the name of each other person who is party to such an agreement, arrangement, plan, proposal or understanding), including without limitation any agreements, arrangements, plans, proposals or understandings that would be required to be disclosed pursuant to Schedule 13D under the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable), and (B) identification of the names and addresses of other stockholders (including beneficial owners) known by any of the Proposing Persons to support such nominations or other business proposal(s), and to the extent known the class and number of all shares of the Corporation's capital stock owned beneficially or of record by such other stockholder(s) or other beneficial owner(s);

(4) (A) a representation that such stockholder (or a qualified representative of the stockholder) intends to appear in person or by proxy at the meeting to nominate the ~~persons~~person(s) named in its notice and (B) a statement whether or not the stockholder giving the notice and/or the other Proposing Person(s), if any, will engage in a solicitation (within the meaning of Rule 14a-1(l) under the Exchange Act) with respect to the nominee(s) and, if so, the

name of each participant (as defined in Item 4 of Schedule 14A under the Exchange Act) in such solicitation and whether such person intends or is part of a group which intends to deliver a proxy statement and form of proxy to holders of shares representing at least ~~the percentage~~ 67% of the voting power of ~~all of the shares of capital stock of the Corporation reasonably believed by such Proposing Person to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder; and~~ the stock entitled to vote generally in the election of directors;

(5) a written representation executed by the stockholder that such stockholder will comply with Rule 14a-19 promulgated under the Exchange Act in connection with such stockholder's solicitation of proxies in support of any nominee and will notify the Corporation no later than two (2) business days following any determination by the stockholder to no longer solicit proxies for the election of any nominee as a director; and

(6) ~~(v)~~ any other information relating to such stockholder ~~and/or~~, the other Proposing Person(s), and/or the proposed nominee(s) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

(v) A stockholder providing timely notice of nominations to be brought before an ~~annual~~ meeting of stockholders of the Corporation shall further update and supplement such notice, if necessary, so that the information (including, without limitation, the Material Ownership Interests information) provided or required to be provided in such notice pursuant to this Bylaw shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to such ~~annual~~ meeting, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than ~~the close of business~~ 5:00 p.m., Eastern Time, on the fifth (5th) business day after the record date for the annual meeting (in the case of the update and supplement required to be made as of the record date), and not later than ~~the close of business~~ 5:00 p.m., Eastern Time, on the eighth (8th) business day prior to the date of the annual meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting); provided that no update or supplement made pursuant to this paragraph may include any new nominees who were not named in the original stockholder notice or be deemed to cure any defects or limit the remedies available to the Corporation relating to any defect.

(vi) If the Board or the chairman of the meeting of stockholders determines that any nomination was not made in accordance with the provisions of this Section 3.2, then such nomination shall not be considered at the meeting in question. Notwithstanding the foregoing provisions of this Section 3.2, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting of stockholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

(vii) Without limiting the other provisions and requirements of this Section 3.2, unless otherwise required by law, if any stockholder (A) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act and (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) promulgated under the Exchange Act, then the Corporation shall disregard any proxies or votes solicited for such stockholder's nominees. Upon request by the Corporation, if any stockholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such stockholder shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

~~(viii)(g)~~ In addition to the provisions of this Section 3.2, a stockholder shall also comply with all of the applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 3.2 shall be deemed to affect any rights of the holders of Preferred Stock to elect directors pursuant to the Certificate of Incorporation.

**Section 1.c Compensation.** Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors. The directors may be reimbursed their expenses, if any, of attendance at each meeting of the Board and may be paid either a fixed sum for attendance at each meeting of the Board or other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees of the Board may be allowed like compensation and reimbursement of expenses for service on the committee.

**Section 1.d Removal.** The directors of the Corporation may be removed in accordance with the Certificate of Incorporation and the DGCL.

**Section 1.e Resignation.** A director may resign at any time by electronic transmission or by giving written notice to the Chairman of the Board, if one is elected, the President or the Secretary. A resignation shall be effective upon receipt, unless the resignation otherwise provides.

**Section 1.f Newly Created Directorships and Vacancies.** Unless otherwise provided by the Certificate of Incorporation, newly created directorships resulting from an increase in the number of directors and any vacancies on the Board resulting from death, resignation, retirement, disqualification, removal or other cause shall be filled solely by a majority vote of the remaining directors then in office, even if less than a quorum, or by a sole remaining director (and not by stockholders), and any director so chosen shall hold office for ~~the remainder of the full term of the class of directors to which the new directorship was added or in which the vacancy occurred~~ a term expiring at the annual meeting of stockholders at which such director's term of office expires and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

## Article 4 BOARD MEETINGS

**Section 1.a Annual Meetings.** The Board shall meet as soon as practicable after the adjournment of each annual stockholders meeting at the place of the annual stockholders meeting unless the Board shall fix another time and place and give notice thereof in the manner required herein for special meetings of the Board. No notice to the directors shall be necessary to legally convene this meeting, except as provided in this Section 4.1.

**Section 1.b Regular Meetings.** Regularly scheduled, periodic meetings of the Board may be held without notice at such times, dates and places as shall from time to time be determined by the Board.

**Section 1.c Special Meetings.** Special meetings of the Board may be called at any time by the chairperson of the Board, the lead independent director (if any), the chief executive officer, the president, the secretary or a majority of the total number of directors constituting the Board. Notice of the time and place of special meetings shall be: (i) delivered personally by hand, by courier or by telephone; (ii) sent by United States first-class mail, postage prepaid; (iii) sent by electronic mail; or (iv) sent by other means of electronic transmission, directed to each director at that director's address, telephone number or electronic mail address, or other address for

electronic transmission, as the case may be, as shown on the Corporation's records. If the notice is (A) delivered personally by hand, by courier or by telephone, (B) sent by electronic mail, or (C) sent by other means of electronic transmission, it shall be delivered or sent at least twelve (12) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least one (1) day before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting. A special meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with [Section 9.4](#).

**Section 1.d Quorum; Required Vote.** A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by applicable law, the Certificate of Incorporation, [or](#) these Bylaws. If a quorum shall not be present at any meeting, a majority of the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

**Section 1.e Consent In Lieu of Meeting.** Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions (or paper reproductions thereof) are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

**Section 1.f Organization.** The chairman of each meeting of the Board shall be the Chairman of the Board or, in the absence (or inability or refusal to act) of the Chairman of the Board, [the Lead Independent Director \(if any\), or, in the absence \(or inability or refusal to act\) of the Lead Independent Director](#), the Chief Executive Officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the Chief Executive Officer or if the Chief Executive Officer is not a director, the President (if he or she shall be a director) or in the absence (or inability or refusal to act) of the President or if the President is not a director, a chairman elected from the directors present. The Secretary shall act as secretary of all meetings of the Board. In the absence (or inability or refusal to act) of the Secretary, an Assistant Secretary shall perform the duties of the Secretary at such meeting. In the absence (or inability or refusal to act) of the Secretary and all Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

## **Article 5 COMMITTEES OF DIRECTORS**

**Section 1.a Establishment.** The Board may by resolution passed by a majority of the Board designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board when required. The Board shall have the power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee.

**Section 1.b Available Powers.** Any committee established pursuant to [Section 5.1](#) hereof, to the extent permitted by applicable law and by resolution of the Board, shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it.

**Section 1.c Alternate Members.** The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

**Section 1.d Procedures.** Unless the Board otherwise provides, the time, date, place, if any, and notice of meetings of a committee shall be determined by such committee. At meetings of a committee, a majority of the number of members of the committee (but not including any alternate member, unless such alternate member has replaced any absent or disqualified member at the time of, or in connection with, such meeting) shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee, except as otherwise specifically provided by applicable law, the Certificate of Incorporation, these Bylaws or the Board. If a quorum is not present at a meeting of a committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present. Unless the Board otherwise provides and except as provided in these Bylaws, each committee designated by the Board may make, alter, amend and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board is authorized to conduct its business pursuant to Article III and Article IV of these Bylaws.

## **Article 6 OFFICERS**

**Section 1.a Officers.** The officers of the Corporation shall be a Chief Executive Officer, a President, a Chief Financial Officer, a Secretary and such other officers (including without limitation, Vice Presidents, Assistant Secretaries and a Treasurer) as the Board from time to time may determine, each of whom shall be elected by the Board and have such authority, function or duties set forth in these Bylaws or as from time to time may be conferred by the Board. The Chief Executive Officer or President may also appoint such other officers (including without limitations one or more Vice Presidents and Controllers) as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers shall have such powers and duties and shall hold their ~~officers~~offices for such terms as may be provided in these Bylaws or as may be prescribed by the Board or, if such officer has been appointed by the Chief Executive Officer or President, as may be prescribed by the appointing officer.

(i)Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation, shall have general supervision of the affairs of the Corporation and general control of all of its business subject to the ultimate authority of the Board, and shall be responsible for the execution of the policies of the Board with respect to such matters. In the absence (or inability or refusal to act) of the Chairman of the Board and, with respect to meetings of the Board, the Lead Independent Director (if any), the Chief Executive Officer (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The position of Chief Executive Officer and President may be held by the same person.

(ii)President. The President shall make recommendations to the Chief Executive Officer on all operational matters that would normally be reserved for the final executive responsibility of the Chief Executive Officer. In the absence (or inability or refusal to act) of the Chairman of the Board and Chief Executive Officer and, with respect to meetings of the Board, the Lead Independent Director (if any), the President (if he or she shall be a director) shall preside when present at all meetings of the stockholders and the Board. The President shall also perform such duties and have such powers as shall be designated by the Board. The position of President and Chief Executive Officer may be held by the same person.

(iii)Vice Presidents. Each Vice President shall have the powers and duties delegated to him or her by the Board of Directors, the Chief Executive Officer or the President. One Vice



President may be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

(iv) Secretary.

(1) The Secretary shall attend all meetings of the stockholders, the Board and (as required) committees of the Board and shall record the proceedings of such meetings in books to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board and shall perform such other duties as may be prescribed by the Board, the Chairman of the Board, Chief Executive Officer or President. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or any Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing thereof by his or her signature.

(2) The Secretary shall keep, or cause to be kept, at the principal executive office of the Corporation or at the office of the Corporation's transfer agent or registrar, if one has been appointed, a stock ledger, or duplicate stock ledger, showing the names of the stockholders and their addresses, the number and classes of shares held by each and, with respect to certificated shares, the number and date of certificates issued for the same and the number and date of certificates cancelled.

(v) Assistant Secretaries. The Assistant Secretary or, if there be more than one, the Assistant Secretaries in the order determined by the Board shall, in the absence (or inability or refusal to act) of the Secretary, perform the duties and have the powers of the Secretary and shall otherwise perform the duties and have the powers and responsibilities determined by the Board, the Chief Executive Officer or the President.

(vi) Chief Financial Officer. The Chief Financial Officer shall perform all duties commonly incident to that office (including, without limitation, the care and custody of the funds and securities of the Corporation, which from time to time may come into the Chief Financial Officer's hands and the deposit of the funds of the Corporation in such banks or trust companies as the Board, the Chief Executive Officer or the President may authorize).

(vii) Treasurer. The Treasurer shall, in the absence (or inability or refusal to act) of the Chief Financial Officer, perform the duties and exercise the powers of the Chief Financial Officer and shall otherwise perform the duties and have the powers and responsibilities determined by the Board, the Chief Executive Officer or the President.

**Section 1.b Term of Office; Removal; Resignation; Vacancies.** The officers of the Corporation shall be appointed by the Board and shall hold office until their successors are duly elected and qualified by the Board or until their earlier death, resignation, retirement, disqualification, or removal from office. Any officer may be removed, with or without cause, at any time by the Board. Any officer appointed by the Chief Executive Officer or President may also be removed, with or without cause, by the Chief Executive Officer or President, as the case may be. Any officer may resign by delivering his or her written or electronically transmitted resignation to the Corporation addressed to the President or the Secretary, and such resignation shall be effective upon receipt, unless the resignation otherwise provides. Any vacancy occurring in any office of the Corporation may be filled by the Board. Any vacancy occurring in any office appointed by the Chief Executive Officer or President may be filled by the Chief Executive Officer, or President, as the case may be, unless the Board then determines that such officer shall thereupon be elected by the Board, in which case the Board shall elect such officer.

**Section 1.c Other Officers.** The Board may delegate the power to appoint such other officers and agents, and may also remove such officers and agents or delegate the power to remove same, as it shall from time to time deem necessary or desirable.

**Section 1.d Multiple Officeholders; Stockholder and Director Officers.** Any number of offices may be held by the same person unless the Certificate of Incorporation or these Bylaws otherwise provide; provided, however, that no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Certificate of Incorporation or these Bylaws to be executed, acknowledged or verified by two or more parties. Officers need not be stockholders or residents of the State of Delaware.

## **Article 7**

### **SHARES**

**Section 1.a Certificated and Uncertificated Shares.** The shares of the Corporation may be certificated or uncertificated, subject to the sole discretion of the Board and the requirements of the DGCL.

**Section 1.b Multiple Classes of Stock.** If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the Corporation shall: (a) cause the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights to be set forth in full or summarized on the face or back of any certificate that the Corporation issues to represent shares of such class or series of stock; or (b) in the case of uncertificated shares, within a reasonable time after the issuance or transfer of such shares, send to the registered owner thereof a written notice containing the information required to be set forth on certificates as specified in clause (a) above; provided, however, that, except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of such certificate or, in the case of uncertificated shares, on such written notice a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

**Section 1.c Signatures.** Each certificate representing capital stock of the Corporation shall be signed by or in the name of the Corporation by any two authorized officers of the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar on the date of issue.

**Section 1.d Consideration and Payment for Shares.**

(i) Subject to applicable law and the Certificate of Incorporation, shares of stock may be issued for such consideration, having in the case of shares with par value a value not less than the par value thereof, and to such persons, as determined from time to time by the Board. The consideration may consist of any tangible or intangible property or any benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed or other securities, or any combination thereof.

(ii) Subject to applicable law and the Certificate of Incorporation, shares may not be issued until the full amount of the consideration has been paid, unless upon the face or back of each certificate issued to represent any partly paid shares of capital stock or upon the books and

records of the Corporation in the case of partly paid uncertificated shares, there shall have been set forth the total amount of the consideration to be paid therefor and the amount paid thereon up to and including the time said certificate representing certificated shares or said uncertificated shares are issued.

#### **Section 1.e Lost, Destroyed or Wrongfully Taken Certificates.**

(i) If an owner of a certificate representing shares claims that such certificate has been lost, destroyed or wrongfully taken, the Corporation shall issue a new certificate representing such shares or such shares in uncertificated form if the owner: (i) requests such a new certificate before the Corporation has notice that the certificate representing such shares has been acquired by a protected purchaser; (ii) if requested by the Corporation, delivers to the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, wrongful taking or destruction of such certificate or the issuance of such new certificate or uncertificated shares; and (iii) satisfies other reasonable requirements imposed by the Corporation.

(ii) If a certificate representing shares has been lost, apparently destroyed or wrongfully taken, and the owner fails to notify the Corporation of that fact within a reasonable time after the owner has notice of such loss, apparent destruction or wrongful taking and the Corporation registers a transfer of such shares before receiving notification, the owner shall be precluded from asserting against the Corporation any claim for registering such transfer or a claim to a new certificate representing such shares or such shares in uncertificated form.

**Section 1.f Transfer of Stock.** Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation (within or without the State of Delaware) or by transfer agents designated to transfer shares of the stock of the Corporation.

**Section 1.g Registered Stockholders.** Before due presentment for registration of transfer of a certificate representing shares of the Corporation or of an instruction requesting registration of transfer of uncertificated shares, the Corporation may treat the registered owner as the person exclusively entitled to inspect for any proper purpose the stock ledger and the other books and records of the Corporation, vote such shares, receive dividends or notifications with respect to such shares and otherwise exercise all the rights and powers of the owner of such shares, except that a person who is the beneficial owner of such shares (if held in a voting trust or by a nominee on behalf of such person) may, upon providing documentary evidence of beneficial ownership of such shares and satisfying such other conditions as are provided under applicable law, may also so inspect the books and records of the Corporation.

**Section 1.h Regulations.** The Board shall have power and authority to make such additional rules and regulations, subject to any applicable requirement of law, as the Board may deem necessary and appropriate with respect to the issue, transfer or registration of transfer of shares of stock or certificates representing shares. The Board may appoint one or more transfer agents or registrars and may require for the validity thereof that certificates representing shares bear the signature of any transfer agent or registrar so appointed.

### **Article 8 INDEMNIFICATION**

**Section 1.a Right to Indemnification.** To the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, the Corporation shall indemnify and hold harmless each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “*proceeding*”), by reason of the fact that



(i) he or she is or was a director or officer of the Corporation or, (ii) while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of a subsidiary of the Corporation or of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (hereinafter an “**Indemnatee**”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including, without limitation, attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred by such Indemnatee in connection with such proceeding; provided, however, that, except as provided in Section 8.3 with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify an Indemnatee in connection with a proceeding (or part thereof) initiated by such Indemnatee only if such proceeding (or part thereof) was authorized by the Board.

**Section 1.b Right to Advancement of Expenses.** In addition to the right to indemnification conferred in Section 8.1, an Indemnatee shall also have the right to be paid by the Corporation to the fullest extent not prohibited by applicable law the expenses (including, without limitation, attorneys’ fees) incurred in defending or otherwise participating in any such proceeding in advance of its final disposition (hereinafter an “**advancement of expenses**”); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an Indemnatee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such Indemnatee, including, without limitation, service to an employee benefit plan) shall be made only upon the Corporation’s receipt of an undertaking (hereinafter an “**undertaking**”), by or on behalf of such Indemnatee, to repay all amounts so advanced if it shall ultimately be determined that such Indemnatee is not entitled to be indemnified under this Article VIII or otherwise.

**Section 1.c Right of Indemnatee to Bring Suit.** If a claim under Section 8.1 or Section 8.2 is not paid in full by the Corporation within 60 days after a written claim therefor has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the Indemnatee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnatee shall also be entitled to be paid the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnatee to enforce a right to indemnification hereunder (but not in a suit brought by an Indemnatee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final judicial decision from which there is no further right to appeal (hereinafter a “**final adjudication**”) that, the Indemnatee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnatee is proper in the circumstances because the Indemnatee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including a determination by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the Indemnatee has not met such applicable standard of conduct, shall create a presumption that the Indemnatee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnatee, shall be a defense to such suit. In any suit brought by the Indemnatee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnatee is not entitled to be

indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

**Section 1.d Non-Exclusivity of Rights.** The rights provided to any Indemnitee pursuant to this Article VIII shall not be exclusive of any other right, which such Indemnitee may have or hereafter acquire under applicable law, the Certificate of Incorporation, these Bylaws, an agreement, a vote of stockholders or disinterested directors, or otherwise.

**Section 1.e Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and/or any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

**Section 1.f Indemnification of Other Persons.** This Article VIII shall not limit the right of the Corporation to the extent and in the manner authorized or permitted by law to indemnify and to advance expenses to persons other than Indemnitees. Without limiting the foregoing, the Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation and to any other person who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of Indemnitees under this Article VIII.

**Section 1.g Amendments.** Any repeal or amendment of this Article VIII by the Board or the stockholders of the Corporation or by changes in applicable law, or the adoption of any other provision of these Bylaws inconsistent with this Article VIII, will, to the extent permitted by applicable law, be prospective only (except to the extent such amendment or change in applicable law permits the Corporation to provide broader indemnification rights to Indemnitees on a retroactive basis than permitted prior thereto), and will not in any way diminish or adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision; ~~provided, further, that amendments or repeals of this Article VIII shall require the affirmative vote of the stockholders holding at least 66% in voting power of all the then outstanding shares of capital stock of the Corporation.~~

**Section 1.h Certain Definitions.** For purposes of this Article VIII: (a) references to “other enterprise” shall include any employee benefit plan; (b) references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and (c) references to “serving at the request of the Corporation” shall include any service that imposes duties on, or involves services by, a person with respect to any employee benefit plan, its participants, or beneficiaries; ~~and (d) a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interest of the Corporation” for purposes of Section 145 of the DGCL.~~

**Section 1.i Contract Rights.** The rights provided to Indemnitees pursuant to this Article VIII shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, agent or employee and shall inure to the benefit of the Indemnitee’s heirs, executors and administrators.

**Section 1.j Severability.** If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and

enforceability of the remaining provisions of this Article VIII shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

## **Article 9** **MISCELLANEOUS**

**Section 1.a Place of Meetings.** If the place of any meeting of stockholders, the Board or committee of the Board for which notice is required under these Bylaws is not designated in the notice of such meeting, such meeting shall be held at the principal business office of the Corporation; provided, however, if the Board has, in its sole discretion, determined that a meeting shall not be held at any place, but instead shall be held by means of remote communication pursuant to Section 9.5 hereof, then such meeting shall not be held at any place.

### **Section 1.b Fixing Record Dates.**

(i) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(ii) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

### **Section 1.c Means of Giving Notice.**

(i) Notice to Directors. Whenever under applicable law, the Certificate of Incorporation or these Bylaws notice is required to be given to any director, such notice shall be given either: (i) in writing and sent by mail, or by a nationally recognized delivery service; (ii) by means of facsimile telecommunication or other form of electronic transmission (including electronic mail); or (iii) by oral notice given personally or by telephone. A notice to a director will be deemed given as follows: (A) if given by hand delivery, orally, or by telephone, when actually received by the director; (B) if sent through the United States mail, when deposited in the United States mail, with postage and fees thereon prepaid, addressed to the director at the director's address appearing on the records of the Corporation; (C) if sent for next day delivery by a nationally recognized overnight delivery service, when deposited with such service, with fees thereon prepaid, addressed to the director at the director's address appearing on the records of the Corporation; (D) if sent by facsimile telecommunication, when sent to the facsimile transmission number for such director appearing on the records of the Corporation; (E) if sent by electronic

mail, when sent to the electronic mail address for such director appearing on the records of the Corporation; or (F) if sent by any other form of electronic transmission, when sent to the address, location or number (as applicable) for such director appearing on the records of the Corporation.

(ii) Notice to Stockholders. Whenever under applicable law, the Certificate of Incorporation or these Bylaws notice is required to be given to any stockholder, such notice may be given: (i) in writing and sent either by hand delivery, through the United States mail, or by a nationally recognized overnight delivery service for next day delivery; or (ii) by means of a form of electronic transmission consented to by the stockholder, to the extent permitted by, and subject to the conditions set forth in Section 232 of the DGCL. A notice to a stockholder shall be deemed given as follows: (A) if given by hand delivery, when actually received by the stockholder; (B) if sent through the United States mail, when deposited in the United States mail, with postage and fees thereon prepaid, addressed to the stockholder at the stockholder's address appearing on the stock ledger of the Corporation; (C) if sent for next day delivery by a nationally recognized overnight delivery service, when deposited with such service, with fees thereon prepaid, addressed to the stockholder at the stockholder's address appearing on the stock ledger of the Corporation; and (D) if given by a form of electronic transmission consented to by the stockholder to whom the notice is given and otherwise meeting the requirements set forth above: (1) if by facsimile transmission, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder of such specified posting, upon the later of: (x) such posting; and (y) the giving of such separate notice; or (4) if by any other form of electronic transmission, when directed to the stockholder. A stockholder may revoke such stockholder's consent to receiving notice by means of electronic communication by giving written notice of such revocation to the Corporation. Any such consent shall be deemed revoked if: (x) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent; and (y) such inability becomes known to the Secretary or an Assistant Secretary or to the Corporation's transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(iii) Electronic Transmission. “**Electronic transmission**” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, including but not limited to transmission by electronic mail, telex, facsimile telecommunication, telegram and cablegram.

(iv) Notice to Stockholders Sharing Same Address. Without limiting the manner by which notice otherwise may be given effectively by the Corporation to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. A stockholder may revoke such stockholder's consent by delivering written notice of such revocation to the Corporation. Any stockholder who fails to object in writing to the Corporation within 60 days of having been given written notice by the Corporation of its intention to send such a single written notice shall be deemed to have consented to receiving such single written notice.

(v) Exceptions to Notice Requirements. Whenever notice is required to be given, under the DGCL, the Certificate of Incorporation or these Bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to

give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

Whenever notice is required to be given by the Corporation, under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, to any stockholder to whom: (1) notice of two consecutive annual meetings of stockholders and all notices of stockholder meetings or of the taking of action by written consent of stockholders without a meeting to such stockholder during the period between such two consecutive annual meetings; or (2) all, and at least two payments (if sent by first-class mail) of dividends or interest on securities during a 12-month period, have been mailed addressed to such stockholder at such stockholder's address as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such stockholder shall not be required. Any action or meeting that shall be taken or held without notice to such stockholder shall have the same force and effect as if such notice had been duly given. If any such stockholder shall deliver to the Corporation a written notice setting forth such stockholder's then current address, the requirement that notice be given to such stockholder shall be reinstated. In the event that the action taken by the Corporation is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to Section 230(b) of the DGCL. The exception in subsection (1) of the first sentence of this paragraph to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

**Section 1.d Waiver of Notice.** Whenever any notice is required to be given under applicable law, the Certificate of Incorporation, or these Bylaws, a written waiver of such notice, signed before or after the date of such meeting by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to said notice, shall be deemed equivalent to such required notice. All such waivers shall be kept with the books of the Corporation. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

#### **Section 1.e Meeting Attendance via Remote Communication Equipment.**

(i)Stockholder Meetings. If authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

- (1) participate in a meeting of stockholders; and
- (2) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication; provided that: (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder; (B) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (C) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such votes or other action shall be maintained by the Corporation.



(ii)Board Meetings. Unless otherwise restricted by applicable law, the Certificate of Incorporation or these Bylaws, members of the Board or any committee thereof may participate in a meeting of the Board or any committee thereof by means of conference telephone, video conference or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

**Section 1.f Dividends.** The Board may from time to time declare, and the Corporation may pay, dividends (payable in cash, property or shares of the Corporation's capital stock) on the Corporation's outstanding shares of capital stock, subject to applicable law and the Certificate of Incorporation.

**Section 1.g Reserves.** The Board may set apart out of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

**Section 1.h Contracts and Negotiable Instruments.** Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, any contract, bond, deed, lease, mortgage or other instrument may be executed and delivered in the name and on behalf of the Corporation by such officer or officers or other employee or employees of the Corporation as the Board may from time to time authorize. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer or any Vice President may execute and deliver any contract, bond, deed, lease, mortgage or other instrument in the name and on behalf of the Corporation. Subject to any restrictions imposed by the Board, the Chairman of the Board, Chief Executive Officer, President, the Chief Financial Officer, the Treasurer or any Vice President may delegate powers to execute and deliver any contract, bond, deed, lease, mortgage or other instrument in the name and on behalf of the Corporation to other officers or employees of the Corporation under such person's supervision and authority, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

**Section 1.i Fiscal Year.** The fiscal year of the Corporation shall be a calendar year unless otherwise fixed by the Board.

**Section 1.j Seal.** The Board may adopt a corporate seal, which shall be in such form as the Board determines. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

**Section 1.k Books and Records.** The books and records of the Corporation may be kept within or outside the State of Delaware at such place or places as may from time to time be designated by the Board.

**Section 1.l Surety Bonds.** Such officers, employees and agents of the Corporation (if any) as the Chairman of the Board, Chief Executive Officer, President or the Board may direct, from time to time, shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Chairman of the Board, Chief Executive Officer, President or the Board may determine. The premiums on such bonds shall be paid by the Corporation and the bonds so furnished shall be in the custody of the Secretary.

**Section 1.m Securities of Other Corporations.** Powers of attorney, proxies, waivers of notice of meeting, consents in writing and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chairman of the Board, Chief Executive Officer, President or any Vice President. Any such officer, may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities, or to consent in writing, in the name of the Corporation as such holder, to any action by such corporation, and at any such meeting or with respect to any such consent shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed. The Board may from time to time confer like powers upon any other person or persons.

**Section 1.n Amendments.** The Board shall have the power to adopt, amend, alter or repeal the Bylaws. The affirmative vote of a majority of the Board shall be required to adopt, amend, alter or repeal the Bylaws. The Bylaws also may be adopted, amended, altered or repealed by the stockholders; provided, however, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by applicable law or the Certificate of Incorporation, the affirmative vote of the holders of at least ~~66%~~ a majority in voting power of all the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend, alter or repeal the Bylaws; and provided further, however, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

**Section 1.o Exclusive Forum.** Unless, with the approval of the Board, the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring: (a) any derivative claim or proceeding brought on behalf of the Corporation; (b) claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders; (c) any claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the DGCL or the Corporation's certificate of incorporation or bylaws; or (d) any claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine (each of (a) through (d) above, a "**Covered Claim**") and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder's counsel. Notwithstanding the foregoing, the provisions of this Section 9.15 will not apply to suits brought to enforce a duty or liability created by the ~~Securities Exchange Act of 1934, as amended~~ or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.15. If any provision or provisions of this Section 9.15 or Section 9.16 shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Section 9.15 or Section 9.16 (including, without limitation, each portion of any sentence of this Section 9.15 or Section 9.16 containing any such provision held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

**Section 1.p Federal Forum.** Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of

1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to this provision.

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## Appendix D

### **HILLMAN SOLUTIONS CORP. 2021 EQUITY INCENTIVE PLAN As Amended on [\_\_\_\_], 2024**

#### **1. DEFINED TERMS**

Exhibit A, which is incorporated by reference, defines certain terms used in the Plan and includes certain operational rules related to those terms.

#### **2. PURPOSE; EFFECTIVE DATE**

The Plan has been established to advance the interests of the Company by providing for the grant to Participants of Stock and Stock-based Awards. The Plan was adopted by the Board of Directors of the Company on July 14, 2021. The Plan shall become and is effective as of the Effective Date.

#### **3. ADMINISTRATION**

The Plan will be administered by the Administrator. The Administrator has discretionary authority, subject only to the express provisions of the Plan, to administer and interpret the Plan and any Awards; to determine eligibility for and grant Awards; to determine the exercise price, base value from which appreciation is measured, or purchase price, if any, applicable to any Award, to determine, modify, accelerate or waive the terms and conditions of any Award; to determine the form of settlement of Awards (whether in cash, shares of Stock, other Awards or other property); to prescribe forms, rules and procedures relating to the Plan and Awards; and to otherwise do all things necessary or desirable to carry out the purposes of the Plan or any Award. Determinations of the Administrator made with respect to the Plan or any Award are conclusive and bind all persons.

#### **4. LIMITS ON AWARDS UNDER THE PLAN**

(a) **Number of Shares.** Subject to adjustment as provided in Section 7(b), the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan as of the Effective Date is (i) ~~7,150,814~~ 9,150,814 shares, plus (ii) the number of shares of Stock underlying awards under the Prior Plan that on or after the Effective Date expire or become unexercisable, or are forfeited, cancelled or otherwise terminated, in each case, without delivery of shares or cash therefor, and would have become available again for grant under the Prior Plan in accordance with its terms (in the case of this subclause (ii), not to exceed ~~14,523,510~~ 16,523,510 shares of Stock in the aggregate) (the “Share Pool”). Up to the total number of shares of Stock from the Share Pool described above may be delivered in satisfaction of ISOs, but nothing in this Section 4(a) will be construed as requiring that any, or any fixed



number of, ISOs be awarded under the Plan. For purposes of this Section 4(a), the number of shares of Stock delivered in satisfaction of Awards will be determined (i) by reducing the Share Pool by the number of shares of Stock withheld by the Company in payment of the exercise price or purchase price of an Award or in satisfaction of tax withholding requirements with respect to an Award, (ii) by reducing the Share Pool by the full number of shares covered by a SAR any portion of which is settled in Stock (and not only the number of shares of Stock delivered in settlement of a SAR), and (iii) by increasing the Share Pool by any shares of Stock underlying any portion of an Award that is settled in cash or that expires, becomes unexercisable, terminates or is forfeited to or repurchased by the Company without the issuance of Stock (or retention, in the case of Restricted Stock or Unrestricted Stock). For the avoidance of doubt, the Share Pool will not be increased by any shares of Stock delivered under the Plan that are subsequently repurchased using proceeds directly attributable to Stock Option exercises. The limits set forth in this Section 4(a) will be construed to comply with any applicable requirements of Section 422.

**(b) Substitute Awards.** The Administrator may grant Substitute Awards under the Plan. To the extent consistent with the requirements of Section 422 and the regulations thereunder and other applicable legal requirements (including applicable stock exchange requirements), shares of Stock delivered in respect of Substitute Awards will be in addition to and will not reduce the Share Pool. Notwithstanding the foregoing or anything in Section 4(a) to the contrary, if any Substitute Award is settled in cash or expires, becomes unexercisable, terminates or is forfeited to or repurchased by the Company without the delivery (or retention, in the case of Restricted Stock or Unrestricted Stock) of Stock, the shares of Stock previously subject to such Award will not increase the Share Pool or otherwise be available for future issuance under the Plan. The Administrator will determine the extent to which the terms and conditions of the Plan apply to Substitute Awards, if at all, *provided, however*, that Substitute Awards will not be subject to the limit described in Section 4(d) below.

**(c) Type of Shares.** Stock delivered by the Company under the Plan may be authorized but unissued Stock, treasury Stock or previously issued Stock acquired by the Company. No fractional shares of Stock will be delivered under the Plan.

**(d) Director Limits.** The maximum aggregate value of all compensation granted or paid to any Director with respect to any calendar year, including Awards granted under the Plan and cash fees or other compensation paid by the Company to such Director outside of the Plan, in each case, for services as a Director during such calendar year, may not exceed \$750,000 in the aggregate, calculating the value of any Awards based on the grant date fair value in accordance with the Accounting Rules and assuming maximum payout levels.

## **5. ELIGIBILITY AND PARTICIPATION**

The Administrator will select Participants from among Employees and Directors of, and consultants and advisors to, the Company and its subsidiaries. Eligibility for ISOs is limited to individuals described in the first sentence of this Section 5 who are employees of the Company or of a “parent corporation” or “subsidiary corporation” of the Company as those terms are defined in Section 424 of the Code. Eligibility for Stock Options, other than ISOs, and SARs is limited to individuals described in the first sentence of this Section 5 who are providing direct services on the date of grant of the Award to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the Treasury Regulations.

## **6. RULES APPLICABLE TO AWARDS**

**(a) All Awards.**

**(i) Award Provisions.** The Administrator will determine the terms and conditions of all Awards, subject to the limitations provided herein. No term of an Award shall provide for automatic “reload” grants of additional Awards upon the exercise of an Option or SAR. By accepting (or, under such rules as the Administrator may prescribe, being deemed to have accepted) an Award, the Participant will be deemed to have agreed to the terms and conditions of the Award and the Plan. Notwithstanding any provision of the Plan to the contrary, Substitute Awards may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Administrator.

**(ii) Term of Plan.** The Plan shall remain in effect, subject to the right of the Board or the Compensation Committee to amend or terminate the Plan at any time, until the earlier of (a) the earliest date as of which all Awards granted under the Plan have been satisfied in full or terminated and no shares of Stock approved for issuance under the Plan remain available to be granted under new Awards or (b) July 14, 2031. No Awards may be made after such termination date, but previously granted Awards may remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of such Awards.

**(iii) Transferability.** Neither ISOs nor, except as the Administrator otherwise expressly provides in accordance with the third sentence of this Section 6(a)(3), other Awards may be transferred other than by will or by the laws of descent and distribution. During a Participant’s lifetime, ISOs and, except as the Administrator otherwise expressly provides in accordance with the third sentence of this Section 6(a)(3), SARs and NSOs may be exercised only by the Participant. The Administrator may permit the gratuitous transfer (*i.e.*, transfer not for value) of Awards other than ISOs, subject to applicable securities and other laws and such terms and conditions as the Administrator may determine.

**(iv) Vesting; Exercisability.** The Administrator will determine the time or times at which an Award vests or becomes exercisable and the terms and conditions on which a Stock Option or SAR remains exercisable. Without limiting the foregoing, the Administrator may at any time accelerate the vesting and/or exercisability of an Award (or any portion thereof), regardless of any adverse or potentially adverse tax or other consequences resulting from such acceleration. Unless the Administrator expressly provides otherwise, however, the following rules will apply if a Participant’s Employment ceases:

**(1)** Except as provided in (B) and (C) below, immediately upon the cessation of the Participant’s Employment each Stock Option and SAR (or portion thereof) that is then held by the Participant or by the Participant’s permitted transferees, if any, will cease to be exercisable and will terminate and each other Award that is then held by the Participant or by the Participant’s permitted transferees, if any, to the extent not then vested will be forfeited.

**(2)** Subject to (C) and (D) below, each Stock Option and SAR (or portion thereof) held by the Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment, to the extent then vested and exercisable, will remain exercisable for the lesser of (i) a period of three months following such cessation of Employment or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.

**(3)** Subject to (D) below, each Stock Option and SAR (or portion thereof) held by a Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment due to death or by the Company due to Disability, to the extent then vested and exercisable, will remain exercisable for the lesser of (i) the one-year period ending on the first anniversary of such

cessation of Employment or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.

**(4)** All Awards (whether or not vested or exercisable) held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment will immediately terminate upon such cessation of Employment if the termination is for Cause or occurs in circumstances that in the determination of the Administrator would have constituted grounds for the Participant's Employment to be terminated for Cause (in each case, without regard to the lapsing of any required notice or cure periods in connection therewith).

**(v) Recovery of Compensation.** The Administrator may provide in any case that any outstanding Award (whether or not vested or exercisable), the proceeds from the exercise or disposition of any Award or Stock acquired under any Award, and any other amounts received in respect of any Award or Stock acquired under any Award will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted is not in compliance with any provision of the Plan or any applicable Award, or any non-competition, non-solicitation, no-hire, non-disparagement, confidentiality, invention assignment, or other restrictive covenant by which the Participant is bound. Each Award will be subject to any policy of the Company or any of its subsidiaries that relates to trading on non-public information and permitted transactions with respect to shares of Stock, including limitations on hedging and pledging. In addition, each Award will be subject to any policy of the Company or any of its Affiliates that provides for forfeiture, disgorgement, or clawback with respect to incentive compensation that includes Awards under the Plan and will be further subject to forfeiture and disgorgement to the extent required by law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Exchange Act. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees (or will be deemed to have agreed) to the terms of this Section 6(a)(5) and any clawback, recoupment or similar policy of the Company or any of its subsidiaries and further agrees (or will be deemed to have further agreed) to cooperate fully with the Administrator, and to cause any and all permitted transferees of the Participant to cooperate fully with the Administrator, to effectuate any forfeiture or disgorgement described in this Section 6(a)(5). Neither the Administrator nor the Company nor any other person, other than the Participant and the Participant's permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or the Participant's permitted transferees, if any, that may arise in connection with this Section 6(a)(5).

**(vi) Taxes.** The grant of an Award and the issuance, delivery, vesting and retention of Stock, cash or other property under an Award are conditioned upon the full satisfaction by the Participant of all tax and other withholding requirements with respect to the Award. The Administrator will prescribe rules for the withholding of taxes and other amounts with respect to any Award as it deems necessary. Without limitation to the foregoing, the Company or any parent or subsidiary of the Company will have the authority and the right to deduct or withhold (by any means set forth herein or in an Award agreement), or require a Participant to remit to the Company or a parent or subsidiary of the Company, an amount sufficient to satisfy all U.S. and non-U.S. federal, state and local income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to participation in the Plan and any Award hereunder and legally applicable to the Participant and required by law to be withheld (including, any amount deemed by the Company, in its discretion, to be an appropriate charge to the Participant even if legally applicable to the Company or any parent or subsidiary of the Company). The Administrator, in its sole discretion, may hold back shares of Stock from an Award or permit a Participant to tender previously-owned shares of Stock in satisfaction of tax or other withholding requirements (but not in excess of the maximum withholding amount

consistent with the Award being subject to equity accounting treatment under the Accounting Rules). Any amounts withheld pursuant to this Section 6(a)(6) will be treated as though such amounts had been made directly to the Participant. In addition, the Company may, to the extent permitted by law, deduct any such tax and other withholding amounts from any payment of any kind otherwise due to a Participant from the Company or any parent or subsidiary of the Company.

**(vii)Dividend Equivalents.** The Administrator may provide for the payment of amounts (on terms and subject to such restrictions and conditions established by the Administrator) in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award whether or not the holder of such Award is otherwise entitled to share in the actual dividend or distribution in respect of such Award; *provided, however*, that (a) dividends or dividend equivalents relating to an Award that, at the dividend payment date, remains subject to a risk of forfeiture (whether service-based or performance-based) shall be subject to the same risk of forfeiture as applies to the underlying Award and (b) no dividends or dividend equivalents shall be payable with respect to Stock Options or SARs. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the applicable requirements of Section 409A.

**(viii)Rights Limited.** Nothing in the Plan or any Award will be construed as giving any person the right to be granted an Award or to continued employment or service with the Company or any of its subsidiaries, or any rights as a stockholder except as to shares of Stock actually delivered under the Plan. The loss of existing or potential profit in any Award will not constitute an element of damages in the event of a termination of a Participant's Employment for any reason, even if the termination is in violation of an obligation of the Company or any of its subsidiaries to the Participant.

**(ix)Coordination with Other Plans.** Shares of Stock and/or Awards under the Plan may be granted in tandem with, or in satisfaction of or substitution for, other Awards under the Plan or awards made under other compensatory plans or programs of the Company or any of its subsidiaries. For example, but without limiting the generality of the foregoing, awards under other compensatory plans or programs of the Company or any of its subsidiaries may be settled in Stock (including, without limitation, Unrestricted Stock) under the Plan if the Administrator so determines, in which case the shares delivered will be treated as awarded under the Plan (and will reduce the Share Pool).

**(x)Section 409A.**

**(1)** Without limiting the generality of Section 11(b) hereof, each Award will contain such terms as the Administrator determines and will be construed and administered such that the Award either qualifies for an exemption from the requirements of Section 409A or satisfies such requirements.

**(2)** Notwithstanding anything to the contrary in the Plan or any Award agreement, the Administrator may unilaterally amend, modify or terminate the Plan or any outstanding Award, including but not limited to changing the form of the Award, if the Administrator determines that such amendment, modification or termination is necessary or desirable to avoid the imposition of an additional tax, interest or penalty under Section 409A.

**(3)** If a Participant is determined on the date of the Participant's termination of Employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then, with regard to any payment that is considered nonqualified deferred compensation under Section 409A, to the extent

applicable, payable on account of a “separation from service”, such payment will be made or provided on the date that is the earlier of (i) the first business day following the expiration of the six-month period measured from the date of such “separation from service” and (ii) the date of the Participant’s death (the “Delay Period”). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 6(a)(10)(C) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) will be paid, without interest, on the first business day following the expiration of the Delay Period in a lump sum and any remaining payments due under the Award will be paid in accordance with the normal payment dates specified for them in the applicable Award agreement.

(4) For purposes of Section 409A, each payment made under the Plan or any Award will be treated as a separate payment.

(5) With regard to any payment considered to be nonqualified deferred compensation under Section 409A, to the extent applicable, that is payable upon a change in control of the Company or other similar event, to the extent required to avoid the imposition of an additional tax, interest or penalty under Section 409A, no amount will be payable unless such change in control constitutes a “change in control event” within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

**(b) Stock Options and SARs.**

**(i) Time and Manner of Exercise.** Unless the Administrator expressly provides otherwise, no Stock Option or SAR will be deemed to have been exercised until the Administrator receives a notice of exercise in a form acceptable to the Administrator that is signed by the appropriate person and accompanied by any payment required under the Award. The Administrator may limit or restrict the exercisability of any Stock Option or SAR in its discretion, including in connection with any Covered Transaction. Any attempt to exercise a Stock Option or SAR by any person other than the Participant will not be given effect unless the Administrator has received such evidence as it may require that the person exercising the Award has the right to do so.

**(ii) Exercise Price.** The exercise price (or the base value from which appreciation is to be measured) per share of each Award requiring exercise must be no less than 100% (in the case of an ISO granted to a 10-percent stockholder within the meaning of Section 422(b)(6) of the Code, 110%) of the Fair Market Value of a share of Stock, determined as of the date of grant of the Award, or such higher amount as the Administrator may determine in connection with the grant.

**(iii) Payment of Exercise Price.** Where the exercise of an Award (or portion thereof) is to be accompanied by a payment, payment of the exercise price must be made by cash or check acceptable to the Administrator or, if so permitted by the Administrator and if legally permissible, (i) through the delivery of previously acquired unrestricted shares of Stock, or the withholding of unrestricted shares of Stock otherwise deliverable upon exercise, in either case that have a Fair Market Value equal to the exercise price; (ii) through a broker-assisted cashless exercise program acceptable to the Administrator; (iii) by other means acceptable to the Administrator; or (iv) by any combination of the foregoing permissible forms of payment. The delivery of previously acquired shares in payment of the exercise price under clause (i) above may be accomplished either by actual delivery or by constructive delivery through attestation of ownership, subject to such rules as the Administrator may prescribe.



**(iv)Maximum Term.** The maximum term of Stock Options and SARs must not exceed 10 years from the date of grant (or five years from the date of grant in the case of an ISO granted to a 10-percent stockholder described in Section 6(b)(2) above).

**(v)No Repricing.** Except in connection with a corporate transaction involving the Company (which term includes, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares) or as otherwise contemplated by Section 7 below, the Company may not, without obtaining stockholder approval, (A) amend the terms of outstanding Stock Options or SARs to reduce the exercise price or base value of such Stock Options or SARs, (B) cancel outstanding Stock Options or SARs in exchange for Stock Options or SARs that have an exercise price or base value that is less than the exercise price or base value of the original Stock Options or SARs, or (C) cancel outstanding Stock Options or SARs that have an exercise price or base value greater than the Fair Market Value of a share of Stock on the date of such cancellation in exchange for cash or other consideration.

## 7. EFFECT OF CERTAIN TRANSACTIONS

**(a) Mergers, etc.** Except as otherwise expressly provided in an Award agreement or other agreement or by the Administrator, the following provisions will apply in the event of a Covered Transaction:

**(i)Assumption or Substitution.** If the Covered Transaction is one in which there is an acquiring or surviving entity, the Administrator may provide for (A) the assumption or continuation of some or all outstanding Awards or any portion thereof or (B) the grant of new awards in substitution therefor by the acquiror or survivor or an affiliate of the acquiror or survivor.

**(ii)Cash-Out of Awards.** Subject to Section 7(a)(5) below, the Administrator may provide for payment (a “cash-out”), with respect to some or all Awards or any portion thereof (including only the vested portion thereof, with the unvested portion terminating as provided in subsection 7(a)(4) below), equal in the case of each applicable Award or portion thereof to the excess, if any, of (A) the Fair Market Value of one share of Stock multiplied by the number of shares of Stock subject to the Award or such portion, minus (B) the aggregate exercise or purchase price, if any, of such Award or such portion thereof (or, in the case of a SAR, the aggregate base value above which appreciation is measured), in each case on such payment and other terms and subject to such conditions (which need not be the same as the terms and conditions applicable to holders of Stock generally), as the Administrator determines, including that any amounts paid in respect of such Award in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate. For the avoidance of doubt, if the per share exercise or purchase price (or base value) of an Award or portion thereof is equal to or greater than the Fair Market Value of one share of Stock, such Award or portion may be cancelled with no payment due hereunder or otherwise in respect thereof.

**(iii)Acceleration of Certain Awards.** Subject to Section 7(a)(5) below, the Administrator may provide that any Award requiring exercise will become exercisable, in full or in part, and/or that the delivery of any shares of Stock remaining deliverable under any outstanding Award of Stock Units (including Restricted Stock Units and Performance Awards to the extent consisting of Stock Units) will be accelerated, in full or in part, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Administrator, following the exercise of the Award or the delivery of the shares, as the case may be, to participate as a stockholder in the Covered Transaction.

**(iv) Termination of Awards upon Consummation of Covered Transaction.**

Except as the Administrator may otherwise determine, each Award will automatically terminate (and in the case of outstanding shares of Restricted Stock, will automatically be forfeited) immediately upon the consummation of the Covered Transaction, other than (A) any Award that is assumed, continued or substituted for pursuant to Section 7(a)(1) above, and (B) any Award that by its terms, or as a result of action taken by the Administrator, continues following the Covered Transaction.

**(v) Additional Limitations.**

Any share of Stock and any cash or other property or other award delivered pursuant to Section 7(a)(1), Section 7(a)(2) or Section 7(a)(3) above with respect to an Award may, in the discretion of the Administrator, contain such restrictions, if any, as the Administrator deems appropriate, including to reflect any performance or other vesting conditions to which the Award was subject and that did not lapse (and were not satisfied) in connection with the Covered Transaction. For purposes of the immediately preceding sentence, a cash-out under Section 7(a)(2) above or an acceleration under Section 7(a)(3) above will not, in and of itself, be treated as the lapsing (or satisfaction) of a performance or other vesting condition. In the case of Restricted Stock that does not vest and is not forfeited in connection with the Covered Transaction, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such Stock in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan.

**(vi) Uniform Treatment.**

For the avoidance of doubt, the Administrator need not treat Participants or Awards (or portions thereof) in a uniform manner, and may treat different Participants and/or Awards differently, in connection with a Covered Transaction.

**(b) Changes in and Distributions with Respect to Stock.**

**(i) Basic Adjustment Provisions.**

In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in the Company's capital structure that constitutes an equity restructuring within the meaning of the Accounting Rules, the Administrator shall make appropriate adjustments to the Share Pool and to the limit described in Section 4(d), and shall make appropriate adjustments to the number and kind of shares of stock or securities underlying Awards then outstanding or subsequently granted, any exercise or purchase prices (or base values) relating to Awards and any other provision of Awards affected by such change.

**(ii) Certain Other Adjustments.**

The Administrator may also make adjustments of the type described in Section 7(b)(1) above to take into account distributions to stockholders other than those provided for in Sections 7(a) and 7(b)(1), or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan or any Award.

**(iii) Continuing Application of Plan Terms.**

References in the Plan to shares of Stock will be construed to include any stock or securities resulting from an adjustment pursuant to this Section 7.

**8. LEGAL CONDITIONS ON DELIVERY OF STOCK**

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been

listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. The Company may require, as a condition to the exercise of an Award or the delivery of shares of Stock under an Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Stock delivered under the Plan will be evidenced in such manner as the Administrator determines appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that stock certificates will be issued in connection with Stock issued under the Plan, the Administrator may require that such certificates bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending the lapse of the applicable restrictions.

## 9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by applicable law, and may at any time terminate the Plan as to any future grants of Awards; *provided, however*, that except as otherwise expressly provided in the Plan or the applicable Award, the Administrator may not, without the Participant's consent, alter the terms of an Award so as to affect materially and adversely the Participant's rights under the Award, unless the Administrator expressly reserved the right to do so in the Plan or at the time the applicable Award was granted. Any amendments to the Plan will be conditioned upon stockholder approval only to the extent, if any, such approval is required by applicable law (including the Code) or stock exchange requirements, as determined by the Administrator. For the avoidance of doubt, without limiting the Administrator's rights hereunder, no adjustment to any Award pursuant to the terms of Section 7 or Section 12 will be treated as an amendment requiring a Participant's consent.

## 10. OTHER COMPENSATION ARRANGEMENTS

The existence of the Plan or the grant of any Award will not affect the right of the Company or any of its subsidiaries to grant any person bonuses or other compensation in addition to Awards under the Plan.

## 11. MISCELLANEOUS

(a) **Waiver of Jury Trial.** By accepting or being deemed to have accepted an Award under the Plan, each Participant waives (or will be deemed to have waived), to the maximum extent permitted under applicable law, any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan or any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees (or will be deemed to have agreed) that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting or being deemed to have accepted an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit any dispute arising under the terms of the Plan or any Award to binding arbitration or as limiting the ability of the Company to require any individual to agree to submit such disputes to binding arbitration as a condition of receiving an Award hereunder.

(b) **Limitation of Liability.** Notwithstanding anything to the contrary in the Plan or any Award, neither the Company, nor any of its subsidiaries, nor the Administrator, nor any



person acting on behalf of the Company, any of its subsidiaries, or the Administrator, will be liable to any Participant, to any permitted transferee, to the estate or beneficiary of any Participant or any permitted transferee, or to any other person by reason of any acceleration of income, any additional tax, or any penalty, interest or other liability asserted by reason of the failure of an Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code, or otherwise asserted with respect to any Award.

(c) **Unfunded Plan.** The Company's obligations under the Plan are unfunded, and no Participant will have any right to specific assets of the Company in respect of any Award. Participants will be general unsecured creditors of the Company with respect to any amounts due or payable under the Plan.

## 12. ESTABLISHMENT OF SUB-PLANS

The Administrator may at any time and from time to time (including before or after an Award is granted) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan for Participants based outside of the U.S. and/or subject to the laws of countries other than the U.S., including by establishing one or more sub-plans, supplements or appendices under the Plan or any Award agreement for the purpose of complying or facilitating compliance with non-U.S. laws or taking advantage of tax favorable treatment or for any other legal or administrative reason determined by the Administrator. Any such sub-plan, supplement or appendix may contain, in each case, (i) such limitations on the Administrator's discretion under the Plan and (ii) such additional or different terms and conditions, as the Administrator deems necessary or desirable and will be deemed to be part of the Plan but will apply only to Participants within the group to which the sub-plan, supplement or appendix applies (as determined by the Administrator); *provided, however*, that no sub-plan, supplement or appendix, rule or regulation established pursuant to this provision shall increase Share Pool.

## 13. GOVERNING LAW

(a) **Certain Requirements of Corporate Law.** Awards and shares of Stock will be granted, issued and administered consistent with the requirements of applicable Delaware law relating to the issuance of stock and the consideration to be received therefor, and with the applicable requirements of the stock exchanges or other trading systems on which the Stock is listed or entered for trading, in each case as determined by the Administrator.

(b) **Other Matters.** Except as otherwise provided by the express terms of an Award agreement, under a sub-plan described in Section 12 or as provided in Section 13(a) above, the domestic substantive laws of the State of Delaware govern the provisions of the Plan and of Awards under the Plan and all claims or disputes arising out of or based upon the Plan or any Award under the Plan or relating to the subject matter hereof or thereof without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(c) **Jurisdiction.** Subject to Section 11(a) and except as may be expressly set forth in an Award agreement, by accepting (or being deemed to have accepted) an Award, each Participant agrees or will be deemed to have agreed to (i) submit irrevocably and unconditionally to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Award; (ii) not commence any suit, action or other proceeding arising out of or based upon the Plan or any Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware; and (iii) waive, and not assert, by way of motion as a defense

or otherwise, in any such suit, action or proceeding, any claim that the Participant is not subject personally to the jurisdiction of the above-named courts that the Participant's property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or any Award or the subject matter thereof may not be enforced in or by such court.

## EXHIBIT A

### Definition of Terms

The following terms, when used in the Plan, have the meanings and are subject to the provisions set forth below:

**“Accounting Rules”:** Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor provision.

**“Administrator”:** The Compensation Committee, except with respect to such matters that are not delegated to the Compensation Committee by the Board (whether pursuant to committee charter or otherwise). The Compensation Committee (or the Board, with respect to such matters over which it retains authority under the Plan or otherwise) may delegate (i) to one or more of its members (or one or more other members of the Board) such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant Awards to the extent permitted by Section 152 or 157(c) of the Delaware General Corporation Law; and (iii) to such Employees or other persons as it determines such ministerial tasks as it deems appropriate. For purposes of the Plan, the term “Administrator” will include the Board, the Compensation Committee, and the person or persons delegated authority under the Plan to the extent of such delegation, as applicable. With respect to any Award to which Section 16 of the Exchange Act applies, the Administrator shall consist of either the Board or a committee of the Board, which committee shall consist of two or more directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a “non-employee director” as defined in Rule 16b-3 of the Exchange Act and an “independent director” to the extent required by the rules of the national securities exchange that is the principal trading market for the Stock; provided, that with respect to Awards made to a member of the Board who is not an employee of the Company, “Administrator” means the Board. Any member of the Administrator who does not meet the foregoing requirements shall abstain from any decision regarding an Award and shall not be considered a member of the Administrator to the extent required to comply with Rule 16b-3 of the Exchange Act

**“Award”:** Any or a combination of the following:

- (i) Stock Options.
- (ii) SARs.
- (iii) Restricted Stock.
- (iv) Unrestricted Stock.
- (v) Stock Units, including Restricted Stock Units.
- (vi) Performance Awards.

(vii) Awards (other than Awards described in (i) through (vi) above) that are convertible into or otherwise based on Stock.

**“Board”:** The board of directors of the Company.

**“Cause”:** In the case of any Participant who is party to an employment agreement that contains a definition of “Cause,” the definition set forth in such agreement applies with respect to such Participant for purposes of the Plan for so long as such agreement is in effect. In every

other case, “Cause” means, as determined by the Administrator, termination of a Participant’s employment or other service because of: (i) the Participant’s being charged with a felony (or similar crime in a foreign jurisdiction) or crime of dishonesty or moral turpitude, (ii) insubordination, gross negligence or willful misconduct in the performance of the Participant’s duties, (iii) illegal use of controlled substances during the performance of the Participant’s duties or that adversely affects the reputation or best interests of the Company or any of its subsidiaries, (iv) the Participant’s commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty or a material act of dishonesty against the Company or any of its subsidiaries, (v) material breach by the Participant of any written employment, non-competition, non-solicitation, confidentiality or similar agreement with the Company or any of its subsidiaries, (vi) the Participant’s material noncompliance with Company policy or code of conduct, (vii) the Participant’s persistent neglect of duty or chronic unapproved absenteeism, (viii) the Participant’s willful and deliberate failure in the performance of the Participant’s duties in any material respect, in each case, as determined in good faith by the Compensation Committee in its sole discretion, or (ix) any other conduct by a Participant that could be expected to be harmful to the business, interests or reputation of the Company.

“**Closing Date**” means the date of the closing of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of January 24, 2021, by and among Landcadia Holdings III, Inc. and the other parties thereto.

“**Code**”: The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect, including any applicable regulations and guidance thereunder.

“**Company**”: Hillman Solutions Corp.

“**Compensation Committee**”: The compensation committee of the Board.

“**Covered Transaction**”: Any of (i) a consolidation, merger or similar transaction or series of related transactions, including a sale or other disposition of stock, in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company’s then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company’s assets, or (iii) a dissolution or liquidation of the Company. Where a Covered Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Administrator), the Covered Transaction will be deemed to have occurred upon consummation of the tender offer.

“**Director**”: A member of the Board who is not an Employee.

“**Disability**”: In the case of any Participant who is party to an employment, change of control or severance-benefit agreement that contains a definition of “Disability” (or a corollary term), the definition set forth in such agreement applies with respect to such Participant for purposes of the Plan for so long as such agreement is in effect. In every other case, “Disability” means, as determined by the Administrator, absence from work due to a disability for a period in excess of 90 days in any 12-month period that would entitle the Participant to receive benefits under the Company’s long-term disability program as in effect from time to time (if the Participant were a participant in such program).

“**Effective Date**”: The later of the date the Plan was approved by the Company’s stockholders or the Closing Date.

“**Employee**”: Any person who is employed by the Company or any of its subsidiaries.

**“Employment”:** A Participant’s employment or other service relationship with the Company or any of its subsidiaries. Employment will be deemed to continue, unless the Administrator otherwise determines, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 5 to, the Company or any of its subsidiaries. If a Participant’s employment or other service relationship is with any subsidiary of the Company and that entity ceases to be a subsidiary of the Company, the Participant’s Employment will be deemed to have terminated when the entity ceases to be a subsidiary of the Company unless the Participant transfers Employment to the Company or one of its remaining subsidiaries. Notwithstanding the foregoing, in construing the provisions of any Award relating to the payment of “nonqualified deferred compensation” (subject to Section 409A) upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms will be construed to require a “separation from service” (as that term is defined in Section 1.409A-1(h) of the Treasury Regulations, after giving effect to the presumptions contained therein) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single “service recipient” with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A, any of the special elective rules prescribed in Section 1.409A-1(h) of the Treasury Regulations for purposes of determining whether a “separation from service” has occurred. Any such written election will be deemed a part of the Plan.

**“Exchange Act”:** The Securities Exchange Act of 1934, as amended.

**“Fair Market Value”:** As of a particular date, (i) the closing price for a share of Stock reported on the Nasdaq Global Stock Market (or any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the immediately preceding date on which a closing price was reported or (ii) in the event that the Stock is not traded on a national securities exchange, the fair market value of a share of Stock determined by the Administrator consistent with the rules of Section 422 and Section 409A to the extent applicable.

**“ISO”:** A Stock Option intended to be an “incentive stock option” within the meaning of Section 422. Each Stock Option granted pursuant to the Plan will be treated as providing by its terms that it is to be an NSO unless, as of the date of grant, it is expressly designated as an ISO in the applicable Award agreement.

**“NSO”:** A Stock Option that is not intended to be an “incentive stock option” within the meaning of Section 422.

**“Participant”:** Any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, other than employee benefit plans sponsored or maintained by the Company and by entities controlled by the Company or an underwriter, initial purchaser or placement agent temporarily holding the capital stock of the Company pursuant to a registered public offering.

**“Performance Award”:** An Award subject to performance vesting conditions, which may include Performance Criteria.

**“Performance Criteria”:** Specified criteria, other than the mere continuation of Employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award. A Performance Criterion and any targets with respect thereto need not be based upon an increase, a positive or improved result or avoidance of loss and may be applied to a Participant individually, or to a business unit or division of the Company or to the Company as a whole and may relate to any or any combination

of any criterion or criteria determined by the Administrator (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or the performance of one or more companies) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof and subject to such adjustments, if any, as the Administrator specifies. A Performance Criterion may also be based on individual performance and/or subjective performance criteria. The Administrator may provide that one or more of the Performance Criteria applicable to such Award will be adjusted in a manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

**“Plan”:** The Hillman Solutions Corp. 2021 Equity Incentive Plan, as from time to time amended and in effect.

**“Prior Plan”:** The HMAN Group Holdings Inc. 2014 Equity Incentive Plan, as amended.

**“Restricted Stock”:** Stock subject to restrictions requiring that it be forfeited, redelivered or offered for sale to the Company if specified performance or other vesting conditions are not satisfied.

**“Restricted Stock Unit”:** A Stock Unit that is, or as to which the delivery of Stock or of cash in lieu of Stock is, subject to the satisfaction of specified performance or other vesting conditions.

**“SAR”:** A right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Stock of equivalent value) equal to the excess of the Fair Market Value of the shares of Stock subject to the right over the base value from which appreciation under the SAR is to be measured.

**“Section 409A”:** Section 409A of the Code and the regulations thereunder.

**“Section 422”:** Section 422 of the Code and the regulations thereunder.

**“Stock”:** Common stock of the Company, par value \$0.0001 per share.

**“Stock Option”:** An option entitling the holder to acquire shares of Stock upon payment of the exercise price.

**“Stock Unit”:** An unfunded and unsecured promise, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock in the future.

**“Substitute Awards”:** Awards granted under the Plan in substitution for one or more equity awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition.

**“Unrestricted Stock”:** Stock not subject to any restrictions under the terms of the Award.

# HOUSEHOLDING OF PROXY MATERIALS

We have adopted a procedure approved by the SEC called “householding.” Under this procedure, stockholders of record who have the same address and last name will receive only one copy of the Notice of Availability of Proxy Materials (or proxy materials in the case of stockholders who receive paper copies of such materials) unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of our Notice of Availability of Proxy Materials (or proxy materials in the case of stockholders who receive paper copies of such materials), or if you hold in more than one account, and in either case you wish to receive only a single copy for your household or if you prefer to receive separate copies of our documents in the future, please contact your bank or broker, or contact our Secretary at 1280 Kemper Meadow Dr., Forest Park, Ohio 45240, or via telephone at 513-851-4900.

Beneficial stockholders can request information about householding from their banks, brokers, or other holders of record.



# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 30, 2023  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_ TO \_\_\_\_  
Commission file number 001-39609

# HILLMAN™

### Hillman Solutions Corp.

(Exact name of registrant as specified in its charter)

Delaware 85-2096734  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
1280 Kemper Meadow Drive  
Cincinnati, Ohio 45240  
(Address of principal executive offices) (Zip Code)

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.0001 per share	HLMN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated filer ☐  
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐  
Emerging growth company ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of July 1, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was \$1,741 million based upon the closing price reported for such date on the Nasdaq Global Select Market.

On February 20, 2024, 195,181,953 shares of common stock, par value \$0.0001 per share, were issued and outstanding.

Documents Incorporated by Reference: Part III of this 10-K incorporates by reference certain information from the registrants definitive Proxy Statement for the 2024 Annual Meeting of Stockholders.



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## FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking statements, including, but not limited to, certain disclosures related to acquisitions, refinancing, capital expenditures, resolution of pending litigation, and realization of deferred tax assets, 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 this Annual Report on Form 10-K. 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.

## ITEM 1 - BUSINESS.

### General

Hillman Solutions Corp. and its wholly-owned subsidiaries (collectively, "Hillman" or "Company") are one of the largest providers of hardware-related products and related merchandising services to retail markets in North America. Our principal business is operated through our wholly-owned subsidiary, Hillman, which had net sales of approximately \$1,476.5 million in 2023. Hillman sells its products to hardware stores, home centers, mass merchants, pet supply stores, and other retail outlets principally in the United States, Canada, Mexico, Latin America, and the Caribbean. Product lines include thousands of small parts such as fasteners and related hardware items; threaded rod and metal shapes; keys and accessories; builder's hardware; personal protective equipment, such as gloves and eye-wear; and identification items, such as tags and letters, numbers, and signs. We support product sales with services that include design and installation of merchandising systems, maintenance of appropriate in-store inventory levels, and break-fix for our robotics kiosks.

Hillman's corporate headquarters is located at 1280 Kemper Meadow Drive, Cincinnati, Ohio. We maintain a website at [www.hillmangroup.com](http://www.hillmangroup.com). Information contained or linked on our website is not incorporated by reference into this annual report and should not be considered a part of this annual report.

## History

In 1964, Max Hillman established Hillman Bolt & Screw Corporation in Cincinnati, Ohio when he purchased a franchise operation from Sharon Bolt & Screw, a hardware fastener company. Max began distributing fasteners to independent hardware stores in southern Ohio and northern Kentucky, with a relentless commitment to service.

Max's two sons, Mick Hillman and Rick Hillman, joined their father's company in 1969, as Hillman's customer base and distribution network continued to grow. In 1982, Hillman Bolt & Screw was purchased by Sun Distributors followed by Max's retirement shortly thereafter. Mick and Rick took over the day-to-day operations of the business in 1984.

During the early 1990s, the Company developed its National Field Service Group, which today includes 1,100 field service and sales representatives, to manage the complex assortment of Hillman products on its customers' shelves. Over the next three decades Hillman continued to win new business, expanding from traditional hardware stores to big box and home improvement retailers, and into adjacent product categories through multiple strategic acquisitions.

During the 2000s, Hillman was purchased three separate times by private equity firms (2001, 2004 and 2010). During 2012 and 2013, Rick and Mick Hillman retired, respectively, after more than 40 years of actively managing the Company. Thereafter in 2014, CCMP Capital Advisors acquired the majority interest in Hillman. In 2021, Hillman became a publicly traded company, listing its shares on the Nasdaq stock exchange under the ticker symbol "HLMN" by virtue of a merger with a Special Purpose Acquisition Company ("SPAC"). See Note 3 - Merger Agreement of the Notes to Consolidated Financial Statements for additional information.

Hillman's legacy of service has remained unchanged throughout its history, and it continues to take care of its customers first.

## Nasdaq listing - 2021

During 2021, the Company began exploring ways to further expand its access to the capital markets by becoming a publicly traded entity. On July 14, 2021, privately held HMAN Group Holdings Inc. ("Old Hillman"), and Landcadia Holdings III, Inc. ("Landcadia" and after the Business Combination described herein, "New Hillman"), a SPAC, consummated the previously announced business combination (the "Closing") pursuant to the terms of the Agreement and Plan of Merger, dated as of January 24, 2021 (as amended on March 12, 2021, the "Merger Agreement"). Unless the context indicates otherwise, the discussion of the Company and its financial condition and results of operations is with respect to New Hillman following the closing date and Old Hillman prior to the closing date. See Note 3 - Merger Agreement of the Notes to Consolidated Financial Statements for additional information.

In connection with the Closing, the Company entered into a new credit agreement (the "Term Credit Agreement"), which provided for a new funded term loan facility of \$835.0 million and a delayed draw term loan facility of \$200.0 million (of which \$16.0 million was drawn). As of July 2023, the delayed draw term loan facility expired. The Company also entered into an amendment to their existing asset-based revolving credit agreement, extending the maturity and conformed certain provisions to the Term Credit Agreement. The proceeds of the funded term loans under the Term Credit Agreement and revolving credit loans under the ABL Credit Agreement were used, together with other available cash, to (1) refinance in full all outstanding term loans and to terminate all outstanding commitments under the credit agreement, dated as of May 31, 2018, (2) refinance outstanding revolving credit loans, and (3) redeem in full senior notes due July 15, 2022 (the "6.375% Senior Notes"). Additionally, we fully redeemed the 11.6% Junior Subordinated Debentures. In connection with the refinancing, we incurred a loss of \$8.1 million and paid \$38.7 million in financing fees, of which \$21.0 million were recorded as a financing activity. See Note 9 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information.

## Hillman Group

We are comprised of three separate operating business segments: (1) Hardware and Protective Solutions, (2) Robotics and Digital Solutions, and (3) Canada.

We provide products such as fasteners and related hardware items; threaded rod and metal shapes; keys, key duplication systems, and accessories; builder's hardware; personal protective equipment, such as gloves and eye-wear; and identification items, such as tags and letters, numbers, and signs to retail outlets, primarily hardware stores, home centers and mass merchants, pet supply stores, grocery stores, and drug stores. We complement our extensive product selection with regular retailer visits by our field sales and service organization.

We market and distribute a wide variety of Stock Keeping Units (“SKUs”) of small, hard-to-find and hard-to-manage hardware items. We function as a category manager for retailers and support these products with in-store service, high order fill rates, and rapid delivery of products sold. Sales and service representatives regularly visit retail outlets to review stock levels, reorder items in need of replacement, and interact with the store management to offer new product and merchandising ideas. Thousands of items can be actively managed with the retailer experiencing a substantial reduction of in-store labor costs and replenishment paperwork. Service representatives also assist in organizing the products in a consumer-friendly manner. We complement our broad range of products with merchandising services such as displays, product identification stickers, retail price labels, store rack and drawer systems, assistance in rack positioning and store layout, and inventory restocking services. We regularly refresh retailers' displays with new products and package designs utilizing color-coding to simplify the shopping experience for consumers and improve the attractiveness of individual store displays.

We operate from 22 strategically located distribution centers in North America and supplement our operations with third-party logistics providers to warehouse and ship customer orders in the certain areas.

## Products and Suppliers

Our product strategy concentrates on providing total project solutions using the latest technology for common and unique home improvement projects. Our portfolio provides retailers the assurance that their shoppers can find the right product at the right price within an 'easy to shop' environment.

We currently manage a worldwide supply chain comprised of a large number of vendors, the largest of which accounted for approximately 8.3% of the Company's annual purchases and the top five of which accounted for approximately 17.9% of our annual purchases. Our vendor quality control procedures include on-site evaluations and frequent product testing. Vendors are also evaluated based on delivery performance and the accuracy of their shipments.

## Hardware and Protective Solutions

Our Hardware and Protective Solutions segment includes a variety of product categories including: Fasteners; Builders Hardware; Wall Hanging, Threaded Rod and Metal Shapes; Letters, Numbers, and Signs (“LNS”); and Personal Protective Equipment.

Our Fastener business consists of three categories: core fasteners, construction fasteners, and anchors sold under a variety of brands including Hillman, Fas-n-Tite, Deck-Plus, and Power-Pro. Core fasteners include nuts, bolts, screws, washers, and specialty items. Construction fasteners include deck, drywall, metal screws, and both hand driven and collated nails. Anchors include hollow wall and solid wall items such as plastic anchors, toggle bolts, concrete screws, and wedge anchors.

Builders Hardware includes a variety of common household items such as coat hooks, door stops, hinges, gate latches, and decorative hardware. We market the builder's hardware products under the Hardware Essentials® brand and provide the retailer with innovation in both product and merchandising solutions. The Hardware Essentials® program utilizes modular packaging, color coding, and integrated merchandising to simplify the shopping experience for consumers. Colorful signs, packaging, and installation instructions guide the consumer quickly and easily to the correct product location in store, while digital content including pictures and videos assist the online journey. Hardware Essentials® provides retailers and consumers decorative upgrade opportunities through contemporary finishes and designs.

The Wall Hanging category includes traditional picture hanging hardware, primarily marketed under the OOK® and Hillman brands, and the High & Mighty® series of tool-free wall hangers, decorative hooks and floating shelves that was launched in 2017.

We are the leading supplier of Threaded Rod and Metal Shapes in the retail market. The SteelWorks® threaded rod product includes hot and cold rolled rod, both weldable and plated, as well as a complete offering of All-Thread rod in galvanized steel, stainless steel, and brass. The SteelWorks® program is carried by many top retailers, including Lowe's and Menard's, and through cooperatives such as Ace Hardware. In addition, we are the primary supplier of Metal Shapes to many wholesalers throughout the country.

LNS includes product lines that target both the homeowner and commercial user. Product lines within this category include individual and/or packaged letters, numbers, signs, safety related products (e.g. 911 signs), driveway markers, and a variety of sign accessories, such as sign frames.

Our expansive Personal Protective Equipment category covers many uses for DIYer (“Do It Yourself”) around the house and for the professional at the job site. Our products can be found at leading retailers across North America.

We distribute a full assortment of work gloves under the Firm Grip®, True Grip®, and Gorilla Grip brands; automotive gloves including Grease Monkey®; Digz® gardening gloves and more; as well as cleaning and all-

purpose gloves. As a category leader in work gloves, our portfolio is founded on design and consumer driven innovation.

Our work-gear products consist of tool storage, knee pads, clothing, and other accessories sold under variety of brands including AWP®, McGuire Nicholas®, and Firm Grip®. The portfolio offers a “one stop shop” for leading retailers with an expansive assortment to meet the needs of both the pro and DIYer.

Our safety products include face masks and safety vests sold under a variety of brands including Firm Grip®, AWP®, and Premium Defense®. Focusing on innovative materials, intuitive design, and industry trends, we expect growth in the Hardware and Protective Solutions segment.

Hardware and Protective Solutions generated approximately \$1,074.6 million, \$1,068.7 million and \$1,017.6 million of revenues in the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

## Robotics and Digital Solutions

Our Robotics and Digital Solutions segment consists primarily of software-enabled robotic key duplication and engraving solutions that are tailored to the unique needs of the consumer. Robotics and Digital Solutions products are located in high-traffic environments where retailers can provide consumers with on-the-spot, customized licensed and unlicensed key and engraving options. Our offerings include store associate assisted key duplication and self-service robotic engraving and key duplication kiosks; together with related software, systems, keys, and key accessories sold in proximity to the kiosks. Our services include product and category management, merchandising services, and access to our proprietary robotic key duplicating and engraving software platforms and equipment.

We design and manufacture proprietary software and equipment in our Boulder, Colorado and Tempe, Arizona facilities; housing the cornerstone for our key duplication business. Our key duplication system is offered in various retail channels including mass merchants, home centers, automotive parts retailers, franchise and independent hardware stores, and grocery/drug chains. We believe we provide the most diverse key duplication systems in the industry, through our unique combination of self-service kiosk technology and store associate assisted duplication systems. Equipment diversity allows us to meet the individual needs of retailers. Our self-service solutions are driven by our MinuteKey technology, while store associate assisted duplication currently uses the state-of-the-art KeyKrafter® equipment and other legacy duplication machines.

Our MinuteKey self-service kiosk uses robotics technology in an innovative way that is accurate, easy to use, convenient, fast and highly reliable. We utilize a proprietary network integration software within our MinuteKey kiosks to maintain high levels of machine up-time and ensure machines have the optimal mix of key types available for duplication. The kiosk is completely self-service and has a 100% customer satisfaction guarantee. We manufacture and support the MinuteKey kiosk out of our Boulder, Colorado and Tempe, Arizona facilities.

Hillman KeyKrafter® is our most popular, innovative, and effective store associate assisted key duplication kiosk. It provides significant reduction in duplication time while increasing accuracy and ease of use for unskilled store associates. Additionally, with the KeyKrafter® solution, the capability exists for consumers to securely store and retrieve digital back-ups of their key without the original through the revolutionary Hillman KeyHero® Technology. Our Precision Laser Key System™ uses a digital optical camera, lasers, and proprietary software to scan a customer's key. The system identifies the key and retrieves the key's specifications, including the appropriate blank and cutting pattern, from a comprehensive database. This technology automates nearly every aspect of key duplication and provides the ability for every store associate to cut a key accurately. In the automotive key space, we offer the SmartBox Automotive Key Programmer which is a tool to quickly and easily pair transponder keys, remotes, and smart keys.

We retain ownership of the key duplicating equipment and market and sell keys and key accessories. Our proprietary key offering features the universal blank which uses a “universal” keyway to replace up to five original equipment keys. We continually refresh the retailer's key offerings by introducing decorated and licensed keys and accessories. Our key offering features decorative themes of art and popular licenses such as NFL, Disney, Breast Cancer Awareness, and Marvel to increase personalization, purchase frequency and average transaction value per key. We also market a successful line of decorative and licensed lanyards and other key accessories.

All of our key duplication systems are supported by a dedicated in store kiosk sales and service team.

In our engraving business, we supply a variety of innovative options of consumer-operated robotic kiosks such as Quick-Tag®, TagWorks®, and FIDO® for engraving specialty items such as pet identification tags, luggage tags, and other engraved identification tags. We have developed unique engraving systems leveraging state-of-the-art technologies to provide a customized solution for mass merchant, pet supply retailers, and other high traffic areas such as theme parks, all supported by our in store kiosk field service technicians. We design, engineer, manufacture, and assemble the engraving kiosks in our Boulder, Colorado and Tempe, Arizona facilities.

Our engraving business focuses on the growing consumer spending trends surrounding personalized and pet identification. Innovation has played a major role in the development of our engraving business unit. From the

original Quick-Tag® consumer-operated kiosk system to the proprietary laser system of TagWorks®, we continue to lead the industry with consumer-friendly engraving solutions. As in our key business, we retain ownership of the key engraving equipment and market and sell blank tags.

Robotics and Digital Solutions generated approximately \$245.4 million, \$245.6 million, and \$246.5 million of revenues in the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

## Canada

Our Canada segment distributes fasteners and related hardware items, threaded rod, keys, key duplicating systems, accessories, and identification items, such as tags and letters, numbers, and signs to hardware stores, home centers, mass merchants, industrial distributors, automotive aftermarket distributors, and other retail outlets and industrial Original Equipment Manufacturers (“OEMs”) in Canada. The product lines offered in our Canada segment are consistent with the product offerings detailed in our other segments. The Canada segment also produces made to order screws and self-locking fasteners for automotive suppliers, OEMs, and industrial distributors.

In the first quarter of 2023, the Company realigned its Canada segment to include the Canada portions of the Protective Solutions and MinuteKey businesses, which are now operating under the Canada segment leadership team. Previously, the results of the Canada portion of the Protective Solutions business were reported in the Hardware and Protective Solutions segment and the Canada portion of the MinuteKey business was reported in the Robotics and Digital Solutions segment and were operating under those respective segment leadership teams.

Our Canada segment generated approximately \$156.5 million, \$172.0 million and \$161.9 million of revenues in the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

## Markets and Customers

We sell our products to national accounts such as Home Depot, Lowe’s, Menard’s, PETCO, PetSmart, Tractor Supply, and Walmart. Our status as a national supplier of proprietary products to big box retailers allows us to develop a strong market position and high barriers to entry within our product categories.

We service a wide variety of franchise and independent retail outlets. These individual dealers are typically members of the larger cooperatives, such as Ace Hardware, True Value, and Do-It-Best. We ship directly to the cooperative’s retail locations and also supply many items to the cooperative’s central warehouses. These central warehouses distribute to their members that do not have a requirement for Hillman’s in-store service. These arrangements reduce credit risk and logistic expenses for us while also reducing central warehouse inventory and delivery costs for the cooperatives.

A typical hardware store maintains thousands of different items in inventory, many of which generate small dollar sales but large profits. It is difficult for a retailer to economically monitor all stock levels and to reorder the products from multiple vendors. This problem is compounded by the necessity of receiving small shipments of inventory at different times and stocking the goods. The failure to have these small items available will have an adverse effect on store traffic, thereby possibly denying the retailer the opportunity to sell items that generate higher dollar profits.

We sell our products to a large volume of customers, the top two of which accounted for approximately \$640.4 million, or approximately 43% of our total revenues in 2023. For the year ended December 30, 2023, Home Depot was the single largest customer, representing approximately \$344.1 million or 23.3% of our total revenues. Lowe’s was the second largest at approximately \$296.3 million or 20.1%. No other customer accounted for more than 10% of total revenue in 2023. In each of the years ended December 30, 2023, December 31, 2022, and December 25, 2021, we derived over 10% of our total revenues from Lowe’s and Home Depot which operated in each of our operating segments. See Note 20 - Concentration of Credit Risks of the Notes to Consolidated Financial Statements for additional information.

Hillman continues to expand its B2B eCommerce platform allowing certain customers to order online through the Company’s website, [www.hillmangroup.com](http://www.hillmangroup.com). The B2B eCommerce platform features many of our items available for sale online and over thousands of customers are enrolled with the online ordering platform. We continue to support direct-to-store and direct-to-consumer fulfillment for consumers who choose to order fasteners directly from retailers’ websites.

## Sales and Marketing

We believe that our primary competitive advantage is rooted in our ability to provide a greater level of customer service than our competitors. We partner with our customers to understand the unmet needs of consumers, design creative solutions, and commercialize those solutions, bringing them to life in both physical and digital channels through a tight alignment between the product management, marketing communications, and channel



marketing functions. We provide best in class support and customer service at every touch point for our retail partners. Service is the hallmark of Hillman company-wide, employing 1,102 full-time and 124 part-time people on our sales and service team. The national accounts field service organization consists of approximately 742 employees and 73 field managers focusing on big box retailers, pet super stores, large national discount chains, and grocery stores. This organization reorders products, details store shelves, and sets up in-store promotions. Many of our largest customers use Electronic Data Interchange (“EDI”) for processing of orders and invoices.

We employ what we believe to be the largest direct sales force in the industry. The sales force, which consists of approximately 254 employees and is managed by 33 field managers, focuses on the franchise and independent customers. The depth of the sales and service team enables us to maintain consistent call cycles ensuring that all customers experience proper stock levels and inventory turns. This team also prepares custom plan-o-grams of displays to fit the needs of any store and establishes programs that meet customers' requirements for pricing, invoicing, and other needs. This group also benefits from daily internal support from our inside sales and customer service teams. On average, each sales representative is responsible for approximately 61 full service accounts that the sales representative calls on approximately every two weeks. These efforts allow the sales force to sell and support our product lines.

## Competition

Our primary competitors in the national accounts marketplace for fasteners are Primesource Building Products, Inc., Midwest Fastener Corporation, Illinois Tool Works Inc., Spectrum Brands, and competition from direct import by our customers. Our national competitors for gloves and personal protective equipment include Techtronic Industries, West Chester Protective Gear, PIP, Iron Clad, and MidWest Quality Gloves, Inc. Competition is primarily based on sourcing and price. We believe our product innovation and in store merchandising service create a more compelling and unique experience for both the consumer and our customers. Other competitors are local and regional distributors. Competitors in the pet tag market are specialty retailers, direct mail order, and retailers with in-store mail order capability. The Quick-Tag®, FIDO®, and TagWorks® systems have patent protected technology that is a major barrier to entry and helps to preserve this market segment.

The principal competitor for our franchise and independent hardware store customers is Midwest Fastener Corporation. The hardware outlets that purchase our products without regularly scheduled sales representative visits may also purchase products from local and regional distributors and cooperatives. We compete primarily on field service, merchandising, as well as product availability and price, and depth of product line.

## Insurance Arrangements

Under our current large deductible insurance programs, we retain the exposure on certain expected losses related to workers' compensation, general liability, and automobile claims up to the applicable deductibles. Our primary and umbrella policies provide coverage for catastrophic exposure and aggregate losses in excess of applicable deductibles. We also retain the exposure on expected losses related to health benefits of certain employees. We believe that our present insurance is adequate for our businesses. See Note 18 - Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

## Human Capital Resources

### Employees

As of December 30, 2023, we had 3,801 full time and part time employees, none of which were covered by a collective bargaining agreement. In our opinion, employee relations are good.

### Health and Safety

Employee health and safety is a top priority in all aspects of our business. We are committed to providing a healthy environment and safe workplace at all our facilities and in the field. Our dedicated Safety Team oversees our health & safety program and procedures. We implement robust safety protocols across all operations, maintain a Safety Compliance Program, and regularly conduct self-assessments to examine our safety culture and processes.

SAFETY MEASURE	HILLMAN
Total Recordable Incident Rate (TRIR)	2.21
Lost-Time Incident Rate (LTIR) <sup>1</sup>	0.45

<sup>1</sup> Data spans 12 months between January 2023 and December 2023.

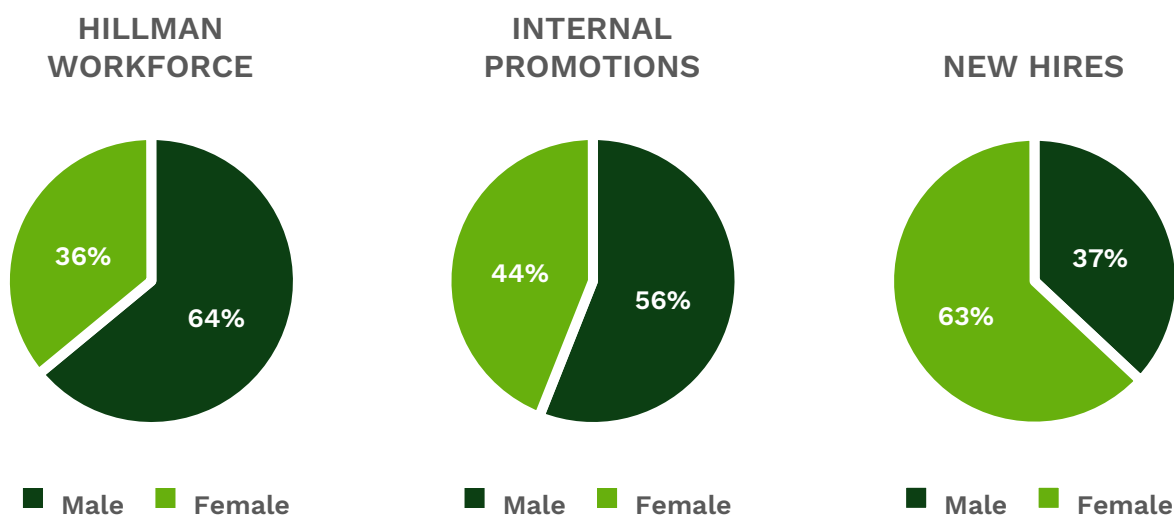


## Attraction, Development, and Retention

The success of our efforts to grow our business depends on the contributions and abilities of key executives, our sales force, and other personnel. Our Human Resources department leads the search to reach a diverse talent pool. We have a standard framework for posting jobs, interviewing for open positions, and onboarding new employees. We offer employees resources to continuously improve their skills and performance with the goal of further cultivating the diverse talent on our team. We seek people who demonstrate our core values: absolute integrity, accountability to our team and customers, the ability to build on difference, trust and respect.

## Diversity and Inclusion

We are committed to actions that build an inclusive and equitable workplace where diversity is valued and leveraged. We ask our employees to bring their authentic selves to work every day and this shows in both our products and our services. We are committed to creating equal opportunities for employment, and creating inclusive and diverse workplaces that allow our team to perform to their fullest potential.



## Backlog

We do not consider the sales backlog to be a significant indicator of future performance due to the short order cycle of our business. Our sales backlog from ongoing operations was approximately \$19.9 million as of December 30, 2023 and approximately \$24.6 million as of December 31, 2022. We expect to realize the entire December 30, 2023 backlog during fiscal 2024.

## Where You Can Find More Information

We file quarterly reports on Form 10-Q and annual reports on Form 10-K and furnish current reports on Form 8-K and other information with the Securities and Exchange Commission (the “Commission”). The Commission also maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains quarterly, annual, and current reports, proxy and information statements, and other information regarding issuers, like Hillman, that file electronically with the Commission.

In addition, our quarterly reports on Form 10-Q, annual reports on Form 10-K, current reports on Form 8-K, and all amendments to those reports, are available free of charge on our website at [www.hillmangroup.com](http://www.hillmangroup.com) as soon as reasonably practicable after such reports are electronically filed with the Commission. We are providing the address to our website solely for the information of investors. We do not intend the address to be an active link or to incorporate the contents of the website into this report.

# ITEM 1A - RISK FACTORS.

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You should carefully consider the following risks. However, the risks set forth below are not the only risks that we face, and we face other risks which have not yet been identified or which are not yet otherwise predictable. If any of the following risks occur or are otherwise realized, our business, financial condition, and results of operations could be materially adversely affected. You should carefully consider the risks described below and all other information in this Annual Report on Form 10-K, including our Consolidated Financial Statements and the related Notes to Consolidated Financial Statements and schedules thereto.

## Risks Relating to Our Products and Demand for our Products:

**Our sales are dependent upon the health and stability of the general economy. Adverse changes in economic factors specific to the home improvement industry may adversely affect our sales and financial performance.**

Many North American and global economic factors may adversely affect our financial performance. These include, but are not limited to, periods of slow economic growth or recession, home price appreciation or decreasing housing turnover, volatility and/or lack of liquidity from time to time in U.S. and world financial markets and the consequent reduced availability and/or higher cost of borrowing to Hillman, its customers, and consumers, slower rates of growth in real disposable personal income that could affect the rate of growth in consumer spending, inflation and its impacts on discretionary spending and on our costs, shortages, and other disruptions in the labor supply, consumer debt levels, changes in tax rates and policy, outbreak of pandemics, fluctuations in fuel and energy costs, inflation or deflation of commodity prices, natural disasters, armed conflicts, and acts of both domestic and international terrorism.

Sales of many of our products are driven by the activity level of home repair and remodel projects. Our customers, suppliers, and other parties with whom we do business are also impacted by the foregoing conditions and adverse changes may result in financial difficulties leading to restructurings, bankruptcies, liquidations, and other unfavorable events for our customers, consumers, suppliers, and other service providers. Adverse trends in any of the foregoing factors could reduce our sales, adversely impact the mix of our sales, or increase our costs, which could have a material adverse effect on our business, financial condition and results of operations.

**Large customer concentration and the inability to penetrate new channels of distribution could adversely affect our business.**

Our two largest customers constituted approximately \$640.4 million of net sales and \$35.3 million of the year-end accounts receivable balance for 2023. Both of these customers are big box chain stores. Our results of operations depend greatly on our ability to maintain existing relationships and arrangements with these big box chain stores. To the extent that the big box chain stores are materially adversely impacted by the changing retail landscape, this could have a negative effect on our results of operations. These two customers have been key components of our growth and failure to maintain fulfillment and service levels or relationships with these customers could result in a material loss of business. Our inability to penetrate new channels of distribution, including ecommerce, may also have a negative impact on our future sales and business. (See Note 20 - Concentration of Credit Risks of the Notes to Consolidated Financial Statements for additional information).

**To compete successfully, we must develop and commercialize a continuing stream of innovative new products that create consumer demand.**

Our long-term success in the current competitive environment depends on our ability to develop and commercialize a continuing stream of innovative new products, including those in our new mass merchant fastener program, which create and maintain consumer demand. We also face the risk that our competitors will introduce innovative new products that compete with our products. Our strategy includes increased investment in new product development and continued focus on innovation. There are, nevertheless, numerous uncertainties inherent in successfully developing and commercializing innovative new products on a continuing basis, and new product launches may not provide expected growth results.

**Acquisitions have formed a significant part of our growth strategy in the past and may continue to do so. If we are unable to identify suitable acquisition candidates, successfully integrate an acquired business, or obtain financing needed to complete an acquisition, our growth strategy may not succeed.**

Historically, our growth strategy has relied in part on acquisitions that either expand or complement our businesses and/or product offerings in new or existing markets. However, there can be no assurance that we will be able to identify or acquire acceptable acquisition candidates on terms favorable to us and in a timely manner.

The process of integrating acquired businesses into our operations may result in unforeseen difficulties and may require a disproportionate amount of resources and management attention, and there can be no assurance that we will be able to successfully integrate acquired businesses into our operations. Additionally, we may not achieve the anticipated benefits from any acquisition.

Unfavorable changes in the current economic environment may make it difficult to acquire businesses in order to further our growth strategy. We will continue to seek acquisition opportunities both to expand into new markets and to enhance our position in our existing markets. However, our ability to do so will depend on a number of factors, including our ability to obtain financing that we may need to complete a proposed acquisition opportunity which may be unavailable or available on terms that are not advantageous to us. If financing is unavailable or on unfavorable terms, we may be forced to forego otherwise attractive acquisition opportunities which may have a negative effect on our ability to grow.

## **Risks Related to our Operations:**

**Our results of operations could be negatively impacted by inflation or deflation in supply chain costs, including raw materials, sourcing, transportation and energy.**

Many of our products are manufactured out of metals, including but not limited to steel, aluminum, zinc, and copper. Additionally, we use other commodity-based materials in the manufacture of Letters, Numbers, and Signs (“LNS”) that are resin-based and subject to fluctuations in the price of oil. We source the majority of our products from third parties and are subject to changes in their underlying manufacturing costs. We also use third parties for transportation and are exposed to fluctuations in freight costs to transport goods from our suppliers to our distribution facilities and to our customers, as well as the price of diesel fuel in the form of freight surcharges on customer shipments and the cost of gasoline used by the field sales and service force. Inflation in these costs could result in significant cost increases. If we are unable to mitigate any cost increases from the foregoing factors through various customer pricing actions and cost reduction initiatives, our financial condition may be adversely affected. Conversely, in the event that there is deflation, we may experience, and in fact have experienced, pressure from our customers to reduce prices. There can be no assurance that we would be able to reduce our cost base (through negotiations with suppliers or other measures) to offset any such price concessions which could adversely impact our results of operations and cash flows.

**Our business is subject to risks associated with sourcing product from overseas.**

We import a majority of our products and rely on foreign sources, primarily China and Taiwan, to meet our supply demands at prices that support our current operating margins. Substantially all of our import operations are subject to customs requirements, tariffs, and quotas set by governments through mutual agreements or unilateral actions. The U.S. tariffs on steel, aluminum, and other imported goods have materially increased the costs of many of our foreign sourced products, and any escalation in the tariffs will increase the impact. In order to sustain current operating margins while the tariffs are in effect, we must be able to increase prices with our customers and find alternative, similarly priced sources that are not subject to the tariffs. If we are unable to effectively implement these countermeasures, our operating margins will be impacted.

In addition, the countries from which our products and materials are manufactured or imported may, from time to time, impose additional quotas, duties, tariffs, or other restrictions on their imports or adversely modify existing restrictions. Adverse changes in these import costs and restrictions, or our suppliers' failure to comply with customs regulations or similar laws, could harm our business.

If any of our existing vendors fail to meet our needs, we believe that sufficient capacity exists in the open market to supply any shortfall that may result. However, it is not always possible to replace a vendor on short notice without disruption in our operations, which may require more costly expedited transportation expense and replacement of a major vendor is often at higher prices.

Our ability to import products in a timely and cost-effective manner may also be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as port and shipping capacity, high demand for ocean freight, labor disputes, severe weather, or increased homeland security requirements in the U.S. and other countries. These issues could delay importation of products, increase our transit costs, or require us to

locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on our business and financial condition.

Further, COVID-19 outbreaks could cause temporary closures or labor shortages at our facilities, the facilities of our suppliers, or other disruptions throughout our supply chain. This may adversely affect our results of operations, financial position, and cash flows.

Additionally, in recent years, tensions between mainland China and Taiwan have further escalated. Conflict between China and Taiwan could disrupt our supply chain, including limiting access to key ports, disrupting the operations of our suppliers, or resulting in potential international sanctions, all of which could adversely affect our results of operations or increase our costs.

**We are subject to inventory management risks: insufficient inventory may result in increased costs, lost sales and lost customers, while excess inventory may increase our costs.**

We balance the need to maintain inventory levels that are sufficient to maintain superior customer fulfillment levels against the risk and financial costs of carrying excess inventory levels. In order to successfully manage our inventories, we must estimate demand from our customers at the product level and timely purchase products in quantities that substantially correspond to that demand. If we overestimate demand and purchase too much of a particular product, we could have excess inventory handling costs, distribution center capacity constraints and inventory that we cannot sell profitably.

In addition, we may have to write down such inventory if we are unable to sell it for its recorded value. In fact, In the fourth quarter of 2023, we recorded inventory revaluation charges of \$5.0 million in connection with exiting certain retail locations and markets for a product line. By contrast, if we underestimate demand and purchase insufficient quantities of a product, and/or do not maintain enough inventory of a product, we may not be able to fulfill customer orders on a timely basis which could result in fines, the loss of sales and ultimately loss of customers for those products as they turn to our competitors. Our business, financial condition and results of operations could suffer a material adverse effect if either or both of these situations occur frequently or in large volumes.

**Because our business is working capital intensive, we rely on our ability to manage our product purchasing and customer credit policies.**

Our operations are working capital intensive, and our inventories, accounts receivable, and accounts payable are significant components of our net asset base. We manage our inventories and accounts payable through our purchasing policies and our accounts receivable through our customer credit policies. In recent years, our lead times extended due to disruptions in the global supply chain. During 2021 and 2022, we saw increased lead times for ocean freight from Asia, and we had to increase our inventory levels to maintain our high fill rates with our customers, which has increased our inventory costs and reduced our profitability. Our lead times and inventory levels normalized in 2023. However, there are no assurances that lead times will not increase in the future, and in such event our working capital and financial condition may be adversely affected. If we fail to adequately manage our product purchasing or customer credit policies, our working capital and financial condition may be adversely affected.

**We are subject to the risks of doing business internationally.**

A portion of our revenue is generated outside the United States, primarily from customers located in Canada, Mexico, Latin America, and the Caribbean. Because we sell our products and services outside the United States, our business is subject to risks associated with doing business internationally, which include:

- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected or unfavorable changes in foreign laws and regulatory requirements;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in foreign countries;
- the imposition of duties and tariffs and other trade barriers;
- trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the U.S. Department of Commerce, Economic Sanctions Laws and Regulations administered by the Office of Foreign Assets Control, and fines, penalties, or suspension or revocation of export privileges;
- violations of the United States Foreign Corrupt Practices Act;

- the effects of applicable and potentially adverse foreign tax law changes;
- significant adverse changes in foreign currency exchange rates; and
- difficulties associated with repatriating cash in a tax-efficient manner.

Any failure to adapt to these or other changing conditions in foreign countries in which we do business could have an adverse effect on our business and financial results.

## Risks Related to our Workforce:

**Successful sales and marketing efforts depend on our ability to recruit and retain qualified employees.**

The success of our efforts to grow our business depends on the contributions and abilities of key executives, our sales force, and other personnel, including the ability of our sales force to achieve adequate customer coverage. We must therefore continue to recruit, retain, and motivate management, sales, and other personnel to maintain our current business and to support our projected growth. A shortage of these key employees might jeopardize our ability to implement our growth strategy.

**Increases in labor costs, potential labor disputes and work stoppages or an inability to hire skilled distribution, sales and other personnel could adversely affect our business.**

An increase in labor costs, work stoppages or disruptions at our facilities or those of our suppliers or transportation service providers, or other labor disruptions, could decrease our sales and increase our expenses. In addition, although our employees are not represented by a union, our labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face.

A significant increase in the salaries and wages paid by competing employers could result in a reduction of our labor force, increases in the salaries and wages that we must pay, or both. If we are unable to hire warehouse, distribution, sales and other personnel, our ability to execute our business plan and our results of operations would suffer.

## Risks Related to our Technology and Cybersecurity:

**Our success is highly dependent on information and our technology systems, as well as those of our third party vendors and business partners.**

We depend on our information systems, and those of our third party vendors and business partners, to process orders, to manage inventory and accounts receivable collections, to purchase, sell, and ship products efficiently and on a timely basis, to maintain cost-effective operations, and to provide superior service to our customers. If these systems are damaged, intruded upon, shutdown, or cease to function properly (whether by planned upgrades, force majeure, telecommunications failures, hardware or software break-ins or viruses, other cybersecurity incidents, or otherwise), we may suffer disruption in our ability to manage and operate our business.

In late May 2023, we experienced a ransomware attack relating to certain systems on our network (the “Cybersecurity Incident”). The Cybersecurity Incident affected certain of our information technology systems, and as part of the containment effort, we suspended affected systems and elected to temporarily suspend additional systems in an abundance of caution. We reactivated and restored our operational systems over the course of the week following the Cybersecurity Incident. The Cybersecurity Incident related costs net of an expected insurance receivable totaled \$1.0 million.

While we have taken measures designed to protect the security of our information and technology systems, and any information handled by these systems, including personal, sensitive, confidential, and proprietary information, there can be no assurance that the measures which we have adopted to protect against certain events that could disrupt the operations of our information systems will prevent the occurrence of such a disruption. Any such disruption could have a material adverse effect on our business and results of operations.

In addition, we plan to upgrade our existing information technology systems or choose to incorporate new technology systems from time to time in order for such systems to support our business. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of our operations. Any such reduction in efficiency or disruption could have a material adverse effect on our business and results of operations.

**Unauthorized disclosure of personal, sensitive or confidential customer, employee, supplier, or Company information, whether through a breach of our computer systems, or those of our third party vendors and business partners, including cyber-attacks or otherwise, could severely harm our business.**

As part of our business, we collect, process, and retain personal, sensitive and confidential personal information about our customers, employees, and suppliers. Despite the security measures we have in place, our facilities and systems, and those of the retailers and other third party distributors with which we do business, may be vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. In fact, in late May 2023, we experienced a ransomware attack relating to certain systems on our network, as is more fully described on the preceding page, and some confidential personal information of our employees and selected dependents was accessed by the threat actor.

In addition, employees may intentionally or inadvertently cause the unauthorized access to or release of personal, sensitive, or confidential customer, employee, supplier or Company information. Because the techniques used to circumvent security systems can be highly sophisticated, change frequently, are often not recognized until launched against a target, and may originate from less regulated and remote areas around the world, we may be unable to proactively anticipate or address all possible techniques or implement adequate preventive measures for all situations.

Any security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential customer, employee, supplier, or Company information, whether by us or by the retailers and other third party distributors and business partners with which we do business, could result in losses, severely damage our reputation, expose us to the risks of litigation and liability, disrupt our operations, and have a material adverse effect on our business, results of operations, and financial condition.

We anticipate that these threats will continue to grow in scope and complexity over time. Cybercrime and attacking techniques are constantly evolving, and we or our third party vendors and business partners may be unable to anticipate attempted security breaches, react in a timely manner, or implement adequate preventative measures, particularly given the increasing use of hacking techniques designed to circumvent controls, avoid detection, and remove or obfuscate forensic artifacts.

The regulatory environment related to information security, data collection, and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs. As a result, our practices may not have complied in the past or may not comply now or in the future with all such laws, regulations, requirements and obligations. Our failure to take any steps perceived by the a regulatory body as appropriate to protect certain information may result in claims under various data privacy and security laws, which could severely impact our business.

## **Risks Related to Intellectual Property:**

**Failure to adequately protect intellectual property could adversely affect our business.**

Intellectual property rights are an important and integral component of our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright, and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements.

In the event that our trademarks or patents are successfully challenged and we lose the rights to use those trademarks or patents, or if we fail to prevent others from using them, we could experience reduced sales or be forced to redesign or rebrand our products, requiring us to devote resources to product development, advertising, and marketing new products and brands. In addition, we cannot be sure that any pending trademark or patent applications will be granted or will not be challenged or opposed by third parties or that we will be able to enforce our trademark rights against counterfeiters.

Failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations, and financial condition.

**Our success depends in part on our ability to operate without infringing on or misappropriating the proprietary rights of others, and if we are unable to do so we may be liable for damages.**

We cannot be certain that United States or foreign patents or patent applications of other companies do not exist or will not be issued that would prevent us from commercializing our products. Third parties may sue us, and in fact have sued us (see Item 3 - Legal Proceedings of this Annual Report and Note 18 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information), for infringing or misappropriating their patent or other intellectual property rights. Intellectual property litigation is costly. If we do



not prevail in litigation, in addition to any damages we might have to pay, we could be required to cease the infringing activity, obtain a license requiring us to make royalty payments, and/or enter into other settlement arrangements that temporarily preclude us from liability. It is possible that a required license may not be available to us on commercially acceptable terms, if at all. In addition, a required license may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If we fail to obtain a required license or are unable to design around another company's patent, we may be unable to make use of some of the affected products, which would reduce our revenue.

The defense costs and settlements for patent infringement lawsuits are not covered by insurance. Patent infringement lawsuits can take years to settle. If we are not successful in our defenses or are not successful in obtaining dismissals of any such lawsuit, legal fees or settlement costs could have a material adverse effect on our results of operations and financial position.

### **Recent changes in United States patent laws may limit our ability to obtain, defend, and/or enforce our patents.**

The United States has recently enacted and implemented wide ranging patent reform legislation. The United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the United States Congress, the United States federal courts, and the United States Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions, changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain in the future.

## **Risks Relating to Our Indebtedness:**

### **We have significant indebtedness that could affect operations and financial condition and prevent us from successfully executing our strategy.**

We have a significant amount of indebtedness. On December 30, 2023, our total indebtedness was \$760.9 million, of which, \$751.9 million is indebtedness issued under the term loan facility, and \$9.1 million is indebtedness under finance lease and other obligations. The Company also has an asset-based revolving credit facility with aggregate commitments of up to \$375.0 million that does not have an outstanding balance, and aggregate availability of \$246.8 million as of December 30, 2023, subject to customary asset-backed loan borrowing base and availability provisions.

Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy obligations to holders of our indebtedness;
- increase our vulnerability to increases in interest rates;
- increase our vulnerability to general adverse economic and industry conditions;
- require the dedication of a substantial portion of cash flow from operations to payments on indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, research and development efforts, and other general corporate purposes;
- limit flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, the agreement governing our senior secured credit facilities contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. The failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all outstanding indebtedness.

### **Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.**

We may be able to incur substantial additional indebtedness in the future. The terms of our senior secured credit facilities do not fully prohibit us from doing so. The senior secured credit facilities permit additional borrowing of



up to \$246.8 million as of December 30, 2023, subject to customary asset-backed loan borrowing base and availability provisions. If new debt is added to our current debt levels, the related risks that we now face could intensify.

**We rely on available borrowings under the Asset-Based Revolving credit facility (“ABL Revolver”) for cash to operate our business, and the availability of credit under the ABL Revolver may be subject to significant fluctuation.**

In addition to cash we generate from our business, our principal existing source of cash is borrowings available under the ABL Revolver. Aggregate availability will be limited to the lesser of a borrowing base and \$375.0 million. The borrowing base is calculated on a monthly (or more frequent under certain circumstances) valuation of our inventory, accounts receivable and certain cash balances. As a result, our access to credit under the ABL Revolver is potentially subject to significant fluctuation, depending on the value of the borrowing base-eligible assets as of any measurement date. The inability to borrow under the ABL Revolver may adversely affect our liquidity, financial position and results of operations. As of December 30, 2023, the ABL Revolver did not have an outstanding balance and had outstanding letters of credit of \$40.9 million, with \$246.8 million of available borrowings as a source of liquidity based on the customary asset-backed loan borrowing base and availability provisions.

**We are subject to fluctuations in interest rates.**

All of our indebtedness incurred under our senior secured credit facilities have variable interest rates. Increases in borrowing rates will increase our cost of borrowing, which may adversely affect our results of operations and financial condition. Our term loan and interest rate derivatives generally bear interest at a rate per annum equal to Daily Simple Secured Overnight Financing Rate (SOFR). We may, and have in the past, enter into interest rate derivatives that hedge risks related to floating for fixed rate interest payments in order to reduce interest rate volatility, however there are no assurances that we will do so, or that we will be able to do so on terms favorable to us. Further, we may choose not to maintain interest rate swaps with any of our variable rate indebtedness, or may only choose to maintain interest rate swaps with some, but not all, of our variable rate indebtedness.

**The failure to meet certain financial covenants required by our credit agreements may materially and adversely affect assets, financial position, and cash flows.**

Certain aspects of our credit agreements require the maintenance of a leverage ratio and limit our ability to incur debt, make investments, or undertake certain other business activities. In particular, our minimum allowed fixed charge coverage ratio requirement is 1.0x as of December 30, 2023. A breach of the covenant, or any other covenants, could result in an event of default under the credit agreements. Upon the occurrence of an event of default under the credit agreements, all amounts outstanding, together with accrued interest, could be declared immediately due and payable by our lenders. If this happens, our assets may not be sufficient to repay in full the payments due under the credit agreements. The current credit market environment and other macro-economic challenges affecting the global economy may adversely impact our ability to borrow sufficient funds or sell assets or equity in order to pay existing debt.

**Volatility and weakness in bank and capital markets may adversely affect credit availability and related financing costs for us.**

Bank and capital markets can experience periods of volatility and disruption. If the disruption in these markets is prolonged, our ability to refinance, and the related cost of refinancing, some or all of our debt could be adversely affected. Additionally, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their legal commitments and obligations under existing credit commitments. Although we currently can access the bank and capital markets, there is no assurance that such markets will continue to be a reliable source of financing for us. These factors, including the tightening of credit markets, could adversely affect our ability to obtain cost-effective financing.

Increased volatility and disruptions in the financial markets also could make it more difficult and more expensive for us to refinance outstanding indebtedness and obtain financing. In addition, the adoption of new statutes and regulations, the implementation of recently enacted laws or new interpretations or the enforcement of older laws and regulations applicable to the financial markets or the financial services industry could result in a reduction in the amount of available credit or an increase in the cost of credit. Disruptions in the financial markets can also adversely affect our lenders, insurers, customers, and other counterparties. Any of these results could cause a material adverse effect to our business, financial condition, and results of operations.

## Legal, Regulatory, and Other External Risks:

## **We are exposed to adverse changes in currency exchange rates.**

Exposure to foreign currency risk exists because we, through our global operations, enter into transactions and make investments denominated in multiple currencies. Our predominant exposures are in Canadian, Mexican, and Asian currencies, including the Chinese Yuan (“CNY”). In preparing our Consolidated Financial Statements for foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates and income and expenses are translated using weighted-average exchange rates. With respect to the effects on translated earnings, if the U.S. dollar strengthens relative to local currencies, our earnings could be negatively impacted. We do not make a practice of hedging our non-U.S. dollar earnings.

We source many products from China and other Asian countries for resale in other regions. To the extent that the U.S. dollar declines relative to the CNY or other currencies, we may experience cost increases on such purchases. The U.S. dollar increased in value relative to the CNY by 2.9% in 2023, increased by 8.3% in 2022 and decreased by 2.6% in 2021. Significant appreciation of the CNY or other currencies in countries where we source our products could adversely impact our profitability. In addition, our foreign subsidiaries in Canada and Mexico may purchase certain products from their vendors denominated in U.S. dollars. If the U.S. dollar strengthens compared to the local currencies, it may result in margin erosion. We have a practice of hedging some of our Canadian subsidiary's purchases denominated in U.S. dollars. We may not be successful at implementing customer pricing or other actions in an effort to mitigate the related cost increases which may adversely impact our results of operations.

## **If we were required to write down all or part of our goodwill or indefinite-lived trade names, our financial condition and results of operations could be materially adversely affected.**

We have \$825.0 million of goodwill and \$85.5 million of indefinite-lived trademarks recorded on our accompanying Consolidated Balance Sheets at December 30, 2023. We are required to periodically determine if our goodwill or indefinite-lived trademarks have become impaired, in which case we would write down the impaired portion.

While our fourth quarter 2023 impairment test determined the fair value of the Hardware Solutions and Protective Solutions reporting units exceeded their respective carrying by 4% and 6%, respectively, certain changes in the assumptions used for discount rate, projected revenue growth, and projected EBITDA growth could result in the fair value of either of these reporting units being less than its carrying value, in which case we would be required to write down goodwill to its fair value (see Management's Discussion & Analysis - Critical Accounting Policies and Estimates - Goodwill for additional information). Additionally, a continued decline in our stock price may trigger an evaluation of the recoverability of the recorded goodwill and other long-lived assets.

If we were required to record additional write downs of all or part of our goodwill or indefinite-lived trademarks, our financial condition and net income could be materially adversely affected.

## **We are subject to legal proceedings and legal compliance risks.**

We are involved in various legal proceedings, which from time to time may involve lawsuits, state and federal governmental inquiries, audits and investigations, environmental matters, employment, tort, state false claims act, consumer litigation, and intellectual property litigation. At times, such matters may involve executive officers and other management. Certain of these legal proceedings may be a significant distraction to management and could expose us to significant liability, including settlement expenses, damages, fines, penalties, attorneys' fees and costs, and non-monetary sanctions, any of which could have a material adverse effect on our business and results of operations.

## **Our business may be adversely affected by seasonality.**

In general, we have experienced seasonal fluctuations in sales and operating results from quarter to quarter. Typically, the first calendar quarter is the weakest due to the effect of weather on home projects and the construction industry. If adverse weather conditions persist on a regional or national basis into the second or other calendar quarters, our business, financial condition, and results of operations may be materially adversely affected.

## **Future tax law changes may materially increase our prospective income tax expense.**

We are subject to income taxation in many jurisdictions in the U.S., as well as foreign jurisdictions. Judgment is required in determining our worldwide income tax provision and, accordingly, there are many transactions and computations for which our final income tax determination is uncertain. We are occasionally audited by income tax authorities in various tax jurisdictions. Although we believe our recorded tax estimates are reasonable, the ultimate outcome from any audit (or related litigation) could be materially different from the amounts reflected in our income tax provisions and accruals. Future settlements of income tax audits may have a material effect on

earnings between the period of initial recognition of tax estimates in the financial statements and the point of ultimate tax audit settlement.

Additionally, it is possible that future income tax legislation and regulations or interpretations thereof in any jurisdiction to which we are subject to taxation may be enacted and such changes could have a material impact on our worldwide income tax provision beginning with the period during which such changes become effective. In addition, our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings; and
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

## ITEM 1B - UNRESOLVED STAFF COMMENTS.

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None.

## ITEM 1C - CYBERSECURITY.

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### Cybersecurity Risk Management and Strategy

The Company's cybersecurity policies, standards, processes, and practices for assessing, identifying and managing material risks from cybersecurity threats and responding to cybersecurity incidents are part of the Company's overall risk assessment efforts. The Company has established controls and procedures, including an incidence response plan, that provide for the identification, notification, escalation, communication, and remediation of data security incidents at appropriate levels so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner. The Company continues to review its Cybersecurity program and controls and procedures as part of its efforts to strengthen its defenses.

As part of its cybersecurity program, the Company utilizes firewalls, identity and access management programs, email security, anti-malware, and a detection and response program. The Company periodically assesses and tests its policies, standards, processes and practices that are designed to address cybersecurity threats and incidents by performing internal and external vulnerability scans, penetration testing, and phishing exercises. The Company utilizes a combination of internal employees and third parties to perform security monitoring and 24/7 response, penetration testing, phishing campaigns, and provide security awareness training to our employees. We recently updated our onboarding process for certain third-party vendors and service providers to include a review and assessment of their information security practices. The Company also conducts information security and awareness training to ensure that employees are aware of information security risks and to enable them to take steps to mitigate those risks.

### Role of the Board

The Board is responsible for cybersecurity risk oversight and receives periodic updates from management on the Company's cybersecurity program, threats, and defense measures implemented. Additionally, our Chief Technology Officer ("CTO") provides updates to the Board on an as needed basis with respect to cybersecurity risks or any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such cybersecurity incident until it has been remediated.

### Role of Management

Our CTO oversees and provides accountability related to our cybersecurity risk management strategy and overall information security program. The CTO's cybersecurity team is led by a Director of Information Technology Security. The cybersecurity team is responsible for leading enterprise-wide cybersecurity strategy, policy,

standards, architecture, and processes. The program incorporates policies and practices designed to protect the privacy and security of our sensitive information.

The cybersecurity team includes dedicated internal resources that currently have Certified Information Systems Security Professional ("CISSP") credentials, Certificate of Cloud Security Knowledge ("CCSK"), and other security and network certifications. In addition to our internal security staff, we partner with various third-party security service providers to augment our staffing, expertise, and hours of operation.

The CTO regularly reports to our senior leadership team, as well as periodically to our Board of Directors, regarding our cybersecurity program and material cybersecurity risks. The CTO coordinates with other teams including Internal Audit, to ensure a combined focus on technology modernization and remediation needs. The CTO is briefed weekly on current security operations and relevant issues across the cybersecurity threat landscape.

## **Current Cybersecurity events**

In late May 2023, we experienced a ransomware attack relating to certain systems on our network (the "Cybersecurity Incident"). We promptly initiated an investigation, engaged the services of cyber-security experts and outside advisors and worked with appropriate law enforcement authorities to contain, assess and remediate the Cybersecurity Incident.

The Cybersecurity Incident affected certain of our information technology systems, and as part of the containment effort, we suspended affected systems and elected to temporarily suspend additional systems in an abundance of caution. We reactivated and restored our operational systems over the course of the week following the Cybersecurity Incident. The Cybersecurity Incident related costs net of an expected insurance receivable totaled \$1.0 million. Our system remediation efforts regarding the Cybersecurity Incident have substantially concluded as of December 30, 2023.

As of the date of this report, the Company is not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition. In the event of an attack or other intrusion, we have a response team of internal and external resources engaged and prepared to respond. We also maintain cyber liability insurance to help mitigate potential liabilities resulting from cyber issues. We plan to continually invest in efforts to enhance data security in response to developments in the cybersecurity landscape.

# ITEM 2 – PROPERTIES.

As of December 30, 2023, our principal office, manufacturing, and distribution properties were as follows:

Business Segment	Approximate Square Footage	Description
<b>Hardware and Protective Solutions &amp; Robotics and Digital Solutions</b>		
Belton, Missouri	305,000	Distribution
Cincinnati, Ohio	270,000	Office, Distribution
Dallas, Texas	166,000	Distribution
Forest Park, Ohio <sup>(1)</sup>	428,000	Office, Distribution
Jacksonville, Florida	193,000	Distribution
Jonestown, PA	187,000	Distribution
Shafter, California	168,000	Distribution
Tempe, Arizona	184,000	Office, Mfg., Distribution

<b>Hardware and Protective Solutions</b>		
Atlanta, Georgia	14,000	Office
Guadalajara, Mexico	12,000	Office, Distribution
Pompano Beach, Florida	39,000	Office, Distribution
Monterrey, Mexico	13,000	Distribution
Shannon, Georgia	421,000	Office, Mfg., Distribution
Hamilton, Ohio	58,000	Mfg., Distribution
Salem, Oregon	31,000	Distribution
Tyler, Texas <sup>(2)</sup>	202,000	Office, Mfg., Distribution

<b>Robotics and Digital Solutions</b>		
Boulder, Colorado	8,000	Office
<b>Canada</b>		
Burnaby, British Columbia	29,000	Distribution
Edmonton, Alberta	100,000	Distribution
Guelph, Ontario	25,000	Distribution
Laval, Quebec	34,000	Distribution
Milton, Ontario	27,000	Manufacturing
Scarborough, Ontario	23,000	Mfg., Distribution
Toronto, Ontario	456,000	Office, Distribution
Winnipeg, Manitoba	42,000	Distribution

- (1) The Company leases two facilities in Forest Park, Ohio. This first is the Company's 43,000 square foot corporate office headquarters located at 1280 Kemper Meadow Road. The second is a 385,000 square foot distribution center located at 1700 Carillon Boulevard.
- (2) The Company leases two facilities in Tyler, Texas. The first is a 139,000 square foot facility located at 2329 E. Commerce Street used for manufacturing and distribution. The second is a 63,000 square foot facility located at 6357 Reynolds Road used for offices, manufacturing, and distribution.

All of the Company's facilities are leased. In the opinion of the Company's management, the Company's existing facilities are in good condition.

## ITEM 3 - LEGAL PROCEEDINGS.

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We are subject to various claims and litigation that arise in the normal course of business. For a description of our material legal proceedings, see Note 18 - Commitments and Contingencies of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

### Hy-Ko Litigation Settlement

On June 1, 2021, Hy-Ko Products Company LLC ("Hy-Ko"), a manufacturer of key duplication machines, filed a complaint for patent infringement against Hillman Group in the United States District Court for the Eastern District of Texas (Marshall Division). The case was assigned Civil Action No. 2:21-cv-0197. Hy-Ko's complaint alleged that Hillman's KeyKrafter and PKOR key duplication machines infringed certain patents, which are assigned to Hy-Ko, and seeks damages and injunctive relief against the Hillman Group. Hy-Ko's complaint additionally contained allegations of unfair competition under the Federal Lanham Act and conversion/receipt of stolen property, as well as a cause of action for "replevin" for return of stolen property.

On October 7, 2022, following a jury trial commencing October 3, 2022, the jury rendered a verdict finding that Hillman infringed two Hy-Ko patents, but also found that there was no willfulness in the infringement. The jury awarded Hy-Ko a one-time lump sum royalty payment of \$16.0 million.

Following the verdict, Hillman and Hy-Ko negotiated and entered into a settlement agreement that provided for an \$18.5 million payment from Hillman to Hy-Ko. The \$18.5 million payment is in lieu of, and not in addition to, the \$16.0 million verdict, and also includes each of Hillman and Hy-Ko agreeing to a 10 year covenant promising not to sue the other party over infringement of any key duplication or key identification patents.

As a result of the covenant not to sue, the Company believes it no longer faces any threat of patent infringement liability from Hy-Ko in relation to key duplication or key identification technology through the expiration of the 10-year covenant not to sue on December 28, 2032.

## ITEM 4 — MINE SAFETY DISCLOSURES.

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Not Applicable.

## PART II

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## ITEM 5 — MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

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### Common Stock Data

The Company's common stock is traded on The Nasdaq Stock Market under the symbol 'HLMN'. There were approximately 20 holders of record of common stock as of February 20, 2024. In addition to holders of record of our common stock, we believe there is a substantially greater number of "street name" holders or beneficial holders whose Class A common stock is held of record by banks, brokers and other financial institutions.

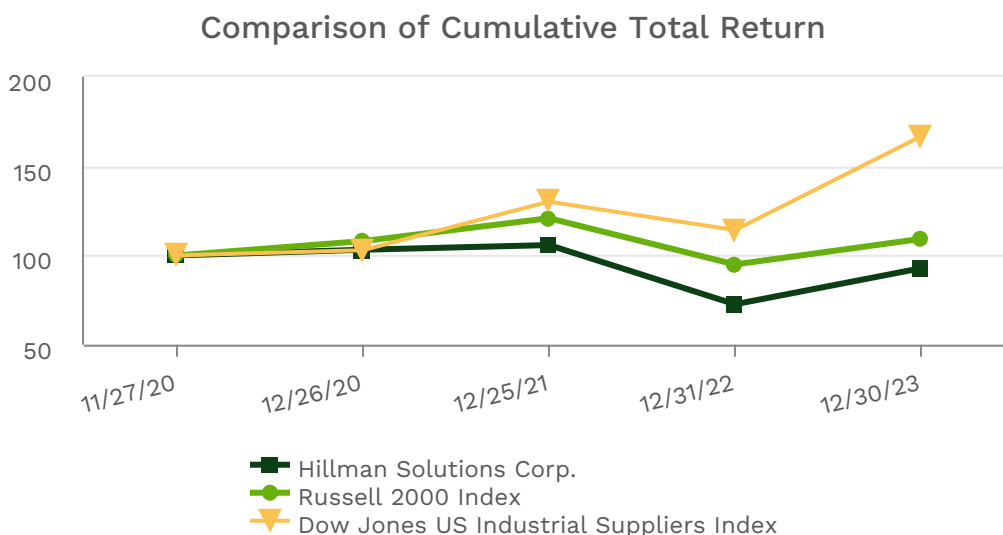
## Dividends

The Company has never declared or paid cash dividends on its common stock and has no intention to do so in the foreseeable future.

## Securities Authorized for Issuance Under Equity Compensation Plans

See Part III, Item 12 of this Form 10-K and Note 13 - Stock-Based Compensation of the Notes to Consolidated Financial Statements included herein for additional information.

## Stock Price Performance



	November 27, 2020	December 26, 2020	December 25, 2021	December 31, 2022	December 30, 2023
Hillman Solutions Corp.	100.0	103.2	105.8	72.6	92.8
Russell 2000 Index	100.0	108.0	120.8	94.9	109.3
Dow Jones US Industrial Suppliers Index	100.0	102.9	130.1	114.2	166.7

The graph above compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Russell 2000 Index and the Dow Jones US Industrial Suppliers Index. The graph assumes an initial investment of \$100 in our common stock at the market close on November 27, 2020 which was our initial trading day. Data for the Russell 2000 Index and the Dow Jones US Industrial Suppliers Index assume reinvestment of dividends. Total return equals stock price appreciation plus reinvestment of dividends.

## Unregistered Sales of Equity Securities

We did not issue or sell any unregistered equity securities during the year ended December 30, 2023.

## Issuer Purchases of Equity Securities

We made no purchases of our equity securities during the year ended December 30, 2023.

## ITEM 6 — [RESERVED]



# ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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The following discussion provides information which our management believes is relevant to an assessment and understanding of our operations and financial condition. This discussion should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements and schedules thereto appearing elsewhere herein. In addition, see “Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 Regarding Forward-Looking Information”, as well as “Risk Factors” in Item 1A of this Annual Report.

## Executive Overview and Trends in our Business

Net sales during 2023 decreased by 0.7% when compared to 2022. Hardware and Protective Solutions, which is our largest segment making up 72.8% of our net sales, led the way with an increase of 0.6%. Offsetting this was a slight decrease in our Robotics and Digital Solutions segment and a decrease in our Canadian business.

Products across our business are primarily used by DIYers and small contractors for repair, maintenance, and remodel projects. Because repair and maintenance projects are necessary no matter the economic environment, we believe our business is generally resilient to economic downturns. However, remodel projects are more dependent upon macroeconomic variables, including existing home sales. According to the National Association of Realtors, existing home sales in the U.S. declined by 19% versus 2022, totaling 4.09 million. This was a headwind for our top line results during the year.

That said, we made tremendous progress on the operational side of our business. After investing into inventory to ensure we had enough product to stock our customer's shelves during 2021 and 2022 when the global supply chain was constrained, our inventory levels returned to normal during the fourth quarter. As a result of working this \$180 million out of our inventory channels, we saw a meaningful working capital benefit, which allowed us to pay down \$166 million of debt during 2023.

Our competitive moat, which consists of our 1,100 member field sales and service team, our ability to ship direct to the retail locations of our customers rather than their distribution network, and our innovative Hillman-owned brands continue to set us apart from the competition. As such, we launched multiple new business wins during the year and were named vendor of the year by Mid-States Distributing and Tractor Supply Company.

We are pleased with the progress we made during 2023. Looking to 2024, we remain committed to driving value for our stakeholders, and believe that our competitive moat and long-standing relationships with customers will allow us to continue to win.

## Impact of Global Economic Conditions on our Results of Operation

Our business is impacted by general economic conditions in the North American and international markets, particularly the U.S. and Canadian retail markets including hardware stores, home centers, mass merchants, and other retailers. Changes in current economic conditions, including inflationary pressures in the cost of inventory, transportation, and employee compensation, foreign currency volatility, and the growing concerns of a potential recession, have impacted consumer discretionary income levels and spending. Consumer discretionary income levels and spending impact the purchasing trends of our products by our retail customers. Any adverse trends in discretionary income and consumer spending could have a material adverse effect on our business or operating results.

We are exposed to the risk of unfavorable changes in foreign currency exchange rates for the U.S. dollar versus local currency of our suppliers located primarily in China and Taiwan. We purchase a majority of our products for resale from multiple vendors located in China and Taiwan. The purchase price of these products is routinely negotiated in U.S. dollar amounts rather than the local currency of the vendors and our suppliers' profit margins decrease when the U.S. dollar declines in value relative to the local currency. This puts pressure on our suppliers to increase prices to us. The U.S. dollar increased in value relative to the CNY by approximately by 2.9% in 2023, increased by 8.3% in 2022, and decreased by 2.6% in 2021. The U.S. dollar decreased in value relative to the Taiwan dollar by approximately 0.4% in 2023, increased by 10.8% in 2022, and decreased by 1.4% in 2021.

In addition, the negotiated purchase price of our products may be dependent upon market fluctuations in the cost of raw materials such as steel, zinc, and nickel used by our vendors in their manufacturing processes. The final purchase cost of our products may also be dependent upon inflation or deflation in the local economies of vendors in China and Taiwan that could impact the cost of labor and energy used in the manufacturing of our products. We identify the directional impact of changes in our product cost, but the quantification of each of these variable impacts cannot be measured as to the individual impact on our product cost with a sufficient level of precision. We may take pricing action, when warranted, in an attempt to offset a portion of product cost increases. The ability of our operating divisions to implement price increases and seek price concessions, as appropriate, is dependent on competitive market conditions.

We are also exposed to risk of unfavorable changes in the Canadian dollar exchange rate versus the U.S. dollar. Our sales in Canada are denominated in Canadian dollars while a majority of the products are sourced in U.S. dollars. A weakening of the Canadian dollar versus the U.S. dollar results in lower sales in terms of U.S. dollars while the cost of sales remains unchanged. We have a practice of hedging some of our Canadian subsidiary's purchases denominated in U.S. dollars. The U.S. dollar decreased in value relative to the Canadian dollar by approximately 2.4% in 2023, increased by 5.7% in 2022, and decreased by 0.2% in 2021.

We import products which are subject to customs requirements and to tariffs and quotas set by governments through mutual agreements and bilateral actions. The U.S. tariffs on steel and aluminum and other imported goods has increased our product costs and required us to increase prices on the affected products.

## Recent developments

In the first quarter of 2023, we realigned our Canada segment to include the Canada portions of the Protective Solutions and MinuteKey businesses, which are now operating under the Canada segment leadership team. Previously, the results of the Canada portion of the Protective Solutions business were reported in the Hardware and Protective Solutions segment and the Canada portion of the MinuteKey business was reported in the Robotics and Digital Solutions segment and were operating under those respective segment leadership teams. Certain amounts in the prior year presentation between segments were reclassified to conform to the current year's presentation.

In the fourth quarter of 2023, we evaluated a specific product line and decided to exit certain retail locations and markets, which reduced the expected future cash flows from this product line and valuation of certain intangible assets and inventory. As a result, we recognized an impairment charge of \$19.6 million during the fourth quarter of 2023 to write down the carrying values of intangible assets to their fair value. The Impairment charge was split between the following asset categories: \$15.6 million for customer relationships, \$2.2 million for technology and patents, and \$1.7 million for trademarks - other. The impairment charge is included in other expense (income), net in the accompanying consolidated statements of comprehensive loss. We also recorded a \$5 million inventory valuation adjustment which was recorded in cost of sales in the accompanying consolidated statements of comprehensive loss.

## Financial Summary and Other Key Metrics

### 52/53 Week Comparison

Fiscal 2023 consisted of 52 weeks or 252 shipping days as compared to 53 weeks or 256 shipping days in fiscal 2022, which should be taken into account when comparing each period. Shipping days are defined as non-holiday week-days, Monday through Friday of each week of the fiscal year.

- Net sales for the year ended December 30, 2023 were \$1,476.5 million compared to net sales of \$1,486.3 million for the year ended December 31, 2022, a decrease of approximately \$9.9 million or 0.7%. The decrease was primarily driven by the decrease in shipping days due to the 53rd week in the year ended December 31, 2022. Net sales for the year ended December 30, 2023 were \$5.86 million per shipping day, compared to \$5.81 million per shipping day for the year ended December 31, 2022, an increase of approximately \$53.0 thousand per shipping day.
- 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 for the year ended December 31, 2022.
- Adjusted EBITDA<sup>(1)</sup> totaled \$219.4 million versus \$210.2 million in the year ended December 31, 2022.

(1) Adjusted EBITDA is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section for additional information, including our definition and our use of Adjusted EBITDA, and for a reconciliation from net loss to Adjusted EBITDA.

## Results of Operations

The following table shows the results of operations for the years ended December 30, 2023, December 31, 2022 and December 25, 2021.

	Year Ended December 30, 2023		Year Ended December 31, 2022		Year Ended December 25, 2021	
		% of Net Sales		% of Net Sales		% of Net Sales
<i>(dollars in thousands)</i>	<b>Amount</b>		<b>Amount</b>		<b>Amount</b>	
Net sales	\$ 1,476,477	100.0%	\$ 1,486,328	100.0%	\$ 1,425,967	100.0%
Cost of sales (exclusive of depreciation and amortization shown separately below)	828,956	56.1%	846,551	57.0%	859,557	60.3%
Selling, warehouse, general and administrative expenses	452,110	30.6%	480,993	32.4%	437,875	30.7%
Depreciation	59,331	4.0%	57,815	3.9%	59,400	4.2%
Amortization	62,309	4.2%	62,195	4.2%	61,329	4.3%
Management fees to related party	—	—%	—	—%	270	—%
Other expense (income), net	12,843	0.9%	(1,119)	(0.1)%	(2,778)	(0.2)%
Income from operations	60,928	4.1%	39,893	2.7%	10,314	0.7%
Interest expense, net	68,310	4.6%	54,560	3.7%	68,779	4.8%
Refinancing costs	—	—%	—	—%	8,070	0.6%
Gain on change in fair value of warrant liability	—	—%	—	—%	(14,734)	(1.0)%
Income on mark-to-market adjustment of interest rate swap	—	—%	—	—%	(1,685)	(0.1)%
Loss before income taxes	(7,382)	(0.5)%	(14,667)	(1.0)%	(50,116)	(3.5)%
Income tax expense (benefit)	2,207	0.1%	1,769	0.1%	(11,784)	(0.8)%
Net loss	<u>\$ (9,589)</u>	<u>(0.6)%</u>	<u>\$ (16,436)</u>	<u>(1.1)%</u>	<u>\$ (38,332)</u>	<u>(2.7)%</u>
Adjusted EBITDA <sup>(1)</sup>	219,360	14.9%	210,249	14.1%	207,418	14.5%

(1) Adjusted EBITDA is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of Adjusted EBITDA, and for a reconciliation from net loss to Adjusted EBITDA.

### Net Sales

#### Net Sales by Product Line

2023 vs. 2022							2022 vs. 2021			
	2023	% of Net Sales	2022	% of Net Sales	\$ Change	% Change	2021	% of Net Sales	\$ Change	% Change
Fastening and Hardware	\$ 1,005,911	68.1 %	\$ 989,572	66.6 %	16,339	1.7 %	\$ 889,254	62.4 %	100,318	11.3 %
Personal Protective	216,404	14.7 %	243,450	16.4 %	(27,046)	(11.1)%	285,252	20.0 %	(41,802)	(14.7)%
Keys and key accessories	201,923	13.7 %	196,989	13.3 %	4,934	2.5 %	192,496	13.5 %	4,493	2.3 %
Engraving and Resharp	52,239	3.5 %	56,317	3.8 %	(4,078)	(7.2)%	58,965	4.1 %	(2,648)	(4.5)%
Consolidated	<u>\$ 1,476,477</u>		<u>\$ 1,486,328</u>		<u>\$ (9,851)</u>		<u>\$ 1,425,967</u>		<u>\$ 60,361</u>	

See Note 2 - Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements for a reconciliation of net sales by product line to net sales by operating segment.

## Net Sales by Segment

	2023 vs. 2022						2022 vs. 2021			
	2023	% of Net Sales	2022	% of Net Sales	\$ Change	% Change	2021	% of Net Sales	\$ Change	% Change
Hardware and Protective Solutions	\$ 1,074,619	72.8 %	\$ 1,068,734	71.9 %	\$ 5,885	0.6 %	\$ 1,017,594	71.4 %	\$ 51,140	5.0 %
Robotics and Digital Solutions	245,400	16.6 %	245,633	16.5 %	(233)	(0.1)%	246,494	17.3 %	(861)	(0.3)%
Canada	156,458	10.6 %	171,961	11.6 %	(15,503)	(9.0)%	161,879	11.4 %	10,082	6.2 %
Consolidated	<u>\$ 1,476,477</u>		<u>\$ 1,486,328</u>		<u>\$ (9,851)</u>		<u>\$ 1,425,967</u>		<u>\$ 60,361</u>	

Hardware and Protective Solutions revenues consist primarily of the delivery of fasteners, anchors, specialty fastening products, and personal protective equipment such as gloves and eye-wear as well as in-store merchandising services for the related product category.

Robotics and Digital Solutions revenues consist primarily of sales of keys and identification tags through self-service key duplication and engraving kiosks. It also includes our associate-assisted key duplication systems and key accessories.

Canada revenues consist primarily of the delivery to Canadian customers of fasteners and related hardware items, threaded rod, keys, key duplicating systems, accessories, personal protective equipment, and identification items as well as in-store merchandising services for the related product category.

The decrease in total net sales during 2023 was driven primarily by decreased volume of \$42.0 million due primarily to the 53rd week in 2022 partially offset by \$38.4 million of price increases. Net sales for the year ended December 30, 2023 were \$5.86 million per shipping day, compared \$5.81 million per shipping day for the year ended December 31, 2022, an increase of approximately \$53.0 thousand per shipping day. The impact of the 53rd week of 2023 was approximately \$15.7 million in sales. The decrease was primarily driven by the factors described below:

Hardware and Protective Solutions increased \$5.9 million due to the following:

- Hardware sales increased \$31.0 million primarily driven by \$20.9 million in price increases in response to inflationary cost pressures in the supply chain, and \$10.2 million in increased volume driven due to new business wins.
- Protective equipment sales decreased by \$25.1 million primarily due to a \$28.2 million decrease in volume driven in part by \$16.8 million of COVID-19 related sales in 2022 with no material comparable COVID-19 sales in 2023, partially offset by price increases of \$3.0 million.

Robotics and Digital Solutions sales decreased \$0.2 million primarily due to decreases in full-service key and engraving volume.

Canada net sales decreased \$15.5 million primarily due to an \$8.1 million decrease in volume driven by lower demand as well as a \$6.2 million unfavorable impact of the exchange rate from Canadian dollars to U.S. dollars.

## Cost of Sales (excluding depreciation and amortization)

The following table summarizes cost of sales by segment:

	2023 vs. 2022						2022 vs. 2021			
	2023	% of Segment Net Sales	2022	% of Segment Net Sales	\$ Change	% Change	2021	% of Segment Net Sales	\$ Change	% Change
Hardware and Protective Solutions	\$ 659,895	61.4%	\$ 669,500	62.6%	\$ (9,605)	(1.4)%	\$ 677,755	66.6%	\$ (8,255)	(1.2)%
Robotics and Digital Solutions	71,566	29.2%	73,944	30.1%	(2,378)	(3.2)%	77,469	31.4%	(3,525)	(4.6)%
Canada	97,495	62.3%	103,107	60.0%	(5,612)	(5.4)%	104,333	64.5%	(1,226)	(1.2)%
Consolidated	<u>\$ 828,956</u>		<u>\$ 846,551</u>		<u>\$ (17,595)</u>		<u>\$ 859,557</u>		<u>\$ (13,006)</u>	

Hardware and Protective Solutions cost of sales as a percentage of net sales decreased primarily due to the impact of the price increases referenced above partially offset by higher product and personnel costs along with an inventory valuation adjustment of \$5.0 million in the fourth quarter of 2023. In the fourth quarter of 2023, we evaluated a specific product line and decided to exit certain retail locations and markets, which reduced the expected future cash flows from this product line and valuation of certain inventory.

Our Robotics and Digital Solutions cost of sales as a percentage of net sales decreased primarily due to a shift in product mix from full-service to self-service keys.

Canada cost of sales as a percentage of net sales increased primarily due to higher freight costs.

## Selling, Warehouse, and General and Administrative Expenses

The following table summarizes selling, warehouse, and general and administrative expense ("SG&A") by segment:

	2023 vs. 2022						2022 vs. 2021			
	2023	% of Segment Net Sales	2022	% of Segment Net Sales	\$ Change	% Change	2021	% of Segment Net Sales	\$ Change	% Change
<b>Hardware and Protective Solutions</b>	\$ 312,436	29.1 %	\$ 306,456	28.7 %	\$ 5,980	2.0 %	\$ 285,050	28.0 %	\$21,406	7.5 %
<b>Robotics and Digital Solutions</b>	94,980	38.7 %	126,372	51.4 %	(31,392)	(24.8)%	103,958	42.2 %	22,414	21.6 %
<b>Canada</b>	44,694	28.6 %	48,165	28.0 %	(3,471)	(7.2)%	48,867	30.2 %	(702)	(1.4)%
<b>Consolidated</b>	<u>\$ 452,110</u>		<u>\$ 480,993</u>		<u>\$(28,883)</u>		<u>\$ 437,875</u>		<u>\$43,118</u>	

Hardware and Protective Solutions SG&A increased in 2023 due to the following:

- Warehouse expense increased \$1.6 million due to inflation in labor and shipping costs.
- General and administrative ("G&A") increased by \$4.2 million. The increase was primarily driven by increased variable compensation along with increased investment into information technology.

Robotics and Digital Solutions SG&A increased in 2023 due to the following:

- Selling expense increased by \$1.3 million primarily due to higher variable selling expenses related to self-service key sales and increased variable compensation.
- Warehouse decreased by \$1.9 million primarily due to the shift from full-service keys, which have a higher warehousing cost, to self-service keys.
- G&A decreased by \$30.8 million. The decrease was primarily related to reduced legal and consulting expense in 2023 as 2022 saw \$32.9 million in legal expense associated with the litigation with Hy-Ko Products Company, LLC. This was offset by increased variable compensation.

Canada SG&A decreased in 2023 due to the following:

- Warehouse expense decreased by \$2.5 million primarily due to lower variable costs driven by the lower sales volume described above.
- G&A decreased by \$0.9 million primarily due to decreased variable compensation and stock compensation.

## Other Operating Expenses

Depreciation expense increased \$1.5 million due to increased capital spend on merchandising racks, and facility relocations.

Amortization expense was comparable to prior year.

In the year ended December 30, 2023, other expense (income), net consisted primarily of a \$19.6 million impairment charge related to the write down of intangible assets, (see Note 2 - Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements for additional information) and a \$4.9 million gain on the revaluation of the contingent consideration associated with the acquisition of Resharp and Instafof (see Note 16 - Fair Value Measurements of the Notes to Consolidated Financial Statements for additional information). We also recorded exchange rate gains of \$0.4 million in the year ended December 30, 2023. In the year ended December 31, 2022, other expense (income), net consisted primarily of a \$1.1 million gain on the revaluation of the contingent consideration associated with the acquisition of Resharp and Instafof.

## Income from Operations

	2023 vs. 2022				2022 vs. 2021		
	2023	2022	\$ Change	% Change	2021	\$ Change	% Change
Hardware and Protective Solutions	\$ 8,366	\$ 20,742	\$ (12,376)	(59.7)%	\$ (14,650)	\$ 35,392	241.6 %
Robotics and Digital Solutions	42,953	3,541	39,412	1113.0 %	21,761	(18,220)	(83.7)%
Canada	9,609	15,610	(6,001)	(38.4)%	3,203	12,407	387.4 %
<b>Total segment income from operations</b>	<b>\$ 60,928</b>	<b>\$ 39,893</b>	<b>\$ 21,035</b>	<b>52.7 %</b>	<b>\$ 10,314</b>	<b>\$ 29,579</b>	<b>286.8 %</b>

Income from operations in our Hardware and Protective Solutions segment decreased \$12.4 million due to the changes in net sales, cost of sales, SG&A expense, and other expense (income), net described above. Depreciation expense increased by \$3.4 million due to increased capital spend on merchandising racks, and facility relocations.

Income from operations in our Robotics and Digital Solutions segment increased by \$39.4 million primarily due to the \$32.9 million in lower legal expense described above, along with an increase of \$3.8 million in other income driven by the changes in revaluation of the contingent consideration described above. Depreciation expense decreased by \$2.0 million due to certain assets becoming fully depreciated.

Canada's income from operations decreased by \$6.0 million primarily due to the changes in sales, cost of sales, and SG&A expenses described above. Canada also recorded exchange rate gains of \$0.1 million in 2023 compared to losses of \$0.2 million in 2022.

## Income (Loss) Before Income Taxes

Interest expense, net, increased \$13.8 million due to higher interest rates in the year ended December 30, 2023 (see Note 9 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information).

## Income Taxes:

For the years ended December 30, 2023 and December 31, 2022 the effective income tax rate was (29.9)% and (12.1)%, respectively. The Company recorded an income tax provision for the year ended December 30, 2023 of \$2.2 million, and an income tax provision for the year ended December 31, 2022 of \$1.8 million.

In 2023, the Company's effective tax rate differed from the U.S. federal statutory tax rate primarily due to withholding taxes on distributions from our Canadian subsidiary. In addition, the effective tax rate differed due to state and foreign income taxes and certain non-deductible expenses.

In 2022, the Company's effective tax rate differed from the U.S. federal statutory tax rate primarily due to Global Intangible Low-Taxed Income ("GILTI") from the Canadian subsidiary. In addition, the effective tax rate differed from the U.S. federal statutory tax rate for 2022 due to state and foreign income taxes and certain non-deductible expenses.

## Year Ended December 31, 2022 vs Year Ended December 25, 2021

For a comparison of our results of operations for fiscal 2022 to fiscal 2021, see "[Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)" of our Form 10-K for fiscal 2022. The amounts presented therein and related comparisons do not reflect the realignment of our Canada operating segment that occurred in fiscal 2023, as more fully described in Note 21 - Segment Reporting and Geographic Information.



## Non-GAAP Financial Measures

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.

The following table presents a reconciliation of Net loss, the most directly comparable financial measures under GAAP, to Adjusted EBITDA for the periods presented:

<i>(dollars in thousands)</i>	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
Net loss	\$ (9,589)	\$ (16,436)	\$ (38,332)
Income tax expense (benefit)	2,207	1,769	(11,784)
Interest expense, net	68,310	54,560	61,237
Interest expense on junior subordinated debentures	—	—	7,775
Investment income on trust common securities	—	—	(233)
Depreciation	59,331	57,815	59,400
Amortization	62,309	62,195	61,329
Mark-to-market adjustment on interest rate swaps	—	—	(1,685)
EBITDA	\$ 182,568	\$ 159,903	\$ 137,707
Stock compensation expense	12,004	13,524	15,255
Management fees	—	—	270
Restructuring and other <sup>(1)</sup>	3,031	2,617	910
Litigation expense <sup>(2)</sup>	339	32,856	12,602
Transaction and integration expense <sup>(3)</sup>	1,754	2,477	11,123
Change in fair value of contingent consideration	(4,936)	(1,128)	(1,806)
Change in fair value of warrant liability <sup>(4)</sup>	—	—	(14,734)
Buy-back expense <sup>(5)</sup>	—	—	2,000
Refinancing costs and other <sup>(6)</sup>	—	—	8,070
Inventory revaluation charges <sup>(7)</sup>	—	—	32,026
Anti-dumping duties <sup>(8)</sup>	—	—	3,995
Impairment charges <sup>(9)</sup>	24,600	—	—
Adjusted EBITDA	\$ 219,360	\$ 210,249	\$ 207,418

- (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, see Note 18 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information.
- (2) Litigation expense includes legal fees associated with our litigation with KeyMe, Inc. and Hy-Ko Products Company LLC (see Note 18 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information).
- (3) Transaction and integration expense includes professional fees, non-recurring bonuses, and other costs related to acquisitions, including the merger with Landcadia III (see Note 3 - Merger Agreement of the Notes to Consolidated Financial Statements for additional information) and the secondary offerings of shares in 2022 and 2023.
- (4) The warrant liabilities are marked to market each period end. (see Note 8 - Warrants of the Notes to Consolidated Financial Statements for additional information).



- (5) Infrequent buy backs associated with new business wins.
- (6) In connection with the merger, we refinanced our Term Credit Agreement and ABL Revolver. Proceeds from the refinancing were used to redeem in full senior notes due July 15, 2022 (the "6.375% Senior Notes") and the 11.6% Junior Subordinated Debentures.
- (7) In the third quarter of 2021, we recorded an inventory valuation adjustment in our Hardware and Protective Solutions segment of \$32.0 million primarily related to strategic review of our COVID-19 related product offerings. We evaluated our customers' needs and the market conditions and ultimately decided to exit the following protective product categories related to COVID-19: cleaning wipes, disinfecting sprays, face masks, and certain disposable gloves.
- (8) Anti-dumping duties assessed related to the nail business for prior year purchases.
- (9) 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.

The following tables present a reconciliation of segment operating income, the most directly comparable financial measures under GAAP, to segment Adjusted EBITDA for the periods presented (amounts in thousands). Certain amounts in the prior year presentation between segments were reclassified to conform to the current year's presentation:

Year Ended December 30, 2023	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada	Consolidated
Operating income	\$ 8,366	\$ 42,953	\$ 9,609	\$ 60,928
Depreciation and amortization	76,099	40,714	4,827	121,640
Stock compensation expense	9,988	1,251	765	12,004
Restructuring and other	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	<u>\$ 123,163</u>	<u>\$ 80,886</u>	<u>\$ 15,311</u>	<u>\$ 219,360</u>

Year Ended December 31, 2022	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada	Consolidated
Operating income	\$ 20,742	\$ 3,541	\$ 15,610	\$ 39,893
Depreciation and amortization	72,266	42,905	4,839	120,010
Stock compensation expense	11,057	1,479	988	13,524
Restructuring and other	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	<u>\$ 108,638</u>	<u>\$ 80,174</u>	<u>\$ 21,437</u>	<u>\$ 210,249</u>

Year Ended December 25, 2021	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada	Consolidated
Operating (loss) income	\$ (14,650)	\$ 21,761	\$ 3,203	\$ 10,314
Depreciation and amortization	69,263	45,047	6,419	120,729
Stock compensation expense	13,134	2,121	—	15,255
Management fees	232	38	—	270
Restructuring and other	403	10	497	910
Litigation expense	—	12,602	—	12,602
Transaction and integration expense	9,869	1,254	—	11,123
Buy-back expense	2,000	—	—	2,000
Inventory revaluation charges	32,026	—	—	32,026
Anti-dumping duties	3,995	—	—	3,995
Change in fair value of contingent consideration	—	(1,806)	—	(1,806)
Adjusted EBITDA	\$ 116,272	\$ 81,027	\$ 10,119	\$ 207,418

## Liquidity and Capital Resources:

The following table presents the key categories of our consolidated statements of cash flows:

	Year Ended December 30, 2023	Year Ended December 31, 2022	\$ Change	Year Ended December 25, 2021	\$ Change
Net cash provided by (used for) by operating activities	\$ 238,035	\$ 119,011	\$ 119,024	\$ (110,254)	\$ 229,265
Net cash (used for) investing activities	(67,852)	(72,822)	4,970	(90,454)	17,632
Net cash (used for) provided by financing activities	(161,976)	(28,722)	(133,254)	193,329	(222,051)
Net increase (decrease) in cash and cash equivalents	7,472	16,476	(9,004)	(6,915)	23,391

### Operating Cash Flows:

Operating cash flows for the year ended December 30, 2023 were favorably impacted by reducing inventory as part of the Company's ongoing strategic initiative to lower inventory on hand during 2023.

Net cash provided by operating activities for the year ended December 31, 2022 were favorably impacted by reducing inventory as part of the Company's ongoing strategic initiative to lower inventory on hand during 2022 following the buildup of inventory in prior year due to inflation and recent supply chain challenges offset by reduced accounts payable resulting from lower inventory purchases.

### Investing Cash Flows:

#### Capital Expenditures:

Cash of \$65.8 million, \$69.6 million, and \$51.6 million, was used in the years ending December 30, 2023, December 31, 2022 and December 25, 2021, respectively, to invest in new key duplicating kiosks and machines, merchandising racks, and new distribution facilities in the Hardware and Protective Solutions segment.

#### Acquisitions:

On December 5, 2023, the Company completed its acquisition of AjustLock for approximately \$1.4 million, which includes a \$0.1 million hold-back payable to the seller (see Note 6 - Acquisitions of the Notes to Consolidated Financial Statements for additional information).

In the year ended December 31, 2022, we acquired Monkey Hook for approximately \$2.5 million. In the first quarter of 2023, the hold-back of \$0.3 million was paid to satisfy the full purchase price. In the year ending December 25, 2021, we acquired Oz Post International, LLC ("OZCO") for approximately \$39.8 million (see Note 6 - Acquisitions of the Notes to Consolidated Financial Statements for additional information).

## Financing Cash Flows:

### Term Loan:

On July 14, 2021, we entered into a new credit agreement, which provided for a new funded term loan facility of \$835.0 million and a delayed draw term loan facility of \$200.0 million (of which \$16.0 million was drawn). The term loan matures on July 14, 2028. As of July 2023, the delayed draw term loan facility expired. The Company used \$88.5 million of cash for principal payments on the senior term loan. As of August 2023, the Company made a \$80.0 million prepayment against the outstanding term loan balance without payment of a premium or penalty. As of December 30, 2023, we have outstanding borrowings of \$751.9 million on the term loan. See Note 9 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information.

### ABL Revolver:

On July 29, 2022, the Company amended the asset-based revolving credit agreement (the "ABL Revolver") to increase the aggregate commitments thereunder to \$375.0 million and extended the maturity. The stated maturity date of the revolving credit commitments under the ABL Credit Agreement is the earlier of (i) July 29, 2027; or (ii) 91 days prior to the maturity date of our term loans.

Our revolver repayments, net of draws, used cash of \$72.0 million in the year ended December 30, 2023 as part of the Company's initiative to pay down the term loan. During the year ended December 31, 2022, we used revolver draws to fund the litigation with Hy-Ko (see Note 18 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information).

### Stock Option Exercises:

In the years ended December 30, 2023, December 31, 2022, and December 25, 2021, the Company received \$2.2 million, \$2.6 million, and \$2.7 million, respectively, from the exercise of stock options.

### 2021 Refinancing activities

In connection with the Merger, we refinanced all of our outstanding debt. In connection with the refinancing, we incurred a loss of \$8.1 million and paid \$38.7 million in financing fees, of which \$21.0 million was recorded as a financing activity. See Note 9 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information.

In the second quarter of 2021, we entered into an amendment ("OZCO Amendment") to the term loan credit agreement dated May 31, 2018, which provided \$35.0 million of incremental term loan funds to be used to finance the acquisition. See Note 6 - Acquisitions of the Notes to Consolidated Financial Statements for additional information.

## Liquidity:

We believe that projected cash flows from operations and ABL Revolver availability will be sufficient to fund working capital and capital expenditure needs for the next 12 months. As of December 30, 2023, the ABL Revolver did not have an outstanding balance and had outstanding letters of credit of \$40.9 million, leaving \$246.8 million of available borrowings as a source of liquidity. Our material cash requirements for known contractual obligations include, debt, and lease obligations, each of which are discussed in more detail earlier in this section and in the footnotes to consolidated financial statements, along with capital expenditures. We expect to spend between \$65-\$75 million for capital expenditures in 2024. Our future investments will depend primarily on the builds of new key duplicating kiosks and machines, merchandising racks, and IT projects that we undertake and the timing of these expenditures.

We also have cash requirements for purchase orders and contracts for the purchase of inventory and other goods and services, which are based on current distribution needs and are fulfilled by our suppliers within the short term.

Our working capital (current assets minus current liabilities) position of \$324.9 million as of December 30, 2023 represents a decrease of \$91.3 million from the December 31, 2022 level of \$416.2 million. We expect to generate sufficient operating cash flows to meet our short-term liquidity needs, and we expect to maintain access to the capital markets, although there can be no assurance of our ability to do so. However, disruption and volatility in the global capital markets, could impact our capital resources and liquidity in the future.

## Related Party Transactions:

The information required by this Item is set forth in the section entitled Related Party Transactions in the 2024 Proxy Statement and is hereby incorporated by reference into this Form 10-K.

## Critical Accounting Policies and Estimates:

Our accounting policies are more fully described in Note 2 - Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements. As disclosed in that note, the preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future events cannot be predicted with certainty and, therefore, actual results could differ from those estimates. The following section describes our critical accounting policies.

### Inventory Realization:

Inventories consisting predominantly of finished goods are valued at the lower of cost or net realizable value, cost being determined principally on the standard cost method, which approximates the first-in-first-out “FIFO” method. The historical usage rate is the primary factor used in assessing the net realizable value of excess and obsolete inventory. A reduction in the carrying value of an inventory item from cost to net realizable value is recorded for inventory with excess on-hand quantities as determined based on historic and projected sales, product category, and stage in the product life cycle. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to calculate our excess and obsolete inventory reserve. However, if our estimates regarding excess and obsolete inventory are inaccurate, we may be exposed to losses or gains that could be material. A 5% difference in actual excess and obsolete inventory reserved for at December 30, 2023 would have affected net earnings by approximately \$1.6 million in fiscal 2023.

### Goodwill:

We have adopted ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates Step 2 from the goodwill impairment test and instead requires an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. If, after assessing the totality of events or circumstances, we determine that the fair value of a reporting unit is less than the carrying value, then we would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

Our annual impairment assessment is performed for the reporting units as of October 1. In 2023, 2022, and 2021, with the assistance of an independent third-party specialist, management assessed the value of our reporting units based on a discounted cash flow model and multiple of earnings. Assumptions critical to our fair value estimates under the discounted cash flow model include the projected net sales and EBITDA growth rates and the discount rates. The results of the quantitative assessments in 2023, 2022, and 2021 indicated that the fair value of each reporting unit was in excess of its carrying value.

Significant assumptions used in the determination of the estimated fair values of the reporting units are the projected net sales and EBITDA growth rates and the discount rate. The projected net sales and EBITDA growth rates are dependent on overall market growth rates, the competitive environment, inflation and our ability to pass price increase along to our customers, relative currency exchange rates, and business activities that impact market share. As a result, the growth rate could be adversely impacted by a sustained deceleration in category growth, devaluation of the U.S. Dollar against other currencies, an increased competitive environment, or an economic recession. The discount rate, which is consistent with a weighted average cost of capital that is likely to be expected by a market participant, is based upon industry required rates of return, including consideration of both debt and equity components of the capital structure. Our discount rate may be impacted in the future by adverse changes in the macroeconomic environment and volatility in the equity and debt markets.

We performed sensitivity analyses for the Hardware Solutions and Protective Solutions reporting units during our annual impairment testing, utilizing reasonably possible changes in the assumptions for the discount rate, shorter-term revenue growth rates and EBITDA growth rates to demonstrate the potential impacts to the estimated fair values.

While our fourth quarter 2023, impairment test determined the fair value of the Hardware Solutions reporting unit exceeded its carrying value, the excess of the fair value over the carrying value of the reporting unit was

approximately 4% of the carrying value. An increase, in isolation, to the discount rate of 30 basis points, a decrease of 50 basis points in the projected revenue growth assumption, or a decrease of 40 basis points in the projected EBITDA growth, could each result in the fair value of the reporting unit being less than its carrying value.

Similarly, as of our fourth quarter 2023 impairment test, the fair value of the Protective Solutions reporting unit exceeded its carrying value by approximately 6% of the carrying value. An increase, in isolation, to the discount rate of 60 basis points, a decrease of 90 basis points in the projected net sales growth assumption, or a decrease of 120 basis points in the projected EBITDA growth, would each result in the fair value of the reporting unit being less than its carrying value.

In our annual review of goodwill for impairment in the fourth quarter of 2023, the fair value of all of the other reporting units was substantially in excess of its carrying value.

While management can and has implemented strategies to address these events, changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of the Protective Solutions and Hardware Solutions reporting units' goodwill. As of December 30, 2023, the carrying value of the Protective Solutions reporting unit's goodwill was \$128.8 million and Hardware Solutions reporting unit's goodwill was \$437.4 million.

## Recent Accounting Pronouncements:

Recently issued accounting standards are described in Note 4 - Recent Accounting Pronouncements of the Notes to Consolidated Financial Statements.

# ITEM 7A — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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## Interest Rate Exposure

We are exposed to the impact of interest rate changes as our borrowings bear interest at variable interest rates. It is our policy to enter into interest rate swaps only to the extent considered necessary to meet our objectives.

Based on our exposure to variable rate borrowings at December 30, 2023, after consideration of our SOFR floor rates and interest rate swap agreements, a one percent (1%) change in the weighted average interest rate for a period of one year would change the annual interest expense by approximately \$3.9 million.

## Foreign Currency Exchange

We are exposed to foreign exchange rate changes of the Canadian and Mexican currencies as it impacts the \$144.6 million net asset value of our Canadian and Mexican subsidiaries as of December 30, 2023. The foreign subsidiaries' net tangible assets were \$86.2 million and the net intangible assets were \$58.4 million as of December 30, 2023.

We utilize foreign exchange forward contracts to manage the exposure to currency fluctuations in the Canadian dollar versus the U.S. Dollar. See Note 15 - Derivatives and Hedging of the Notes to Consolidated Financial Statements.

# ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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# Report of Management on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Hillman Solutions Corp. and its consolidated subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of Hillman Solutions Corp. and its consolidated subsidiaries are being made only in accordance with authorizations of management and directors of Hillman Solutions Corp. and its consolidated subsidiaries, as appropriate; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of Hillman Solutions Corp. and its consolidated subsidiaries that could have a material effect on the consolidated financial statements.

Our management, with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of December 30, 2023, the end of our fiscal year. Management based its assessment on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment. This assessment is supported by testing and monitoring performed under the direction of management.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

Based on its assessment, our management has concluded that our internal control over financial reporting was effective, as of December 30, 2023, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. We reviewed the results of management's assessment with the Audit Committee of Hillman Solutions Corp.

/s/ DOUGLAS J. CAHILL

/s/ ROBERT O. KRAFT

Douglas J. Cahill  
President and Chief Executive Officer  
Dated: February 22, 2024

Robert O. Kraft  
Chief Financial Officer  
Dated: February 22, 2024



# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Hillman Solutions Corp.

## Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hillman Solutions Corp. and subsidiaries (the "Company") as of December 30, 2023 and December 31, 2022, the related consolidated statements of comprehensive loss, cash flows, and stockholders' equity, for each of the two years in the period ended December 30, 2023, and the related notes and the financial statement schedule II - Valuation Accounts (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

## Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Goodwill - Hardware Solutions and Protective Solutions Reporting Units - Refer to Note 2 to the financial statements

#### *Critical Audit Matter Description*

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to their respective carrying values.

The Company used a discounted cash flow model to estimate the fair values of the Hardware Solutions ("HS") reporting unit and the Protective Solutions ("PS") reporting unit. The discounted cash flow model requires management to make significant estimates and assumptions including projected net sales and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth rates and discount rates. Changes in these assumptions could have a significant impact on either the fair value of the reporting units, the amount of any goodwill impairment charge, or both. The Company's consolidated goodwill balance was \$825 million as of

December 30, 2023, of which \$437 million and \$129 million were allocated to the HS reporting unit and the PS reporting unit, respectively. The estimated fair value of the HS and PS reporting units exceeded their carrying values as of the measurement date and, therefore, no impairment was recognized.

We identified the Company's discounted cash flow model in the impairment evaluation of goodwill for the HS and the PS reporting units as a critical audit matter because of the significant judgments made by management to estimate the fair values of these reporting units. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of certain of management's estimates and assumptions, particularly related to projected net sales and EBITDA growth rates and discount rates.

#### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the estimates of projected net sales and EBITDA growth rates and discount rates used by management to estimate the fair values of the HS and PS reporting units included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value of the Hardware Solutions and Protective Solutions reporting units, such as controls related to management's forecasts of projected net sales and EBITDA growth rates and selection of the discount rates.
- We evaluated management's ability to accurately forecast projected net sales and EBITDA growth rates by comparing actual results to management's historical forecasts.
- We performed a sensitivity analysis of the projected net sales and EBITDA growth rates and discount rates, which included their impact on cash flows.
- We evaluated the reasonableness of management's projected net sales and EBITDA growth rates by comparing the forecasts to (1) historical net sales and EBITDA growth rates, (2) underlying analysis detailing business strategies and growth plans, (3) internal communications to management and the Board of Directors, and (4) industry reports for the Company and certain of its peer companies.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation methodologies utilized, along with the discount rates and long-term net sales growth rates selected by:
  - Developing a range of independent estimates for the discount rates and compared those to those rates selected by management.
  - Utilizing industry and market-specific growth trends to assess the reasonableness of the long-term net sales growth rates selected by management.

/s/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio

February 22, 2024

We have served as the Company's auditor since 2022.

# Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors Hillman Solutions Corp.:

## *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated statements of comprehensive loss, cash flows, and stockholders' equity of Hillman Solutions Corp. and subsidiaries (the Company) for the year ended December 25, 2021 and the related notes and financial statement schedule II – Valuation Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations of the Company and its cash flows for the year ended December 25, 2021, in conformity with U.S. generally accepted accounting principles.

## *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 2010 to 2022.

Cincinnati, Ohio

March 16, 2022

# HILLMAN SOLUTIONS CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	December 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 38,553	\$ 31,081
Accounts receivable, net of allowances of \$2,770 (\$2,405 - 2022)	103,482	86,985
Inventories, net	382,710	489,326
Other current assets	23,235	24,227
<b>Total current assets</b>	<b>547,980</b>	<b>631,619</b>
Property and equipment, net of accumulated depreciation of \$333,875 (\$333,452 - 2022)	200,553	190,258
Goodwill	825,042	823,812
Other intangibles, net of accumulated amortization of \$470,791 (\$414,275 - 2022)	655,293	734,460
Operating lease right of use assets	87,479	66,955
Other assets	14,754	23,586
<b>Total assets</b>	<b>\$ 2,331,101</b>	<b>\$ 2,470,690</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 140,290	\$ 131,751
Current portion of debt and finance lease obligations	9,952	10,570
Current portion of operating lease liabilities	14,407	12,285
<b>Accrued expenses:</b>		
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 expenses	20,966	29,854
<b>Total current liabilities</b>	<b>223,120</b>	<b>215,412</b>
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
<b>Total liabilities</b>	<b>1,176,572</b>	<b>1,313,951</b>
<b>Commitments and Contingencies (Note 18)</b>		
	—	—
<b>Stockholders' equity:</b>		
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)
<b>Total stockholders' equity</b>	<b>1,154,529</b>	<b>1,156,739</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,331,101</b>	<b>\$ 2,470,690</b>

The Notes to Consolidated Financial Statements are an integral part of these statements.

# HILLMAN SOLUTIONS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(dollars in thousands)

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
Net sales	\$ 1,476,477	\$ 1,486,328	\$ 1,425,967
Cost of sales (exclusive of depreciation and amortization shown separately below)	828,956	846,551	859,557
Selling, warehouse, and general and administrative expenses	452,110	480,993	437,875
Depreciation	59,331	57,815	59,400
Amortization	62,309	62,195	61,329
Management fees to related party	—	—	270
Other expense (income), net	12,843	(1,119)	(2,778)
Income from operations	60,928	39,893	10,314
Gain on change in fair value of warrant liability	—	—	(14,734)
Interest expense, net	68,310	54,560	61,237
Interest expense on junior subordinated debentures	—	—	7,775
Investment income on trust common securities	—	—	(233)
Income on mark-to-market adjustment of interest rate swap	—	—	(1,685)
Refinancing costs	—	—	8,070
Loss before income taxes	(7,382)	(14,667)	(50,116)
Income tax expense (benefit)	2,207	1,769	(11,784)
Net loss	<u>\$ (9,589)</u>	<u>\$ (16,436)</u>	<u>\$ (38,332)</u>
Basic and diluted loss per share	\$ (0.05)	\$ (0.08)	\$ (0.28)
Weighted average basic and diluted shares outstanding	194,722	194,249	134,699
Net loss from above	\$ (9,589)	\$ (16,436)	\$ (38,332)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	4,801	(7,615)	(283)
Hedging activity	(11,597)	13,745	2,517
Total other comprehensive (loss) income	(6,796)	6,130	2,234
Comprehensive loss	<u>\$ (16,385)</u>	<u>\$ (10,306)</u>	<u>\$ (36,098)</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

# HILLMAN SOLUTIONS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
<b>Cash flows from operating activities:</b>			
Net loss	\$ (9,589)	\$ (16,436)	\$ (38,332)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Depreciation and amortization	121,640	120,010	120,730
(Gain) loss on dispositions of property and equipment	(34)	(26)	221
Impairment charges	24,600	—	—
Deferred income taxes	(8,693)	(873)	(21,846)
Deferred financing and original issue discount amortization	5,323	3,582	4,336
Loss on debt restructuring, net of third party fees paid	—	—	(8,372)
Stock-based compensation expense	12,004	13,524	15,255
Change in fair value of warrant liabilities	—	—	(14,734)
Change in fair value of contingent consideration	(4,936)	(1,128)	(1,806)
Other non-cash interest and change in value of interest rate swap	—	—	(1,685)
Changes in operating items:			
Accounts receivable	(15,898)	19,889	15,148
Inventories	103,660	38,813	(137,849)
Other assets	3,068	566	3,064
Accounts payable	8,029	(53,760)	(20,253)
Other accrued liabilities	(1,139)	(5,150)	(24,131)
Net cash provided by (used for) by operating activities	238,035	119,011	(110,254)
<b>Cash flows from investing activities:</b>			
Acquisitions of businesses, net of cash acquired	(1,700)	(2,500)	(38,902)
Capital expenditures	(65,769)	(69,589)	(51,552)
Other investing activities	(383)	(733)	—
Net cash (used for) investing activities	(67,852)	(72,822)	(90,454)
<b>Cash flows from financing activities:</b>			
Borrowings on senior term loans, net of discount	—	—	883,872
Repayments of senior term loans	(88,510)	(10,638)	(1,072,042)
Borrowings of revolving credit loans	178,000	244,000	322,000
Repayments of revolving credit loans	(250,000)	(265,000)	(301,000)
Repayments of senior notes	—	—	(330,000)
Financing fees	—	—	(20,988)
Proceeds from recapitalization of Landcadia, net of transaction costs	—	—	455,161
Proceeds from sale of common stock in PIPE, net of issuance costs	—	—	363,301
Repayment of junior subordinated debentures	—	—	(108,707)
Principal payments under finance lease obligations	(2,410)	(1,470)	(938)
Proceeds from exercise of stock options	2,167	2,609	2,670
Payments of contingent consideration	(1,232)	—	—
Other financing activities	9	1,777	—
Net cash (used for) provided by financing activities	(161,976)	(28,722)	193,329
Effect of exchange rate changes on cash	(735)	(991)	464
Net increase (decrease) in cash and cash equivalents	7,472	16,476	(6,915)
Cash and cash equivalents at beginning of period	31,081	14,605	21,520
Cash and cash equivalents at end of period	\$ 38,553	\$ 31,081	\$ 14,605

The Notes to Consolidated Financial Statements are an integral part of these statements.

# HILLMAN SOLUTIONS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 26, 2020	90,935	\$ 9	\$ 565,815	\$ (171,849)	\$ (29,388)	\$ 364,587
Net Loss	—	—	—	(38,332)	—	(38,332)
Stock option activity, stock awards and employee stock purchase plan	523	—	17,925	—	—	17,925
Recapitalization of Landcadia, net of issuance costs and fair value of assets and liabilities acquired	58,672	6	377,959	—	—	377,965
Shares issued to PIPE, net of issuance costs	37,500	4	363,297	—	—	363,301
Hedging activity	—	—	—	—	2,517	2,517
Warrant redemption	6,365	1	62,414	—	—	62,415
Change in cumulative foreign currency translation adjustment	—	—	—	—	(283)	(283)
Balance at December 25, 2021	193,995	\$ 20	\$ 1,387,410	\$ (210,181)	\$ (27,154)	\$ 1,150,095
Net Loss	—	—	—	(16,436)	—	(16,436)
Stock option activity, stock awards and employee stock purchase plan	553	—	16,190	—	—	16,190
Hedging activity	—	—	—	—	13,745	13,745
Change in cumulative foreign currency translation adjustment	—	—	—	—	(7,615)	(7,615)
Other	—	—	760	—	—	760
Balance at December 31, 2022	194,548	\$ 20	\$ 1,404,360	\$ (226,617)	\$ (21,024)	\$ 1,156,739
Net Loss	—	—	—	(9,589)	—	(9,589)
Stock option activity, stock awards and employee stock purchase plan	365	—	14,175	—	—	14,175
Hedging activity	—	—	—	—	(11,597)	(11,597)
Change in cumulative foreign currency translation adjustment	—	—	—	—	4,801	4,801
Balance at December 30, 2023	194,913	\$ 20	\$ 1,418,535	\$ (236,206)	\$ (27,820)	\$ 1,154,529

The Notes to Consolidated Financial Statements are an integral part of these statements.



# 1. BASIS OF PRESENTATION

The accompanying financial statements include the consolidated accounts of Hillman Solutions Corp. and its wholly-owned subsidiaries (collectively “Hillman” or the “Company”). Unless the context requires otherwise, references to “Hillman,” “we,” “us,” “our,” or “our Company” refer to Hillman Solutions Corp. and its wholly-owned subsidiaries. The Consolidated Financial Statements included herein have been prepared in accordance with accounting standards generally accepted in the United States of America (“U.S. GAAP”). All intercompany balances and transactions have been eliminated. References to 2023, 2022, and 2021 are for fiscal years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

On July 14, 2021, privately held HMAN Group Holdings Inc. (“Old Hillman”), and Landcadia Holdings III, Inc. (“Landcadia” and after the Business Combination described herein, “New Hillman”), a special purpose acquisition company (“SPAC”) consummated the previously announced business combination (the “Closing”) pursuant to the terms of the Agreement and Plan of Merger, dated as of January 24, 2021 (as amended on March 12, 2021, the “Merger Agreement”) by and among Landcadia, Helios Sun Merger Sub, a wholly-owned subsidiary of Landcadia (“Merger Sub”), HMAN Group Holdings Inc., a Delaware corporation (“Hillman Holdco”) and CCMP Sellers’ Representative, LLC, a Delaware Limited Liability Company in its capacity as the Stockholder Representative thereunder (the “Stockholder Representative”). Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into Hillman Holdco with Hillman Holdco surviving the merger as a wholly owned subsidiary of New Hillman, which was renamed “Hillman Solutions Corp.” (the “Merger” and together with the other transactions contemplated by the Merger Agreement, the “Business Combination”). Unless the context indicates otherwise, the discussion of the Company and its financial condition and results of operations is with respect to New Hillman following the closing date and Old Hillman prior to the closing date. See Note 3 - Merger Agreement for more information.

In connection with the closing of the Business Combination on July 14, 2021, Landcadia changed its name from “Landcadia Holdings III, Inc.” to “Hillman Solutions Corp.” and the Company’s common stock began trading on The Nasdaq Stock Market under the trading symbol “HLMN”.

The Company has a 52-53 week fiscal year ending on the last Saturday in December. In a 52 week fiscal year, each of the Company’s quarterly periods will consist of 13 weeks. The additional week in a 53 week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. In 2023, the Company had a 52 week fiscal year, whereas in the prior year, 2022, the Company had its first 53 week fiscal year.

## Nature of Operations:

The Company is comprised of three separate operating business segments: (1) Hardware and Protective Solutions, (2) Robotics and Digital Solutions, and (3) Canada.

In the first quarter of 2023, the Company realigned its Canada segment to include the Canada portions of the Protective Solutions and MinuteKey businesses, which are now operating under the Canada segment leadership team. Previously, the results of the Canada portion of the Protective Solutions business were reported in the Hardware and Protective Solutions segment and the Canada portion of the MinuteKey business was reported in the Robotics and Digital Solutions segment and were operating under those respective segment leadership teams. See Note 21 - Segment Reporting and Geographic Information.

Hillman provides and, on a limited basis, produces products such as fasteners and related hardware items; threaded rod and metal shapes; keys, key duplication systems, and accessories; personal protective equipment such as gloves and eye-wear; builder’s hardware; and identification items, such as tags and letters, numbers, and signs, to retail outlets, primarily hardware stores, home centers and mass merchants, pet supply stores, grocery stores, and drug stores. The Canada segment also produces fasteners, stampings, fittings, and processes threaded parts for automotive suppliers, industrial Original Equipment Manufacturers (“OEMs”), and industrial distributors.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Cash and Cash Equivalents:

Cash and cash equivalents consist of commercial paper, U.S. Treasury obligations, and other liquid securities purchased with initial maturities less than 90 days and are stated at cost which approximates fair value. The Company has foreign bank balances of approximately \$12,695 and \$23,876 at December 30, 2023 and December 31, 2022, respectively. The Company maintains cash and cash equivalent balances with financial institutions that exceed federally insured limits. The Company has not experienced any losses related to these balances.

### Restricted Investments:

The Company's restricted investments are trading securities carried at fair market value which represent assets held in a Rabbi Trust to fund deferred compensation liabilities owed to the Company's employees. The current portion of the investments is included in other current assets and the long term portion in other assets on the accompanying Consolidated Balance Sheets. See Note 11 - Deferred Compensation Plan for additional information.

### Accounts Receivable and Allowance for Doubtful Accounts:

The Company establishes the allowance for doubtful accounts by considering historical losses, adjusted to take into account current market conditions. The estimates for calculating the aggregate reserve are based on the financial condition of the customers, the length of time receivables are past due, historical collection experience, current economic trends, and reasonably supported forecasts. Increases to the allowance for doubtful accounts result in a corresponding expense. The Company writes off individual accounts receivable when collection becomes improbable. The allowance for doubtful accounts was \$2,770 and \$2,405 as of December 30, 2023 and December 31, 2022, respectively.

In the years ended December 30, 2023 and December 31, 2022, the Company entered into agreements to sell, on an ongoing basis and without recourse, certain trade accounts receivable. The buyer is responsible for servicing the receivables. The sale of the receivables is accounted for in accordance with Financial Accounting Standards Board ("FASB") ASC 860, Transfers and Servicing. Under that guidance, receivables are considered sold when they are transferred beyond the reach of the Company and its creditors, the purchaser has the right to pledge or exchange the receivables, and the Company has surrendered control over the transferred receivables. The Company has received proceeds from the sales of trade accounts receivable of approximately \$299,169, \$374,105 and \$322,509 for the years ended December 30, 2023, December 31, 2022 and December 25, 2021, respectively, and has included the proceeds in net cash provided by operating activities in the Consolidated Statements of Cash Flows. Related to the sale of accounts receivable, the Company recorded losses of approximately \$6,313, \$4,432 and \$1,433 for the years ended December 30, 2023, December 31, 2022 and December 25, 2021, respectively.

### Inventories:

Inventories consisting predominantly of finished goods are valued at the lower of cost or net realizable value, cost being determined principally on the standard cost method, which approximates the first-in-first-out "FIFO" method. The historical usage rate is the primary factor used in assessing the net realizable value of excess and obsolete inventory. A reduction in the carrying value of an inventory item from cost to net realizable value is recorded for inventory with excess on-hand quantities as determined based on historic and projected sales, product category, and stage in the product life cycle.

### Property and Equipment:

Property and equipment are carried at cost and include expenditures for new facilities and major renewals. For financial accounting purposes, depreciation is computed on the straight-line method over the estimated useful lives of the assets, generally 3 to 15 years. Assets acquired under finance leases are depreciated over the terms of the related leases. Maintenance and repairs are charged to expense as incurred. The Company capitalizes certain costs that are directly associated with the development of internally developed software related to our key and engraving machines, representing the historical cost of these assets. Once the software is completed and placed into service, such costs are amortized over the estimated useful lives. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from their respective accounts, and the resulting gain or loss is reflected in income from operations.

Property and equipment, net, consists of the following at December 30, 2023 and December 31, 2022:

	Useful Life (Years)	2023	2022
Leasehold improvements	life of lease	\$ 28,026	\$ 17,445
Machinery and equipment	3 - 10	420,921	416,512
Computer equipment and software	3 - 5	70,356	68,410
Furniture and fixtures	6 - 8	12,396	7,888
Construction in process		2,729	13,455
Property and equipment, gross		534,428	523,710
Less: Accumulated depreciation		333,875	333,452
Property and equipment, net		<u>\$ 200,553</u>	<u>\$ 190,258</u>

## Goodwill:

The Company has adopted ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates Step 2 from the goodwill impairment test and instead requires an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. If, after assessing the totality of events or circumstances, the Company determines that the fair value of a reporting unit is less than the carrying value, then the Company would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

The Company's annual impairment assessment is performed for its reporting units as of October 1st. With the assistance of an independent third-party specialist, management assessed the value of the reporting units based on a discounted cash flow model and multiple of earnings. Assumptions critical to our fair value estimates under the discounted cash flow model include the discount rate and projected net sales and EBITDA growth rates. The results of the quantitative assessment in 2023, 2022, and 2021 indicated that the fair value of each reporting unit was in excess of its carrying value. Therefore goodwill was not impaired as of our annual testing dates.

Goodwill amounts by reportable segment are summarized as follows:

	Goodwill at December 31, 2022	Acquisitions	Disposals	Other <sup>(1)</sup>	Goodwill at December 30, 2023
Hardware and Protective Solutions	\$ 574,744	\$ —	\$ —	\$ 554	\$ 575,298
Robotics and Digital Solutions	220,936	—	—	—	220,936
Canada	28,132	—	—	676	28,808
<b>Total</b>	<u>\$ 823,812</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,230</u>	<u>\$ 825,042</u>

(1) The "Other" change to goodwill relates to adjustments resulting from fluctuations in foreign currency exchange rates for the Canada and Mexico reporting units.

## Intangible Assets:

Intangible assets arise primarily from the determination of their respective fair market values at the date of acquisition. With the exception of certain trade names, intangible assets are amortized on a straight-line basis over periods ranging from 5 to 20 years, representing the period over which the Company expects to receive future economic benefits from these assets.

Other intangibles, net, as of December 30, 2023 and December 31, 2022 consist of the following:

	Life (Years)	December 30, 2023	December 31, 2022
Customer relationships	13 - 20	\$ 944,713	\$ 963,622
Trademarks - indefinite	Indefinite	85,520	85,275
Trademarks - other	7 - 15	31,665	31,387
Technology and patents	5 - 12	64,186	68,451
Intangible assets, gross		1,126,084	1,148,735
Less: Accumulated amortization		470,791	414,275
Intangible assets, net		<u>\$ 655,293</u>	<u>\$ 734,460</u>

Estimated annual amortization expense for intangible assets subject to amortization at December 30, 2023 for the next five fiscal years is as follows:

Fiscal Year Ended	Amortization Expense
2024	\$ 60,545
2025	59,789
2026	55,384
2027	52,636
2028	51,871
Thereafter	\$ 289,548

The Company also evaluates indefinite-lived intangible assets (primarily trademarks and trade names) for impairment annually or more frequently if events and circumstances indicate that it is more likely than not that the fair value of an indefinite-lived intangible asset is below its carrying amount. With the assistance of an independent third-party specialist, management assessed the fair value of our indefinite-lived intangible assets based on a relief from royalties model. An impairment charge is recorded if the carrying amount of an indefinite-lived intangible asset exceeds the estimated fair value on the measurement date as of October 1st. No impairment charges related to indefinite-lived intangible assets were recorded by the Company in 2023, 2022, or 2021 as a result of the quantitative annual impairment test.

## Long-Lived Assets:

Long-lived assets, such as property and equipment and definite-lived intangible assets, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by the asset or asset group to its carrying value. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

During fiscal 2023, the Company performed an impairment assessment on certain intangible assets. 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 net realizable value of inventory. As a result, the Company recognized an impairment charge of \$19.6 million during the fourth quarter of 2023 to write down the carrying values of intangible assets to their fair value. The Impairment charge was split between the following asset categories: \$15.6 million for customer relationships, \$2.2 million for technology and patents, and \$1.7 million for trademarks - other. The impairment charge is included in other expense (income), net in the accompanying consolidated statements of comprehensive loss.

No other impairment charges were recorded in 2023, 2022, or 2021. Approximately 95% of the Company's long-lived assets are held within the United States.

## Income Taxes:

Deferred income taxes are computed using the asset and liability method. Under this method, deferred income taxes are recognized for temporary differences between the financial reporting basis and income tax basis of assets and liabilities, based on enacted tax laws and statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Valuation allowances are provided for tax benefits where management estimates it is more likely than not that certain tax benefits will not be realized. Adjustments to valuation allowances are recorded for changes in utilization of the tax-related item. See Note 7 - Income Taxes for additional information.

In accordance with guidance regarding the accounting for uncertainty in income taxes, the Company recognizes a tax position if, based solely on its technical merits, it is more likely than not to be sustained upon examination by the relevant taxing authority. If a tax position does not meet the more likely than not recognition threshold, the Company does not recognize the benefit of that position in its Consolidated Financial Statements. A tax position that meets the more likely than not recognition threshold is measured to determine the amount of benefit to be recognized in the Consolidated Financial Statements.

Interest and penalties related to income taxes are included in (benefit) expense for income taxes.

### **Contingent Consideration:**

Contingent consideration relates to the potential payment for an acquisition that is contingent upon the achievement of the acquired business meeting certain product development milestones and/or certain financial performance milestones. The Company records contingent consideration at fair value at the date of acquisition based on the consideration expected to be transferred. The estimated fair value of the contingent consideration was determined using a Monte Carlo analysis examining the frequency and mean value of the resulting payments. The resulting value captures the risk associated with the form of the payout structure. The risk neutral method is applied, resulting in a value that captures the risk associated with the form of the payout structure and the projection risk. The assumptions utilized in the calculation based on financial performance milestones include projected revenue, volatility and discount rates. For potential payments related to product development milestones, we estimated the fair value based on the probability of achievement of such milestones. The assumptions utilized in the calculation of the acquisition date fair value include probability of success and the discount rates. Contingent consideration involves certain assumptions requiring significant judgment and actual results may differ from assumed and estimated amounts.

### **Risk Insurance Reserves:**

The Company self-insures our general liability including products liability, automotive liability, and workers' compensation losses up to \$500 per occurrence. Our policy is to estimate reserves based upon a number of factors, including known claims, estimated incurred but not reported claims, and third-party actuarial analysis. The third-party actuarial analysis is based on historical information along with certain assumptions about future events. These reserves are classified as other current and other long-term liabilities within the balance sheets.

The Company self-insures our group health claims up to an annual stop loss limit of \$300 per participant. Historical group insurance loss experience forms the basis for the recognition of group health insurance reserves.

### **Retirement Benefits:**

Certain employees of the Company are covered under a profit-sharing and retirement savings plan. The plan provides for a matching contribution for eligible employees of 50% of each dollar contributed by the employee up to 6% of the employee's compensation. In addition, the plan allows for an optional annual contribution in amounts authorized by the Board of Directors, subject to the terms and conditions of the plan.

Hillman Canada sponsors a Deferred Profit Sharing Plan ("DPSP") and a Group Registered Retirement Savings Plan ("RRSP") for all qualified, full-time employees, with at least three months of continuous service. DPSP is an employer-sponsored profit sharing plan registered as a trust with the Canada Revenue Agency ("CRA"). Employees do not contribute to the DPSP. There is no minimum required contribution; however, DPSPs are subject to maximum contribution limits set by the CRA. The DPSP is offered in conjunction with a RRSP. All eligible employees may contribute an additional voluntary amount of up to eight percent of the employee's gross earnings. Hillman Canada is required to match 100% of all employee contributions up to 2% of the employee's compensation into the DPSP account. The assets of the RRSP are held separately from those of Hillman Canada in independently administered funds.

Retirement benefit costs were \$4,315, \$4,055, and \$4,218 in the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

## Revenue Recognition:

Revenue is recognized when control of goods or services is transferred to our customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

The Company offers a variety of sales incentives to its customers primarily in the form of discounts and rebates. Discounts are recognized in the Consolidated Financial Statements at the date of the related sale. Rebates are based on the revenue to date and the contractual rebate percentage to be paid. A portion of the cost of the rebate is allocated to each underlying sales transaction. Discounts and rebates are included in the determination of net sales.

The Company also establishes a reserve for customer returns and allowances. The reserve is established based on historical rates of returns and allowances. The reserve is adjusted quarterly based on actual experience. Discounts and allowances are included in the determination of net sales.

The following table disaggregates our revenue by product category. Certain amounts in the prior year presentation between segments were reclassified to conform to the current year's presentation.

	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada	Total Revenue
<b>Year Ended December 30, 2023</b>				
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	<u>\$ 1,074,619</u>	<u>\$ 245,400</u>	<u>\$ 156,458</u>	<u>\$ 1,476,477</u>
<b>Year Ended December 31, 2022</b>				
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	<u>\$ 1,068,734</u>	<u>\$ 245,633</u>	<u>\$ 171,961</u>	<u>\$ 1,486,328</u>
<b>Year Ended December 25, 2021</b>				
Fastening and Hardware	\$ 740,058	\$ —	\$ 149,196	\$ 889,254
Personal Protective	277,536	—	7,716	285,252
Keys and Key Accessories	—	187,608	4,888	192,496
Engraving and Resharp	—	58,886	79	58,965
Consolidated	<u>\$ 1,017,594</u>	<u>\$ 246,494</u>	<u>\$ 161,879</u>	<u>\$ 1,425,967</u>

The following table disaggregates our revenue by geographic location:

	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada	Total Revenue
<b>Year Ended December 30, 2023</b>				
<b>United States</b>	\$ 1,062,045	\$ 245,400	\$ —	\$ 1,307,445
<b>Canada</b>	—	—	156,458	156,458
<b>Mexico</b>	12,574	—	—	12,574
<b>Consolidated</b>	<u>\$ 1,074,619</u>	<u>\$ 245,400</u>	<u>\$ 156,458</u>	<u>\$ 1,476,477</u>
<b>Year Ended December 31, 2022</b>				
<b>United States</b>	\$ 1,054,831	\$ 245,633	\$ —	\$ 1,300,464
<b>Canada</b>	—	—	171,961	171,961
<b>Mexico</b>	13,903	—	—	13,903
<b>Consolidated</b>	<u>\$ 1,068,734</u>	<u>\$ 245,633</u>	<u>\$ 171,961</u>	<u>\$ 1,486,328</u>
<b>Year Ended December 25, 2021</b>				
<b>United States</b>	\$ 1,004,750	\$ 246,494	\$ —	\$ 1,251,244
<b>Canada</b>	—	—	161,879	161,879
<b>Mexico</b>	12,844	—	—	12,844
<b>Consolidated</b>	<u>\$ 1,017,594</u>	<u>\$ 246,494</u>	<u>\$ 161,879</u>	<u>\$ 1,425,967</u>

Our revenue by geography is allocated based on the location of our sales operations.

Hardware and Protective Solutions revenues consist primarily of the delivery of fasteners, anchors, specialty fastening products, and personal protective equipment such as gloves and eye-wear as well as in-store merchandising services for the related product category.

Robotics and Digital Solutions revenues consist primarily of sales of keys and identification tags through self-service key duplication and engraving kiosks. It also includes our associate-assisted key duplication systems and key accessories.

Canada revenues consist primarily of the delivery to Canadian customers of fasteners and related hardware items, threaded rod, keys, key duplicating systems, accessories, personal protective equipment, and identification items as well as in-store merchandising services for the related product category. In the first quarter of 2023, the Company realigned its Canada segment to include the Canada portions of the Protective Solutions and MinuteKey businesses, which are now operating under the Canada segment leadership team. Previously, the results of the Canada portion of the Protective Solutions business were reported in the Hardware and Protective Solutions segment and the Canada portion of the MinuteKey business was reported in the Robotics and Digital Solutions segment and were operating under those respective segment leadership teams.

The Company's performance obligations under its arrangements with customers are providing products, in-store merchandising services, and access to key duplicating and engraving equipment. Generally, the price of the merchandising services and the access to the key duplicating and engraving equipment is included in the price of the related products. Control of products is transferred at the point in time when the customer accepts the goods, which occurs upon delivery of the products. Judgment is required in determining the time at which to recognize revenue for the in-store services and the access to key duplicating and engraving equipment. Revenue is recognized for in-store service and access to key duplicating and engraving equipment as the related products are delivered, which approximates a time-based recognition pattern. Therefore, the entire amount of consideration related to the sale of products, in-store merchandising services, and access to key duplicating and engraving equipment is recognized upon the delivery of the products.

The costs to obtain a contract are insignificant, and generally contract terms do not extend beyond one year. Therefore, these costs are expensed as incurred. Freight and shipping costs and the cost of our in-store merchandising services teams are recognized in selling, warehouse, general, and administrative expense when control over products is transferred to the customer.



The Company used the practical expedient regarding the existence of a significant financing component as payments are due in less than one year after delivery of the products.

## **Shipping and Handling:**

The costs incurred to ship product to customers, including freight and handling expenses, are included in selling, warehouse, general, and administrative ("SG&A") expenses on the Company's Consolidated Statements of Comprehensive Loss.

Shipping and handling costs were \$53,288, \$59,911, and \$60,991 in the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

## **Research and Development:**

The Company expenses research and development costs, which are included in selling, warehouse, general, and administrative ("SG&A") expenses on the Company's Consolidated Statements of Comprehensive Loss; consisting primarily of internal wages and benefits in connection with improvements to the fastening products along with the key duplicating and engraving machines. The Company's research and development costs were \$2,562, \$2,349, and \$2,442 in the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

## **Stock-Based Compensation:**

### **2021 Employee Stock Purchase Plan**

Our Employee Stock Purchase Plan ("ESPP") became effective on July 14, 2021, in which 1,140,754 shares of common stock were available for issuance under the ESPP. Under the ESPP, eligible employees are granted options to purchase shares of common stock at 85% of the fair market value at the time of exercise. The option period commences on the first payroll date in January, April, July, and October of each year and ends approximately three months later on the last business day in March, June, September or December. No employee may be granted an option under the Plan if, immediately after the option is granted, the employee would own stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company. The first option period began on January 1, 2022 and the first purchase was made in April of 2022.

### **2021 Equity Incentive Plan**

Effective July 14, 2021, in connection with the Merger, the Company established the 2021 Equity Incentive Plan. Under the 2021 Equity Incentive Plan, the Company may grant options, stock appreciation rights, restricted stock, and other stock-based awards. Hillman reflects the options granted in accordance with Accounting Standards Codification 718, Compensation - Stock Compensation ("ASC 718"). The Company uses a Black-Scholes option pricing model to determine the fair value of stock options on the dates of grant. The Black-Scholes pricing model requires various assumptions, including expected term, which is based on our historical experience and expected volatility which is estimated based on the average historical volatility of similar entities with publicly traded shares. The Company also makes assumptions regarding the risk-free interest rate and the expected dividend yield. The risk-free interest rate is based on the U.S. Treasury interest rate whose term is consistent with the expected term of the share-based award. The dividend yield on our common stock is assumed to be zero since we do not pay dividends and have no current plans to do so in the future. Determining the fair value of stock options at the grant date requires judgment, including estimates for the expected life of the share-based award, stock price volatility, dividend yield, and interest rate. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time.

### **HMAN Group Holdings Inc. 2014 Equity Incentive Plan**

Prior to the Merger, the Company had a stock-based employee compensation plan pursuant to which the Company granted options, stock appreciation rights, restricted stock, and other stock-based awards. Hillman reflects the options granted in its stand-alone Consolidated Financial Statements in accordance with Accounting Standards Codification 718, Compensation — Stock Compensation ("ASC 718"). The Company used a Black-Scholes option pricing model to determine the fair value of stock options on the dates of grant. The Black-Scholes pricing model requires various assumptions, including expected term, which is based on our historical experience and expected volatility which is estimated based on the average historical volatility of similar entities. The Company also made assumptions regarding the risk-free interest rate and the expected dividend yield. The risk-free interest rate is based on the U.S. Treasury interest rate whose term is consistent with the expected term of the share-based award. The dividend yield on our common stock is assumed to be zero since we have not historically paid

dividends on these awards and have no current plans to do so in the future. Determining the fair value of stock options at the grant date requires judgment, including estimates for the expected life of the share-based award, stock price volatility, dividend yield, and interest rate. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time.

The Company applied assumptions in the determination of the fair value of the common stock underlying the stock-based awards granted. With the assistance of an independent third-party specialist, management assessed the value of the Company's common stock based on a combination of the income approach and guideline public company method. Factors that were considered in connection with estimating these grant date fair values are as follows:

- The Company's financial results and future financial projections;
- The market value of equity interests in substantially similar businesses, which equity interests can be valued through non-discretionary, objective means;
- The lack of marketability of the Company's common stock;
- The likelihood of achieving a liquidity event, such as an initial public offering or business combination, given prevailing market conditions;
- Industry outlook; and
- General economic outlook, including economic growth, inflation and unemployment, interest rate environment and global economic trends

Determination of the fair value of our common stock also involved the application of multiple valuation methodologies and approaches, with varying weighting applied to each methodology as of the grant date. Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding the Company's expected future revenue, expenses, and future cash flows; discount rates; market multiples; the selection of comparable companies; and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact the valuations and may have a material impact on the valuation of our common stock.

Prior to the Merger, the Company revalued the common stock annually, unless changes in facts or circumstances indicate the need for a mid-year revaluation. The valuation of the Company's common stock was historically performed at the end of our fiscal year.

Stock-based compensation expense is recognized using a fair value based recognition method. Stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite vesting period or performance period of the award on a straight-line basis. The stock-based compensation expense is recorded in selling, warehouse, general and administrative expenses. The plans are more fully described in Note 13 - Stock-Based Compensation.

## **Fair Value of Financial Instruments:**

The Company uses the accounting guidance that applies to all assets and liabilities that are being measured and reported on a fair value basis. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. Whenever possible, quoted prices in active markets are used to determine the fair value of the Company's financial instruments.

## **Derivatives and Hedging:**

The Company uses derivative financial instruments to manage its exposures to (1) interest rate fluctuations on its floating rate senior term loan and (2) fluctuations in foreign currency exchange rates. The Company measures those instruments at fair value and recognizes changes in the fair value of derivatives in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. The Company enters into derivative instrument transactions with financial institutions acting as the counter-party. The Company does not enter into derivative transactions for speculative purposes and, therefore, holds no derivative instruments for trading purposes.

The relationships between hedging instruments and hedged items are formally documented, in addition to the risk management objective and strategy for each hedge transaction. For interest rate swaps, the notional amounts, rates, and maturities of our interest rate swaps are closely matched to the related terms of hedged debt obligations. The critical terms of the interest rate swap are matched to the critical terms of the underlying hedged

item to determine whether the derivatives used for hedging transactions are highly effective in offsetting changes in the cash flows of the underlying hedged item. If it is determined that a derivative ceases to be a highly effective hedge, the hedge accounting is discontinued and all subsequent derivative gains and losses are recognized in the Statement of Comprehensive Loss.

Derivative instruments designated in hedging relationships that mitigate exposure to the variability in future cash flows of the variable-rate debt and foreign currency exchange rates are considered cash flow hedges. The Company records all derivative instruments in other assets or other liabilities on the Consolidated Balance Sheets at their fair values. If the derivative is designated as a cash flow hedge and the hedging relationship qualifies for hedge accounting, the effective portion of the change in the fair value of the derivative is recorded in other comprehensive income or loss. The change in fair value for instruments not qualifying for hedge accounting are recognized in the Statement of Comprehensive Loss in the period of the change. See Note 15 - Derivatives and Hedging for additional information.

## Translation of Foreign Currencies:

The translation of the Company's Canadian and Mexican local currency based financial statements into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate during the period. Cumulative translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity.

## Use of Estimates in the Preparation of Financial Statements:

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses for the reporting period. Actual results may differ from these estimates.

## 3. MERGER AGREEMENT

On July 14, 2021, the Merger between HMAN and Landcadia was consummated. Pursuant to the Merger Agreement, at the closing date of the Merger, the outstanding shares of Old Hillman common stock were converted into 91,220,901 shares of New Hillman common stock as calculated pursuant to the Merger Agreement.

The Merger was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, Landcadia is treated as the “acquired” company for financial reporting purposes. This determination was based primarily on Old Hillman having the ability to appoint a majority of the initial Board of the combined entity, Old Hillman's senior management comprising the majority of the senior management of the combined company, and the ongoing operations of Old Hillman comprising the ongoing operations of the combined company. Accordingly, for accounting purposes, the Merger was treated as the equivalent of New Hillman issuing shares for the net assets of Landcadia, accompanied by a recapitalization. The net assets of Landcadia were stated at carrying value. The historical statements of the combined entity prior to the Merger are presented as those of Old Hillman with the exception of the shares and par value of equity recast to reflect the exchange ratio on the Closing Date, adjusted on a retroactive basis. A summary of the impact of the reverse recapitalization on the cash, cash equivalents and restricted cash, change in net assets and the change in common shares is included in the tables below.

Landcadia cash and cash equivalents <sup>(1)</sup>	\$	479,602
PIPE investment proceeds <sup>(2)</sup>		375,000
Less cash paid to underwriters and other transaction costs, net of tax <sup>(3)</sup>		(36,140)
Net change in cash and cash equivalents as a result of recapitalization	\$	818,462
Prepaid expenses and other current assets <sup>(1)</sup>		132
Accounts payable and other accrued expenses <sup>(1)</sup>		(81)
Warrant liabilities <sup>(1)(4)</sup>		(77,190)
Change in net assets as a result of recapitalization	\$	741,323

The change in number of shares outstanding as a result of the reverse recapitalization is summarized as follows:

Common shares issued to new Hillman shareholders <sup>(5)</sup>	91,220,901
Shares issued to SPAC sponsors and public shareholders <sup>(6)</sup>	58,672,000
Common shares issued to PIPE investors <sup>(2)</sup>	37,500,000
Common shares outstanding immediately after the business combination	187,392,901

1. These assets and liabilities represent the reported balances as of the Closing Date immediately prior to the Business Combination. The recapitalization of the assets and liabilities from Landcadia's balance sheet was a non-cash financing activity.
2. In connection with the Business Combination, Landcadia entered into subscription agreements with certain investors (the "PIPE Investors"), pursuant to which it issued 37,500,000 shares of common stock at \$10.00 per share (the "PIPE Shares") for an aggregate purchase price of \$375,000 (the "PIPE Financing"), which closed simultaneously with the consummation of the Business Combination.
3. In connection with the Business Combination, the Company incurred \$36,140 of transaction costs, net of tax, consisting of underwriting, legal and other professional fees which were recorded as accumulated deficit as a reduction of proceeds.
4. The warrants acquired in the Merger include (a) redeemable warrants issued by Landcadia and sold as part of the units in the Landcadia IPO (whether they were purchased in the Landcadia IPO or thereafter in the open market), which were exercisable for an aggregate of 16,666,628 shares of common stock at a purchase price of \$11.50 per share (the "Public Warrants") and (b) warrants issued by Landcadia to the Sponsors in a private placement simultaneously with the closing of the Landcadia IPO, which were exercisable for an aggregate of 8,000,000 shares of common stock at a purchase price of \$11.50 per share (the "Private Placement Warrants").
5. The Company issued 91,220,901 common shares in exchange for 553,439 Old Hillman common shares resulting in an exchange ratio of 164.83. This exchange ratio was applied to Old Hillman's common shares which further impacted common stock held at par value and additional paid in capital as well as the calculation of weighted average shares outstanding and loss per common share.
6. The Company issued 50,000,000 shares to the public shareholders and 8,672,000 shares to the SPAC sponsor shareholders at the Closing Date.

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting which provides optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2024. As of December 30, 2023, the Company does not have any receivables, hedging relationships, lease agreements, or debt agreements that reference LIBOR or another reference rate expected to be discontinued. On June 30, 2023, we amended and restated our term loan and interest rate swap agreements. As a result of those amendments, our floating rate debt no longer references a LIBOR based benchmark rate.

In January 2021, FASB issued ASU 2021-01, Reference Rate Reform to expand the scope of ASU 2020-04 by allowing an entity to apply the optional expedients, by stating that a change to the interest rate used for margining, discounting or contract price alignment for a derivative is not considered to be a change to the critical terms of the hedging relationship that requires designation. The entity may apply the contract modification relief provided in ASU 2020-04 and continue to account for the derivative in the same manner that existed prior to the changes resulting from reference rate reform or the discounting transition. As of December 30, 2023, the Company does not have any receivables, hedging relationships, lease agreements, or debt agreements that reference LIBOR or another reference rate expected to be discontinued. On June 30, 2023, we amended and restated our term loan and interest rate swap agreements. As a result of those amendments, our floating rate debt no longer references a LIBOR based benchmark rate.

On October 28, 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which amends ASC 805 to require acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. Under current GAAP, an acquirer generally recognizes such items at fair value on the acquisition date.

This update is intended to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to 1) the recognition of an acquired contract liability, and 2) payment terms and their effect on subsequent revenue recognized by the acquirer. The amendment is effective on December 15, 2022. The Company has evaluated the impact provided by the new standard and the standard did not have a material impact on its financial statements.

On March 28, 2022, the FASB issued ASU 2022-01, Derivatives and Hedging (Topic 815): Fair Value Hedging which clarifies the guidance in ASC Topic 815, Derivatives and Hedging on fair value hedge accounting of interest rate risk for portfolios of financial assets. The ASU amends the guidance in ASU 2017-12 which established the "last-of-layer" method for making the fair value hedge accounting for these portfolios more accessible. ASU 2022-01 renames that method the "portfolio layer" method. Under current guidance, the last-of-layer method enables an entity to apply fair value hedging to a stated amount of a closed portfolio of prepayable financial assets without having to consider prepayment risk or credit risk when measuring those assets. ASU 2022-01 expands the scope of this guidance to allow entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and non-prepayable financial assets. The amendment is effective for fiscal years beginning after December 15, 2022. The Company has evaluated the impact provided by the new standard and the standard did not have a material impact on its financial statements.

In September 2022, the FASB issued ASU 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50) to enhance the transparency of supplier finance programs. The amendments in this update apply to all entities that use supplier finance programs in connection with the purchase of goods and services. Supplier finance programs include reverse factoring, payables finance, or structured payables arrangements that allow a buyer to offer its suppliers the option for access to payment in advance of an invoice due date. The amendments in this update require that a buyer in a supplier finance program disclose sufficient information about the program including the program's nature and activity during the period, changes from period to period, and potential magnitude as well as disclosure of the qualitative and quantitative information about its supplier finance programs. The amendments in this update are effective for fiscal years beginning after December 15, 2022 and should be applied retrospectively to each period in which a balance sheet is presented. The amendment on roll forward information is effective for fiscal years beginning after December 15, 2023, which should be applied prospectively. Company has evaluated the impact provided by the new standard and the standard did not have a material impact on its financial statements.

On November 27, 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assists in assessing potential future cash flows. The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and should be applied retrospectively to all prior periods presented. The Company is currently evaluating the impact provided by the new standard.

On December 14, 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. The amendments in this update require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The amendments on Income Tax Disclosures are effective for fiscal years beginning after December 15, 2024, and should be applied retrospectively to all prior periods presented. The Company is currently evaluating the impact provided by the new standard.

## 5. RELATED PARTY TRANSACTIONS

Hillman, Jefferies Financial Group Inc., certain other financial sponsors, certain CCMP affiliated investors and certain Oak Hill affiliated investors entered into the Amended and Restated Registration Rights Agreement (the "A&R Registration Rights Agreement"), pursuant to which, among other things, the parties to the A&R Registration Rights Agreement agreed not to effect any sale or distribution of any equity securities of Hillman held by any of them during the lock-up period described therein and were granted certain registration rights with respect to their respective shares of Hillman common stock, in each case, on the terms and subject to the conditions therein. Richard Zannino and Joe Scharfenberger, both partners at CCMP, were members of our Board at the time Hillman entered into the A&R Registration Rights Agreement. Mr. Zannino and Mr. Scharfenberger each resigned from the

Hillman Board in May 2023 following CCMP's complete exit of its investment in Hillman during the second quarter of 2023. Another director, Teresa Gendron, was the CFO of Jefferies Financial Group Inc. until March 2023. Additionally, Oak Hill owned in excess of 5% of the Company's outstanding securities at certain times in fiscal 2022.

The Company recorded aggregate management fee charges and expenses from CCMP and Oak Hill Funds of \$270 for the year ended December 25, 2021. Subsequent to the Merger, the Company is no longer being charged management fees, see Note 3 - Merger Agreement for additional details.

Gregory Mann and Gabrielle Mann are employed by Hillman. Hillman leases an industrial warehouse and office facility from companies under the control of the Manns. Rental expense for the lease of this facility was \$205 and \$351 for the years ended December 31, 2022 and December 25, 2021, respectively. The building was sold to a third party in 2022 and is an arm's length transaction from the date of sale forward.

Sales to related parties, which are included in net sales, consist primarily of the sale of excess inventory to Ollie's Bargain Outlet Holdings, Inc. ("Ollie's"). John Swygert, President and Chief Executive Officer of Ollie's, is a member of our Board of Directors. Sales to related parties were \$1,583 and \$687 for the years ended December 30, 2023 and December 31, 2022, respectively. There were no such sales made during 2021.

## 6. ACQUISITIONS

### Oz Post International, LLC

On April 16, 2021, the Company completed the acquisition of Oz Post International, LLC ("OZCO"), a leading manufacturer of superior quality hardware that offers structural fasteners and connectors used for decks, fences and other outdoor structures, for a total purchase price of \$39,834. The Company entered into an amendment ("OZCO Amendment") to the term loan credit agreement dated May 31, 2018 (the "2018 Term Loan"), which provided \$35,000 of incremental term loan funds to be used to finance the acquisition. OZCO has business operations throughout North America and its financial results reside in the Company's Hardware and Protective Solutions reportable segment.

The following table reconciles the fair value of the acquired assets and assumed liabilities to the total purchase price of OZCO.

Accounts receivable	\$	1,341
Inventory		3,435
Other current assets		26
Property and equipment		595
Goodwill		9,093
Customer relationships		23,500
Trade names		2,600
Technology		4,000
Total assets acquired	\$	44,590
Less:		
Liabilities assumed		(4,756)
Total purchase price	\$	39,834

Pro forma financial information has not been presented for OZCO as their associated financial results are insignificant to the financial results of the Company.

### Other Acquisitions

On March 7, 2022, the Company completed its acquisition of the Irvine, California-based Monkey Hook, LLC ("Monkey Hook") for a total purchase price of \$2,800, which includes \$300 in hold-back that remained payable to the seller as of December 31, 2022. During the first quarter of 2023, the hold-back of \$300 was paid to satisfy the full purchase price. Monkey Hook products are designed to hang artwork on drywall where no stud is present. Monkey Hook sells its products throughout North America and its financial results reside in the Company's



Hardware and Protective Solutions reportable segment and have been determined to be immaterial for purposes of additional disclosure.

On December 5, 2023, the Company completed its acquisition of Ajustlock, an innovative adjustable barrel bolt lock used on gates, doors or windows which self-adjusts vertically to eliminate door shift issues, for a total purchase price of \$1,400, which includes a \$100 hold-back payable to the seller. Ajustlock sells its products throughout North America and its financial results reside in the Company's Hardware and Protective Solutions reportable segment and have been determined to be immaterial for purposes of additional disclosure.

## 7. INCOME TAXES

Loss before income taxes are comprised of the following components for the periods indicated:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
<b>United States based operations</b>	\$ (17,902)	\$ (32,817)	\$ (56,597)
<b>Non-United States based operations</b>	10,520	18,150	6,481
<b>Loss before income taxes</b>	<u>\$ (7,382)</u>	<u>\$ (14,667)</u>	<u>\$ (50,116)</u>

Below are the components of the Company's income tax expense (benefit) for the periods indicated:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
<b>Current:</b>			
Federal & State	\$ 4,713	\$ 1,838	\$ 894
Foreign	2,642	177	746
<b>Total current</b>	<u>7,355</u>	<u>2,015</u>	<u>1,640</u>
<b>Deferred:</b>			
Federal & State	(5,059)	(4,648)	(13,651)
Foreign	(38)	4,406	664
<b>Total deferred</b>	<u>(5,097)</u>	<u>(242)</u>	<u>(12,987)</u>
Valuation allowance	(51)	(4)	(437)
<b>Income tax expense (benefit)</b>	<u>\$ 2,207</u>	<u>\$ 1,769</u>	<u>\$ (11,784)</u>

The Company has U.S. federal net operating loss ("NOL") carryforwards totaling \$35,938 as of December 30, 2023 that are available to offset future taxable income. The remaining NOL can be carried forward indefinitely but is subject to an 80% taxable income limitation. \$4,921 of the remaining U.S. federal NOLs were acquired with the MinuteKey purchase in 2018. The MinuteKey NOLs are subject to limitation under IRC §382 from current and prior ownership changes. Management anticipates utilizing all U.S. federal NOLs prior to their expiration.

The Company has state NOL carryforwards with an aggregate tax benefit of \$2,411 which expire from 2023 to 2042.

The Company has \$1,035 of general business tax credit carryforwards which expire from 2026 to 2041. A valuation allowance of \$210 has been maintained for a portion of these tax credits. The Company has \$82 of foreign tax credit carryforwards which expire from 2023 to 2026. A full valuation allowance has been established for these credits given insufficient foreign source income projections.

The table below reflects the significant components of the Company's net deferred tax assets and liabilities at December 30, 2023 and December 31, 2022:



	December 30, 2023	December 31, 2022
	Non-current	Non-current
<b>Deferred Tax Asset:</b>		
Inventory	\$ 21,807	\$ 12,786
Bad debt and other sales related reserves	1,918	1,868
Casualty loss reserve	651	606
Accrued bonus / deferred compensation	9,628	6,458
Interest limitation	26,247	37,709
Lease liabilities	25,690	19,843
Deferred revenue - shipping terms	319	354
Transaction costs	1,536	1,701
Deferred financing fees	949	867
Federal / foreign net operating loss	7,363	16,477
State net operating loss	2,411	3,793
Tax credit carryforwards	1,219	2,274
All other	2,404	1,487
Gross deferred tax assets	102,142	106,223
Valuation allowance for deferred tax assets	(292)	(1,030)
Net deferred tax assets	\$ 101,850	\$ 105,193
<b>Deferred Tax Liability:</b>		
Intangible asset amortization	\$ 178,025	\$ 192,989
Property and equipment	29,875	28,647
Lease assets	23,903	18,129
Derivative security value	1,599	5,519
Deferred tax liabilities	\$ 233,402	\$ 245,284
Net deferred tax liability	\$ 131,552	\$ 140,091

Realization of the net deferred tax assets is dependent on the reversal of deferred tax liabilities. Although realization is not assured, management estimates it is more likely than not that the net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward periods are reduced.

The Company historically considered the undistributed earnings of its foreign subsidiaries to be indefinitely reinvested based on access to sufficient liquidity within the United States, as well as plans for use and investment outside of the United States. As such, the Company did not provide for income taxes on undistributed earnings and other outside basis differences of its Canadian and Mexican subsidiaries. In 2023, the Company reevaluated its assertion and determined it no longer intends to indefinitely reinvest its non-U.S. undistributed earnings. In 2023, the Company repatriated funds from its Canadian subsidiary and recorded an associated withholding tax expense of \$1,484. The Company has determined that the remaining undistributed earnings as of the reporting date can be repatriated without incurring further withholding taxes, U.S. state taxes, and certain tax impacts relating to foreign currency exchange effects. Any tax implications of future year remittances are expected to result from future year earnings.

Below is a reconciliation of statutory income tax rates to the effective income tax rates for the periods indicated:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Non-U.S. taxes	(12.5)%	(7.1) %	(1.3)%
State and local income taxes, net of U.S. federal income tax benefit	0.2 %	2.9 %	2.9 %
Change in valuation allowance	— %	— %	0.9 %
Adjustment for change in tax law	— %	5.4 %	— %
Acquisition and related transaction costs	(3.8)%	(2.7) %	(2.2)%
Decrease in fair value of warrant liability	— %	— %	6.2 %
Meals & Entertainment	(2.7)%	(0.1)%	(0.2)%
Withholding taxes	(20.1)%	— %	— %
Impact of foreign currency	3.3 %	— %	— %
Global Intangible Low-Taxed Income ("GILTI")	— %	(24.4) %	(0.5)%
Reconciliation of tax provision to return	(1.4)%	(0.2) %	(1.7)%
Non-deductible compensation	(13.3)%	(6.4) %	(1.9)%
Reconciliation of other adjustments	(0.6)%	(0.5) %	0.3 %
Effective income tax rate	(29.9)%	(12.1) %	23.5 %

The Company's reserve for unrecognized tax benefits remains unchanged for the year ended December 30, 2023. A balance of \$1,101 of unrecognized tax benefit is shown in the financial statements at December 30, 2023 as a reduction of the deferred tax asset for the Company's NOL carryforward.

The following is a summary of the changes for the periods indicated below:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
Unrecognized tax benefits - beginning	\$ 1,101	\$ 1,101	\$ 1,101
Gross increases - tax positions in current	—	—	—
Gross increases - tax positions in prior period	—	—	—
Gross decreases - tax positions in prior	—	—	—
Unrecognized tax benefits - ending balance	\$ 1,101	\$ 1,101	\$ 1,101
Amount of unrecognized tax benefit that, if recognized would affect the Company's effective tax rate	\$ 1,101	\$ 1,101	\$ 1,101

The Company files a consolidated income tax return in the U.S. and numerous consolidated and separate income tax returns in various states and foreign jurisdictions. The Company is under audit in Canada. The audit is in the beginning phase. There are no other significant audits for the period ended December 30, 2023. In general, our income tax returns for the years from 2008 through the current year remain open to examination by federal and state taxing authorities. In addition, our tax years of 2015 through current year remain open and subject to examination by tax authorities in certain foreign jurisdictions in which we have operations.

## 8. WARRANTS

Each whole warrant entitles the holder thereof to purchase one share of common stock at an exercise price of \$11.50 per share and a redemption price of \$10 a share. As of the date of the merger, as discussed in Note 3 - Merger Agreement, there were 24,666,628 warrants outstanding consisting of 16,666,628 public warrants, which were included in the units issued in Landcadia's initial public offering ("Public Warrants"), and 8,000,000 private placement warrants, which were included in the units issued in the concurrent private placement at the time of Landcadia's initial public offering ("Private Placement Warrants" and, collectively with the Public Warrants, the

"Warrants"). The Public and Private Placement Warrants were accounted for as liabilities and are presented as warrant liabilities on the Consolidated Balance Sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within loss on change in fair value of warrant liabilities in the Consolidated Statements of Comprehensive Loss. As of the date of the Merger, the fair market value of the warranty liabilities were recorded as \$77,190 on the Consolidated Balance Sheets. The Public Warrants were considered part of level 1 of the fair value hierarchy, as those securities are traded on an active public market. At the Closing Date, the Company valued the Private Warrants using Level 3 of the fair value hierarchy. The Private Warrants were valued using a Modified Black Scholes Model, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the Private Warrants are the share price of the Company's common stock, the risk free rate, and the expected volatility of the Company's common stock.

The Public Warrants may only be exercised for a whole number of shares. No fractional warrants were issued upon separation of the units issued in the initial public offering into their component parts of Public Warrants and shares of common stock. The Public Warrants became exercisable on the later of 30 days after the completion of the Business Combination or 12 months from the closing of the Public Offering.

On November 22, 2021, the Company announced that it would redeem all of its outstanding warrants (the "Public Warrants") to purchase shares of the Company's common stock, par value \$0.0001 per share (the "Common Stock"), that were issued under the Amended and Restated Warrant Agreement (the "Warrant Agreement"), dated November 13, 2020, by and between the Company and Continental Stock Transfer & Trust Company ("CST"), as warrant agent (the "Warrant Agent") as part of the units sold in the Company's initial public offering (the "IPO") and that remain outstanding at 5:00 p.m. New York City time on December 22, 2021 (the "Redemption Date") for a redemption price of \$0.10 per Public Warrant. In addition, the Company would redeem all of its outstanding warrants to purchase Common Stock that were issued under the Warrant Agreement in a private placement simultaneously with the IPO (the "Private Warrants" and, together with the Public Warrants, the "Warrants") on the same terms as the outstanding Public Warrants.

Under the terms of the Warrant Agreement, the Company was entitled to redeem all of the outstanding Public Warrants at a redemption price of \$0.10 per Public Warrant if (i) the last sales price (the "Reference Value") of the Common Stock equals or exceeds \$10.00 per share on any twenty trading days within any thirty-day trading period ending on the third trading day prior to the date on which a notice of redemption is given and (ii) if the Reference Value is less than \$18.00 per share, the Private Warrants must also concurrently be called for redemption on the same terms as the outstanding Public Warrants. At the direction of the Company, the Warrant Agent delivered a notice of redemption to each of the registered holders of the outstanding Warrants. As the Reference Value was less than \$18.00 per share, payment upon exercise of the Warrants was made either (i) in cash, at an exercise price of \$11.50 per share of Common Stock or (ii) on a "cashless basis" in which the exercising holder received a number of shares of Common Stock determined in accordance with the terms of the Warrant Agreement and based on the Redemption Date and the volume weighted average price (the "Fair Market Value") of the Common Stock during the 10 trading days immediately following the date on which the notice of redemption was sent to holders of Warrants. The Company provided holders the Fair Market Value no later than one business day after such 10-trading day period ends. In no event did the number of shares of Common Stock issued in connection with an exercise on a cashless basis exceed 0.361 shares of Common Stock per Warrant. If any holder of Warrants would, after taking into account all of such holder's Warrants exercised at one time, have been entitled to receive a fractional interest in a share of Common Stock, the number of shares the holder was entitled to receive was rounded down to the nearest whole number of shares. Any Warrants that remained unexercised at 5:00 p.m. New York City time on the Redemption Date was then void and no longer exercisable, and the holders of those Warrants were entitled to receive only the redemption price of \$0.10 per warrant.

As of December 25, 2021, the Company exercised and redeemed all of its warrants generating cash proceeds of \$8 and cash paid of \$47 and issuing 6,365 shares of Common Stock. Public and private warrant exercise activity and underlying Common Stock issued or surrendered for the year ended December 25, 2021 is:

	Public Warrants	Private Warrants	Total
Beginning balance as of July, 14 2021	16,666,628	8,000,000	24,666,628
Shares issued for cash exercises	(666)	—	(666)
Shares issued for cashless exercises	(16,199,169)	(8,000,000)	(24,199,169)
Shares redeemed by the Company	(466,793)	—	(466,793)
Ending balance as of December 25, 2021	—	—	—

## 9. LONG-TERM DEBT

The following table summarizes the Company's debt:

	December 30, 2023	December 31, 2022
Revolving loans	\$ —	\$ 72,000
Senior Term Loan, due 2028	751,852	840,363
Finance leases & other obligations	9,097	6,406
	<u>\$ 760,949</u>	<u>\$ 918,769</u>
Unamortized discount on Senior Term Loan	(4,087)	(5,012)
Current portion of long term debt and finance leases	(9,952)	(10,570)
Deferred financing fees	(15,202)	(18,551)
Total long term debt, net	<u>\$ 731,708</u>	<u>\$ 884,636</u>

### 2023 Conversion of Debt from LIBOR Interest Rate to SOFR Interest Rate

The Company's debt instruments are subject to interest rate adjustments that were initially based on the London Interbank Offered Rate ("LIBOR"). However, due to the discontinuation of LIBOR as a benchmark rate and the industry's transition to the Secured Overnight Financing Rate (SOFR), the Company has undertaken the necessary steps to convert its debt from LIBOR interest rate to SOFR interest rate. On June 30, 2023, the Company amended the term loan credit agreement to change the benchmark rate from LIBOR to SOFR.

The interest rate for the term loan is, at the discretion of the Company, (i) term SOFR plus a margin varying from 2.50% to 2.75% per annum based on leverage, plus a credit spread adjustment varying between 0.11% to 0.43%, depending on the SOFR tenor selected; or (ii) an alternate base rate plus a margin varying from 1.50% to 1.75% per annum based on leverage.

### Revolving Loans and Term Loans

As of December 30, 2023, the ABL Revolver did not have an outstanding balance, and had outstanding letters of credit of \$40,890. The Company has \$246,838 of available borrowings under the revolving credit facility as a source of liquidity as of December 30, 2023 based on the customary asset-backed loan borrowing base and availability provisions.

In August 2023, the Company made a \$80.0 million prepayment against the outstanding term loan balance without payment of a premium or penalty.

On July 29, 2022, the Company amended the asset-based revolving credit agreement (the "ABL Revolver") with Barclays Bank PLC, as administrative agent, and the lenders and other parties thereto (the "ABL Credit Agreement"), increasing the aggregate commitments thereunder to \$375.0 million and extended the maturity. Portions of the ABL Agreement are separately available for borrowing by the Company's United States subsidiary and Canadian subsidiary for \$325.0 million and \$50.0 million, respectively. The interest rate for the ABL Revolver is, at the discretion of the Company, adjusted SOFR (or a Canadian banker's acceptance rate in the case of Canadian Dollar loans) plus a margin varying from 1.25% to 1.75% per annum based on availability or an alternate base rate (or a Canadian prime rate or alternate base rate in the case of Canadian Dollar loans), plus a margin varying from 0.25% to 0.75% per annum based on availability, plus a 0.10% credit spread adjustment. The stated maturity date of the revolving credit commitments under the ABL Credit Agreement is July 29, 2027. The loans and other amounts outstanding under the ABL Credit Agreement and related documents are guaranteed by Hillman Solutions

Corp., and, subject to certain exceptions, the Borrower's wholly-owned domestic subsidiaries and are secured by substantially all of the Borrower's and the guarantors' assets plus, solely in the case of the Canadian Borrower, its and its wholly-owned Canadian subsidiary's assets, which is guaranteed by the Canadian portion under the ABL Credit Agreement.

On April 16, 2021, the Company acquired Oz Post International, LLC ("OZCO"). The Company entered into an amendment ("OZCO Amendment") to the term loan credit agreement dated May 31, 2018 (the "2018 Term Loan"), which provided \$35,000 of incremental term loan funds to be used to finance the acquisition. See Note 6 - Acquisitions for additional information regarding the OZCO acquisition.

The aggregate minimum principal maturities of the long-term debt obligations for each of the five years following December 30, 2023 are as follows:

Year	Amount
2024	\$ 7,152
2025	6,806
2026	6,823
2027	8,661
2028	8,510
Thereafter	715,685
<b>Total</b>	<b>\$ 753,637</b>

Note that future finance lease payments were excluded from the maturity schedule above. Refer to Note 10 - Leases.

## 2021 Refinancing

In connection with the Closing as described in Note 1 - Basis of Presentation, the Company entered into a new credit agreement (the "Term Credit Agreement"), which provided for a new funded term loan facility of \$835.0 million and a delayed draw term loan facility of \$200.0 million (of which \$16.0 million was drawn). The Company also entered into an amendment to their existing Asset-Based Revolving Credit Agreement (the "ABL Amendment") extending the maturity and conformed certain provisions to the Term Credit Agreement. The proceeds of the funded term loans under the Term Credit Agreement and revolving credit loans under the ABL Credit Agreement were used, together with other available cash, to (1) refinance in full all outstanding term loans and to terminate all outstanding commitments under the credit agreement, dated as of May 31, 2018 ("2018 Term Loan" including the OZCO Amendment), (2) refinance outstanding revolving credit loans, and (3) redeem in full the senior notes due July 15, 2022 (the "6.375% Senior Notes"). Additionally, the Company fully redeemed the 11.6% Junior Subordinated Debentures.

The interest rate on the Term Credit Agreement is, at the discretion of the Company, either the adjusted London Interbank Offered Rate ("LIBOR") rate plus a margin varying from 2.50% and 2.75% per annum or an alternate base rate plus a margin varying from 1.50% to 1.75% per annum. The Term Credit Agreement is payable in installments equal to 0.25% of the original principal amount and delayed draw with a balloon payment due on the maturity date of July 14, 2028. The term loans and other amounts outstanding under the Term Credit Agreement are guaranteed by the Company's wholly-owned domestic subsidiaries and are secured by substantially all of the Borrower's and the Guarantors' assets. The delayed draw term loan facility under the Term Credit Agreement may be used to finance permitted acquisitions and similar investments and to replenish cash and repay revolving credit loans previously used for permitted acquisitions. As of July 2023, the delayed draw term loan facility expired and is no longer accumulating interest expense.

In connection with the Term Credit Agreement, the Company recorded \$23,432 in deferred financing fees and \$6,380 in discounts which are recorded as long term debt on the Consolidated Balance Sheet. In connection with the ABL Amendment, the Company recorded \$3,035 in deferred financing fees which are recorded as other non-current assets on the Consolidated Balance Sheet.

Additionally, the Company recorded a loss (gain) on extinguishment of debt for each debt instrument included in the refinancing as detailed below. The Company amended its interest rate swaps in connection with the refinancing, see Note 15 - Derivatives and Hedging for additional details.

	Loss (gain) on extinguishment of debt
<b>Term Credit Agreement</b>	\$ 20,243
<b>ABL Revolver</b>	288
<b>6.375% Senior Notes, due 2022</b>	1,083
<b>11.6% Junior Subordinated Debentures</b>	(13,603)
<b>Interest rate swaps</b>	59
<b>Total</b>	<u><u>\$ 8,070</u></u>

The interest rate on the 2018 Term Loan was, at the discretion of the Company, either the adjusted LIBOR rate plus 4.00% per annum for LIBOR loans or an alternate base rate plus 3.00% per annum. The 2018 Term Loan was payable in fixed installments of approximately \$2,652 per quarter, with a balloon payment scheduled on the loan's maturity date of May 31, 2025.

### 6.375% Senior Notes, due 2022

On June 30, 2014, Hillman Group issued \$330.0 million aggregate principal amount of its senior notes due July 15, 2022 (the "6.375% Senior Notes"), which are guaranteed by Hillman Solutions Corp. and its domestic subsidiaries other than the Hillman Group Capital Trust. Hillman Group pays interest on the 6.375% Senior Notes semi-annually on January 15 and July 15 of each fiscal year. The 6.375% senior notes were fully redeemed in 2021 in connection with the refinancing discussed above.

### Guaranteed Preferred Beneficial Interest in the Company's Junior Subordinated Debentures

In September 1997, The Hillman Group Capital Trust ("Trust"), a Grantor trust, completed a \$105,443 underwritten public offering of 4,217,724 Trust Preferred Securities ("TOPrS"). The Trust invested the proceeds from the sale of the preferred securities in an equal principal amount of 11.6% Junior Subordinated Debentures of Hillman due September 30, 2027.

The Company paid interest to the Trust on the Junior Subordinated Debentures underlying the TOPrS at the rate of 11.6% per annum on their face amount of \$105,443, or \$12,231 per annum in the aggregate. The Trust distributed monthly cash payments it received from the Company as interest on the debentures to preferred security holders at an annual rate of 11.6% on the liquidation amount of \$25.00 per preferred security.

In connection with the public offering of TOPrS, the Trust issued \$3,261 of trust common securities to the Company. The Trust invested the proceeds from the sale of the trust common securities in an equal principal amount of 11.6% Junior Subordinated Debentures of Hillman due September 30, 2027. The Trust distributed monthly cash payments it received from the Company as interest on the debentures to the Company at an annual rate of 11.6% on the liquidation amount of the common security.

The Trust Preferred Securities were fully redeemed in 2021 in connection with the refinancing discussed above.

## 10. LEASES

### Lessee

The Company determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both 1) the right to obtain substantially all of the economic benefits from the use of the asset and 2) the right to direct the use of the asset. The Company leases certain distribution center locations, vehicles, forklifts, computer equipment, and its corporate headquarters with expiration dates through 2033. Certain lease arrangements include escalating rent payments and options to extend the lease term. Expected lease terms include these options to extend or

terminate the lease when it is reasonably certain the Company will exercise the option. The Company's leasing arrangements do not contain material residual value guarantees nor material restrictive covenants.

The components of operating and finance lease costs for the years ended December 30, 2023, December 31, 2022 and December 25, 2021 were as follows:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
<b>Operating lease costs</b>	\$ 21,451	\$ 19,670	\$ 20,860
<b>Short term lease costs</b>	5,534	6,960	4,827
<b>Variable lease costs</b>	847	2,028	1,496
<b>Finance lease costs:</b>			
<b>Amortization of right of use assets</b>	2,570	1,563	914
<b>Interest on lease liabilities</b>	285	122	123

Rent expense is recognized on a straight-line basis over the expected lease term. Rent expense totaled \$27,832, \$28,658 and \$27,183 in the years ended December 30, 2023, December 31, 2022 and December 25, 2021, respectively. Rent expense includes operating lease cost as well as expense for non-lease components such as common area maintenance, real estate taxes, real estate insurance, variable costs related to our leased vehicles and also short-term rental expenses.

The implicit rate is not determinable in most of the Company's leases, as such management uses the Company's incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The weighted average remaining lease terms and discount rates for all of our operating leases as of December 30, 2023 and December 31, 2022 were as follows:

	December 30, 2023		December 31, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
<b>Weighted average remaining lease term</b>	6.33	2.95	6.13	2.65
<b>Weighted average discount rate</b>	7.04%	5.38%	7.22%	2.99%

Supplemental balance sheet information related to the Company's finance leases as of December 30, 2023 and December 31, 2022:

	December 30, 2023	December 31, 2022
<b>Finance lease assets, net, included in property plant and equipment</b>	\$ 7,166	\$ 4,540
<b>Current portion of long-term debt</b>	2,800	1,862
<b>Long-term debt, less current portion</b>	4,512	2,767
<b>Total principal payable on finance leases</b>	<u>\$ 7,312</u>	<u>\$ 4,629</u>

Supplemental cash flow information related to our operating leases was as follows for the years ended December 30, 2023 and December 31, 2022:

	Year Ended December 30, 2023	Year Ended December 31, 2022
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
<b>Operating cash outflow from operating leases</b>	\$ 20,614	\$ 19,377
<b>Operating cash outflow from finance leases</b>	267	119
<b>Financing cash outflow from finance leases</b>	2,410	1,470



As of December 30, 2023, our future minimum rental commitments are immaterial for lease agreements beginning after the current reporting period. Maturities of our lease liabilities for all operating and finance leases are as follows as of December 30, 2023:

	Operating Leases	Finance Leases
<b>Less than one year</b>	\$ 20,373	\$ 3,127
<b>1 to 2 years</b>	19,635	2,539
<b>2 to 3 years</b>	19,039	1,461
<b>3 to 4 years</b>	16,989	535
<b>4 to 5 years</b>	14,777	272
<b>After 5 years</b>	25,589	16
<b>Total future minimum rental commitments</b>	116,402	7,950
<b>Less - amounts representing interest</b>	(22,001)	(638)
<b>Present value of lease liabilities</b>	<u>\$ 94,401</u>	<u>\$ 7,312</u>

## Lessor

The Company has certain arrangements for key duplication equipment under which we are the lessor. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

## 11. DEFERRED COMPENSATION PLAN

The Company maintains a deferred compensation plan for key employees (the “Nonqualified Deferred Compensation Plan” or “NQDC”). The NQDC was frozen at the end of fiscal 2021 such that the NQDC does not allow new contributions. The NQDC previously allowed eligible employees to defer up to 25% of salary and commissions and up to 100% of bonuses. Prior to 2021, the Company contributed a matching contribution of 25% on the first \$10 of employee deferrals, subject to a five-year vesting schedule.

As of December 30, 2023 and December 31, 2022, the Company's Consolidated Balance Sheets included \$818 and \$1,155, respectively, in restricted investments representing the assets held in mutual funds to fund deferred compensation liabilities owed to the Company's current and former employees. The current portion of the restricted investments was \$18 and \$17 as of December 30, 2023 and December 31, 2022, respectively, and is included in other current assets on the accompanying Consolidated Balance Sheets. The assets held in the NQDC are classified as an investment in trading securities, accordingly, the investments are marked-to-market, see Note 16 - Fair Value Measurements for additional detail.

During the years ended December 30, 2023, December 31, 2022, and December 25, 2021, distributions from the deferred compensation plan aggregated \$537, \$228, and \$633, respectively.

## 12. EQUITY AND ACCUMULATED OTHER COMPREHENSIVE LOSS

### Common Stock

Hillman Solutions Corp. has one class of common stock.

### Accumulated Other Comprehensive Loss

The following is the detail of the change in the Company's accumulated other comprehensive loss from December 26, 2020 to December 30, 2023 including the effect of significant reclassifications out of accumulated other comprehensive loss (net of tax):

	Accumulated Other Comprehensive Loss
Balance at December 26, 2020	\$ (29,388)
Other comprehensive income before reclassifications	1,849
Amounts reclassified from other comprehensive income <sup>1</sup>	385
Net current period other comprehensive income	2,234
Balance at December 25, 2021	(27,154)
Other comprehensive income before reclassifications	10,524
Amounts reclassified from other comprehensive income <sup>2</sup>	(4,394)
Net current period other comprehensive income	6,130
Balance at December 31, 2022	(21,024)
Other comprehensive income before reclassifications	8,812
Amounts reclassified from other comprehensive income <sup>3</sup>	(15,608)
Net current period other comprehensive loss	(6,796)
Balance at December 30, 2023	\$ (27,820)

1. In the year December 25, 2021, the Company obtained and amended its interest rate swap agreements to hedge against effective cash flows (i.e. interest payments) on floating-rate debt associated with the Company's new Term Credit Agreement. In accordance with ASC 815, derivatives designated and that qualify as cash flow hedges of interest rate risk record the associated gain or loss within other comprehensive income. For the year ended December 25, 2021, the Company deferred a gain of \$2,982, reclassified a loss of \$385 and a net of tax of \$850 into other comprehensive loss due to hedging activities. The amounts reclassified out of other comprehensive loss were recorded as interest expense. See Note 15 - Derivatives and Hedging for additional information on the interest rate swaps.
2. During the year ended December 31, 2022, the Company deferred a gain of 22,711, reclassified a gain of \$4,394 and a net of tax of 4,631 into other comprehensive loss due to hedging activities. The amounts reclassified out of other comprehensive loss were recorded as interest expense. See Note 15 - Derivatives and Hedging for additional information on the interest rate swaps.
3. For the year ended December 30, 2023, the Company deferred a gain of \$125, reclassified a gain of \$15,608 including tax expense of \$3,886 into other comprehensive loss due to hedging activities. The amounts reclassified out of other comprehensive loss were recorded as interest expense. See Note 15 - Derivatives and Hedging for additional information on the interest rate swaps.

## 13. STOCK-BASED COMPENSATION

### HMAN Group Holdings Inc. 2014 Equity Incentive Plan

Following the Merger and in connection with the business combination described in Note 3 - Merger Agreement, Landcadia Holdings III, Inc. ("Landcadia") became the direct parent company of HMAN and was renamed Hillman Solutions Corp. ("New Hillman"). Shares of Class A common stock of New Hillman ("New Hillman Shares") are publicly traded on The Nasdaq Capital Market. Consequently, the outstanding stock options issued under the 2014 Equity Incentive Plan (the "Prior Plan") prior to the Merger were converted and modified to purchase New Hillman Shares.

At the Closing, each outstanding option to acquire common stock of Hillman Holdco (a "Hillman Holdco Option"), whether vested or unvested, was assumed by New Hillman and converted into an option to purchase common stock of New Hillman ("New Hillman Option") with substantially the same terms and conditions (including expiration date and exercise provisions) as applicable to the Hillman Holdco Option immediately prior to the Closing, except both the number of shares and the exercise price were modified using the conversion ratio at Closing. Each New Hillman Option is generally subject to the same vesting conditions as the Hillman Holdco Option from which it was converted, except that the performance-based vesting conditions of any Hillman Holdco Option granted prior to 2021 were adjusted such that the performance-based portion of the associated New Hillman Option will vest upon certain pre-established stock price hurdles. For all time based options and performance options granted during 2021 the change in fair value was immaterial and as such no additional compensation cost was recognized. For the performance options granted prior, the modification of the vesting criteria resulted in \$11,482 of additional compensation expense, \$8,228 of which was recognized in 2021 and \$3,254 was recognized in the year ended December 31, 2022.

At the Closing, (i) each share of unvested restricted Hillman Holdco common stock was cancelled and converted into the right to receive a number of shares of New Hillman restricted stock equal to the Closing Stock Per Restricted Share Amount (as defined in the Merger Agreement) with substantially the same terms and conditions as were applicable to the related share of Hillman Holdco restricted stock immediately prior to the Closing (including with respect to vesting and termination-related provisions), and (ii) each Hillman Holdco restricted stock unit was assumed by New Hillman and converted into a New Hillman restricted stock unit award with substantially the same terms and conditions as were applicable to such Hillman Holdco restricted stock unit immediately prior to the Closing (including with respect to vesting and termination-related provisions).

Upon closing, the 2014 Equity Incentive Plan may grant options, stock appreciation rights, restricted stock, and other stock-based awards for up to an aggregate of 14,523,510 shares of its common stock.

The following table summarizes the key assumptions used in the valuation model for valuing the Company's stock compensation awards under the 2014 Equity Incentive Plan:

Dividend yield	0%
Risk free interest rate	0.40% - 1.81%
Expected volatility	31.50%
Expected terms	6.25 years

## Stock Options

The fair value of stock options is determined at the grant date using the Black-Scholes option pricing model. The time-based stock option awards generally vest evenly over four years from the grant date and performance-based options vest based on specified targets such as Company performance and Company stock price hurdles.

A summary of the stock option activity under the 2014 Equity Incentive Plan for the year ended December 30, 2023 is presented below (share amounts in thousands):

	Number of Shares	Weighted Avg. Exercise Price per Share	Weighted Avg. Remaining Contractual Term
<b>Outstanding at December 31, 2022</b>	12,537	\$ 8.14	6.23 years
<b>Granted</b>	—		
<b>Exercised</b>	(77)		
<b>Forfeited or expired</b>	(477)		
<b>Outstanding at December 30, 2023</b>	11,983	\$ 8.09	5.09 years
<b>Exercisable at December 30, 2023</b>	9,250	\$ 8.22	5.27 years

In fiscal years ended December 30, 2023, December 31, 2022 and December 25, 2021, 77, 182, and 435 options were exercised, respectfully.

Stock option compensation expense of \$3,504, \$8,144, and \$13,634 was recognized in the accompanying Consolidated Statements of Comprehensive Loss for the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively. As of December 30, 2023, there was \$1,629 of unrecognized compensation expense for unvested common options. The expense will be recognized as a charge to earnings over a weighted average period of approximately 0.50 years.

The weighted-average grant-date fair value of share options granted during the year 2021 was \$3.23. The total intrinsic value of share options exercised during the years ended 2023, 2022, and 2021 was \$162, \$893, and \$1,594, respectively.

## Restricted Stock Awards

The Company granted restricted stock at the grant date fair value of the underlying common stock securities. The restrictions lapse in one quarter increments on each of the three anniversaries of the award date, and one quarter on the completion of the relocation of the recipient to the Cincinnati area or earlier in the event of a change in control. The associated expense is recognized over the service period.

There were no restricted stock award activity under the 2014 Equity Incentive Plan for the year ended December 30, 2023. Restricted stock compensation expense of \$346 and \$624 was recognized in the

accompanying Consolidated Statements of Comprehensive Loss for the fiscal years ended December 31, 2022, and December 25, 2021, respectively.

## Restricted Stock Units

The Restricted Stock Units ("RSUs") granted to employees for service generally vest after three years, subject to continued employment.

A summary of the restricted stock unit activity under the 2014 Equity Incentive Plan for the year ended December 30, 2023 is presented below (share amounts in thousands):

	Number of Shares	Weighted Avg. Grant Date Fair Value (in whole dollars)
<b>Outstanding at December 31, 2022</b>	212	\$ 10.00
<b>Granted</b>	—	
<b>Vested</b>	—	
<b>Forfeited or expired</b>	(13)	
<b>Outstanding at December 30, 2023</b>	199	\$ 10.00

Restricted stock compensation expense of \$582, \$357 and \$661 was recognized in the accompanying Consolidated Statements of Comprehensive Loss for the fiscal years ended December 30, 2023, December 31, 2022 and December 25, 2021, respectively. As of December 30, 2023, there was \$55 of unrecognized compensation expense for unvested common options. The expense will be recognized as a charge to earnings over a weighted average period of approximately 0.13 years.

## 2021 Equity Incentive Plan

Effective July 14, 2021, the Company established the 2021 Equity Incentive Plan. Under the 2021 Equity Incentive Plan (the "Plan"), the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan as of the Effective Date is (i) 7,150,814 shares, plus (ii) the number of shares of Stock underlying awards under the 2014 Equity Incentive Plan that on or after the Effective Date expire or become unexercisable, or are forfeited, cancelled or otherwise terminated, in each case, without delivery of shares or cash therefore, and would have become available again for grant under the Prior Plan in accordance with its terms (not to exceed 14,523,510 shares of Stock in the aggregate) (the "Share Pool").

The following table summarizes the key assumptions used in the valuation model for valuing the Company's stock compensation awards under the 2021 Equity Incentive Plan:

Dividend yield	0%
Risk free interest rate	1.71% - 4.15%
Expected volatility	30.00% - 35.00%
Expected terms	6.25 years

## Stock Options

The fair value of stock options is determined at the grant date using the Black-Scholes option pricing model. The time-based stock option awards generally vest evenly over four years from the grant date and performance-based options vest based on specified targets such as Company performance and Company stock price hurdles.

A summary of the stock option activity under the 2021 Equity Incentive Plan for the year ended December 30, 2023 is presented below (share amounts in thousands):

	Number of Shares	Weighted Avg. Exercise Price per Share	Weighted Avg. Remaining Contractual Term
Outstanding at December 31, 2022	751	\$ 9.98	9.08 years
Granted	666		
Exercised	—		
Forfeited or expired	(30)		
Outstanding at December 30, 2023	1,387	\$ 9.39	8.62 years
Exercisable at December 30, 2023	180	\$ 9.98	8.09 years

In fiscal years ended December 30, 2023 and December 31, 2022, no options were exercised.

Stock option compensation expense of \$1,124 and \$543 was recognized in the accompanying Consolidated Statements of Comprehensive Loss for the years ended December 30, 2023 and December 31, 2022. In December 25, 2021 there was not any stock compensation expense. As of December 30, 2023, there was \$3,237 of unrecognized compensation expense for unvested common options. The expense will be recognized as a charge to earnings over a weighted average period of approximately 1.43 years.

The weighted-average grant-date fair value of share options granted during the years 2023 was \$3.73.

### Restricted Stock Units

The RSUs granted to employees for service generally vest after three years, subject to continued employment. The RSUs granted to non-employee directors generally vest in full on the first anniversary of the grant date or the date of the annual meeting following the grant date, whichever is earlier.

A summary of the restricted stock unit activity under the 2021 Equity Incentive Plan for the year ended December 30, 2023 is presented below (share amounts in thousands):

	Number of Shares	Weighted Avg. Grant Date Fair Value (in whole dollars)
Outstanding at December 31, 2022	1,109	\$ 9.85
Granted	1,472	
Vested	(72)	
Forfeited or expired	(72)	
Outstanding at December 30, 2023	2,437	\$ 9.11

Restricted stock compensation expense of \$6,440, \$3,810 and \$336 was recognized in the accompanying Consolidated Statements of Comprehensive Loss for the fiscal years ended December 30, 2023, December 31, 2022 and December 25, 2021, respectively. As of December 30, 2023, there was \$12,937 of unrecognized compensation expense for unvested common stock options. The expense will be recognized as a charge to earnings over a weighted average period of approximately 1.18 years.

### 2021 Employee Stock Purchase Plan

Our Employee Stock Purchase Plan ("ESPP") became effective on July 14, 2021, in which 1,140,754 shares of common stock were available for issuance under the ESPP. Under the ESPP, eligible employees are granted options to purchase shares of common stock at 85% of the fair market value at the time of exercise. The option period commences on the first payroll date in January, April, July, and October of each year and ends approximately three months later on the last business day in March, June, September or December. No employee may be granted an option under the Plan if, immediately after the option is granted, the employee would own stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company. The first option period began on January 1, 2022 and the first purchase was made in April of 2022.

Compensation expense associated with ESPP purchase rights is recognized on a straight-line basis over the vesting period. For the years ended December 30, 2023 and December 31, 2022, there was approximately \$355 and \$314 of compensation expense related to the ESPP.

## 14. EARNINGS PER SHARE

Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share include the dilutive effect of stock options, restricted stock awards, and warrants. The following is a reconciliation of the basic and diluted Earnings Per Share ("EPS") computations for both the numerator and denominator (in thousands, except per share data):

Year Ended December 30, 2023			
	Earnings (Numerator)	Shares (Denominator)	Per Share
Net loss	\$ (9,589)	194,722	\$ (0.05)
Dilutive effect of stock options and awards	—	—	—
Dilutive effect of warrants	—	—	—
Net loss per diluted common share	<u>\$ (9,589)</u>	<u>194,722</u>	<u>\$ (0.05)</u>

Year Ended December 31, 2022			
	Earnings (Numerator)	Shares (Denominator)	Per Share
Net loss	\$ (16,436)	194,249	\$ (0.08)
Dilutive effect of stock options and awards	—	—	—
Dilutive effect of warrants	—	—	—
Net loss per diluted common share	<u>\$ (16,436)</u>	<u>194,249</u>	<u>\$ (0.08)</u>

Year Ended December 25, 2021			
	Earnings (Numerator)	Shares (Denominator)	Per Share
Net loss	\$ (38,332)	134,699	\$ (0.28)
Dilutive effect of stock options and awards	—	—	—
Dilutive effect of warrants	—	—	—
Net loss per diluted common share	<u>\$ (38,332)</u>	<u>134,699</u>	<u>\$ (0.28)</u>

Stock options and awards outstanding totaling 5,874, 5,896 and 1,886 were excluded from the computation for the years ended December 30, 2023, December 31, 2022 and December 25, 2021, respectively, as they would have had an antidilutive effect under the treasury stock method. Warrants of 10,540 were excluded from the computation for the year ended December 25, 2021 as they would have had an antidilutive effect under the treasury stock method.

## 15. DERIVATIVES AND HEDGING

FASB ASC 815, Derivatives and Hedging ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (1) how and why an entity uses derivative instruments, (2) how the entity accounts for derivative instruments and related hedged items, and (3) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments.

The Company uses derivative financial instruments to manage its exposures to (1) interest rate fluctuations on its floating rate senior term loan and (2) fluctuations in foreign currency exchange rates. The Company measures those instruments at fair value and recognizes changes in the fair value of derivatives in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures.

The Company does not enter into derivative transactions for speculative purposes and, therefore, holds no derivative instruments for trading purposes.

### Interest Rate Swap Agreements

On July 9, 2021, the Company entered into an interest swap agreement ("2021 Swap 1") for a notional amount of \$144,000. The forward start date of the 2021 Swap 1 was July 30, 2021 and the termination date is July 31, 2024. Originally, the 2021 Swap 1 has a determined pay fixed interest rate of 0.75%. As of June 30, 2023 the Company modified the terms of the swaps to replace the LIBOR-based reference rates with SOFR-based reference rates, in accordance with the respective swap agreements and market conventions. This modification resulted in a determined pay fixed interest rate of 0.74%. In accordance with ASC 815, the Company determined the 2021 Swap 1 constituted an effective cash flow hedge and therefore changes in fair value are recorded within other comprehensive (loss) income within the Company's Statement of Comprehensive Loss and the deferred gains or losses are reclassified out of other comprehensive (loss) income into interest expense in the same period during which the hedged transactions affect earnings.

On July 9, 2021, the Company entered into an interest swap agreement ("2021 Swap 2") for a notional amount of \$216,000. The forward start date of the 2021 Swap 2 was July 30, 2021 and the termination date is July 31, 2024. Originally, the 2021 Swap 2 has a determined pay fixed interest rate of 0.76%. As of June 30, 2023 the Company modified the terms of the swaps to replace the LIBOR-based reference rates with SOFR-based reference rates, in accordance with the respective swap agreements and market conventions. This modification resulted in a determined pay fixed interest rate of 0.74%. In accordance with ASC 815, the Company determined the 2021 Swap 2 constituted an effective cash flow hedge and therefore changes in fair value are recorded within other comprehensive (loss) income within the Company's Statement of Comprehensive Loss and the deferred gains or losses are reclassified out of other comprehensive (loss) income into interest expense in the same period during which the hedged transactions affect earnings.

On December 19, 2023, the Company entered into an interest swap agreement ("2024 Swap 1") for a notional amount of \$144,000. The forward start date of the 2024 Swap 1 is July 21, 2024 and the termination date is January 31, 2027. The 2024 Swap 1 has a determined pay fixed interest rate of 3.8%. In accordance with ASC 815, the Company determined the 2024 Swap 1 constituted an effective cash flow hedge and therefore changes in fair value are recorded within other comprehensive (loss) income within the Company's Statement of Comprehensive Loss and the deferred gains or losses are reclassified out of other comprehensive (loss) income into interest expense in the same period during which the hedged transactions affect earnings.

On December 19, 2023, the Company entered into an interest swap agreement ("2024 Swap 2") for a notional amount of \$216,000. The forward start date of the 2024 Swap 2 was July 21, 2024 and the termination date is January 31, 2027. The 2024 Swap 2 has a determined pay fixed interest rate of 3.62%. In accordance with ASC 815, the Company determined the 2024 Swap 2 constituted an effective cash flow hedge and therefore changes in fair value are recorded within other comprehensive (loss) income within the Company's Statement of Comprehensive Loss and the deferred gains or losses are reclassified out of other comprehensive (loss) income into interest expense in the same period during which the hedged transactions affect earnings.

The following table summarizes the Company's derivatives financial instruments:

Asset Derivatives				Liability Derivatives		
		As of December 30, 2023	As of December 31, 2022		As of December 30, 2023	As of December 31, 2022
Balance Sheet Location	Fair Value		Fair Value	Balance Sheet Location	Fair Value	Fair Value
<b>Derivatives designated as hedging instruments:</b>						
2021 Swap 1	Other current/ non-current assets	\$ 3,560	\$ 8,705	Other accrued expenses	\$ —	\$ —
2021 Swap 2	Other current/ non-current assets	5,336	13,044	Other accrued expenses	—	—
2024 Swap 1	Other current assets	207	—	Other non-current liabilities	(1,613)	—
2024 Swap 2	Other current assets	436	—	Other non-current liabilities	(1,660)	—
<b>Total hedging instruments</b>		<b>\$ 9,539</b>	<b>\$ 21,749</b>		<b>\$ (3,273)</b>	<b>\$ —</b>

During 2024, the Company estimates that an additional \$9,619 will be reclassified as a decrease to interest expense/income. Additional information with respect to the fair value of derivative instruments is included in Note 16 - Fair Value Measurements.



## Foreign Currency Forward Contracts

During fiscal 2022 and 2021 the Company entered into multiple foreign currency forward contracts. The purpose of the Company's foreign currency forward contracts is to manage the Company's exposure to fluctuations in the exchange rate of the Canadian dollar. As of December 30, 2023, the Company did not have any foreign currency forward contracts.

The total notional amount of contracts outstanding was C\$2,692 as of December 31, 2022. The total fair value of the foreign currency forward contracts was \$12 as of December 31, 2022, and was reported on the accompanying Consolidated Balance Sheets in other current liabilities. An increase in other income of \$95 and \$331 was recorded in the Consolidated Statements of Comprehensive Loss for the change in fair value during year ended December 31, 2022 and December 25, 2021, respectfully.

The Company's foreign currency forward contracts did not qualify for hedge accounting treatment because they did not meet the provisions specified in ASC 815. Accordingly, the gain or loss on these derivatives was recognized in other (income) expense in the Consolidated Statements of Comprehensive Loss.

The Company does not enter into derivative transactions for speculative purposes and, therefore, holds no derivative instruments for trading purposes.

Additional information with respect to the fair value of derivative instruments is included in Note 16 - Fair Value Measurements.

## 16. FAIR VALUE MEASUREMENTS

The Company uses the accounting guidance that applies to all assets and liabilities that are being measured and reported on a fair value basis. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

The accounting guidance establishes a hierarchy which requires an entity to maximize the use of quoted market prices and minimize the use of unobservable inputs. An asset or liability's level is based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth the Company's financial assets and liabilities that were measured at fair value on a recurring basis during the period, by level, within the fair value hierarchy:

As of December 30, 2023				
	Level 1	Level 2	Level 3	Total
Trading securities	\$ 818	\$ —	\$ —	\$ 818
Interest rate swaps	—	6,266	—	6,266
Contingent consideration payable	—	—	4,895	4,895
As of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Trading securities	\$ 1,155	\$ —	\$ —	\$ 1,155
Interest rate swaps	—	21,749	—	21,749
Contingent consideration payable	—	—	11,063	11,063

Trading securities are valued using quoted prices on an active exchange. Trading securities represent assets held in a Rabbi Trust to fund deferred compensation liabilities and are included as restricted investments on the accompanying Consolidated Balance Sheets.

The Company utilizes interest rate swap contracts to manage our targeted mix of fixed and floating rate debt, and these contracts are valued using observable benchmark rates at commonly quoted intervals for the full term of the swap contracts. As of December 30, 2023 and December 31, 2022, the Company's interest rate swaps were recorded on the accompanying Consolidated Balance Sheets in accordance with ASC 815.

The Company utilizes foreign exchange forward contracts to manage our exposure to currency fluctuations in the Canadian dollar versus the U.S. dollar. The forward contracts were valued using observable benchmark rates at commonly quoted intervals during the term of the forward contract. As of December 30, 2023 and December 31, 2022, the foreign exchange forward contracts were included in other current liabilities on the accompanying Consolidated Balance Sheets. As of December 30, 2023 and December 31, 2022, the Company's foreign exchange forward contracts were immaterial for disclosure.

The contingent consideration represents future potential earn-out payments related to the Resharp acquisition in fiscal 2019 in which the maximum payout for the contingent consideration is \$25.0 million plus 1.8% of net knife-sharpening revenues for five years after the \$25.0 million is fully paid and the Instafood acquisition in the first quarter of 2020 where payment is based on 5% of the net sales from 2020 through 2022 plus 1% of net sales from 2023 through 2029. The estimated fair value of the contingent earn-outs was determined using a Monte Carlo analysis examining the frequency and mean value of the resulting earn-out payments. The resulting value captures the risk associated with the form of the payout structure. The risk neutral method is applied, resulting in a value that captures the risk associated with the form of the payout structure and the projection risk. The carrying amount of the liability may fluctuate significantly and actual amounts paid may be materially different from the estimated value of the liability. The current and non-current portions of these obligations are reported separately on the Consolidated Balance Sheets as other accrued expense and other non-current liabilities, respectively. Subsequent changes in the fair value of the contingent consideration liabilities, as determined by using a simulation model of the Monte Carlo analysis that includes updated projections applicable to the liability, are recorded within other expense (income), net in the Consolidated Statements of Comprehensive Loss.

The table below provides a summary of the changes in fair value of the Company's contingent considerations (Level 3) for Resharp and Instafood as of December 30, 2023.

	Resharp		Instafood		
	Other accrued expense	Other non-current liabilities	Other accrued expense	Other non-current liabilities	Total
<b>Fair value as of December 31, 2022</b>	\$ 271	\$ 9,729	\$ 922	\$ 141	\$ 11,063
<b>Fair value of cash consideration paid</b>	(219)	—	(1,013)	—	(1,232)
<b>Change in fair value of contingent consideration</b>	148	(5,129)	107	(62)	(4,936)
<b>Fair value as of December 30, 2023</b>	<u>\$ 200</u>	<u>\$ 4,600</u>	<u>\$ 16</u>	<u>\$ 79</u>	<u>\$ 4,895</u>

Cash, restricted investments, accounts receivable, short-term borrowings and accounts payable are reflected in the Consolidated Financial Statements at book value, which approximates fair value, due to the short-term nature of these instruments. The carrying amount of the long-term debt under the revolving credit facility approximates the fair value at December 30, 2023 and December 31, 2022, as the interest rate is variable and approximates current market rates. The Company also believes the carrying amount of the long-term debt under the senior term loan approximates the fair value at December 30, 2023 and December 31, 2022 because, while subject to a minimum SOFR floor rate, the interest rate approximates current market rates of debt with similar terms and comparable credit risk.

Additional information with respect to the derivative instruments is included in Note 15 - Derivatives and Hedging.

## 17. RESTRUCTURING

### Canadian Restructuring Plan

During fiscal 2018, the Company initiated plans to restructure the operations of the Canada segment. The restructuring seeks to streamline operations in the greater Toronto area by consolidating facilities, exiting certain lines of business, and rationalizing Stock Keeping Units ("SKUs"). The intended result of the Canada restructuring will be a more streamlined and scalable operation focused on delivering optimal service and a broad offering of products across the Company's core categories. Plans were finalized during the fourth quarter of 2018. The

Company completed restructuring related activities in our Canada segment in 2021. Charges incurred in part of the Canada Restructuring Plan included:

Year Ended December 25, 2021	
<b>Facility consolidation <sup>(1)</sup></b>	
Inventory valuation adjustments	\$ —
Labor expense	—
Consulting and legal fees	26
Other expense	5
Rent and related charges	—
Severance	466
<b>Total</b>	<b>\$ 497</b>

- (1) Facility consolidation includes inventory valuation adjustments associated with SKU rationalization, labor expense related to organizing inventory and equipment in preparation for the facility consolidation, consulting and legal fees related to the project, and other expenses. The labor, consulting, and legal expenses were included in selling, general and administrative expense ("SG&A") on the Consolidated Statement of Comprehensive Loss. The inventory valuation adjustments were included in cost of sales on the Consolidated Statement of Comprehensive Loss.

The following represents the roll forward of restructuring reserves for the year ended December 30, 2023:

Severance and related expense	
Balance as of December 25, 2021	\$ 339
Restructuring charges	—
Cash paid	(182)
Balance as of December 31, 2022	\$ 157
Restructuring charges	—
Cash paid	(157)
Balance as of December 30, 2023	\$ —

During the year ended December 30, 2023, the Company paid approximately \$157 in severance related to the Canada Restructuring Plan.

## United States Restructuring Plan

During fiscal 2019, the Company implemented a plan to restructure the management and operations within the United States to achieve synergies and cost savings associated with the recent acquisitions described in Note 6 - Acquisitions. This restructuring includes management realignment, integration of sales and operating functions, and strategic review of the Company's product offerings. This plan was finalized during the fourth quarter of fiscal year 2019. The Company incurred additional charges in fiscal 2021 related to the consolidation of two of our distribution centers. Charges incurred in part of the United States Restructuring Plan included:

Year Ended December 25, 2021	
<b>Management realignment &amp; integration</b>	
Severance	\$ 111
<b>Facility closures</b>	
Severance	—
Inventory valuation adjustments	—
Other	319
<b>Total</b>	<b>\$ 430</b>

The following represents a roll forward of the restructuring reserves for the year ended December 30, 2023:

	Severance and related expense
Balance as of December 26, 2020	\$ 825
Restructuring charges	111
Cash paid	(936)
Balance as of December 25, 2021	\$ —

During the years ended December 30, 2023 and December 31, 2022, the Company did not have severance or related expense related to the United States Restructuring Plan.

## 18. COMMITMENTS AND CONTINGENCIES

### Cybersecurity Incident

In late May 2023, the Company experienced a ransomware attack relating to certain systems on its network (the "Cybersecurity Incident"). The Company promptly initiated an investigation, engaged the services of cyber-security experts and outside advisors and worked with appropriate law enforcement authorities to contain, assess and remediate the Cybersecurity Incident.

The Cybersecurity Incident affected certain information technology systems. As part of the containment effort, affected systems were suspended and the Company elected to temporarily suspend additional systems in an abundance of caution. The Company reactivated and restored its operational systems over the course of the week following the Cybersecurity Incident. The Cybersecurity Incident related costs net of an expected insurance receivable totaled \$1.0 million. System remediation efforts regarding the Cybersecurity Incident have concluded as of December 30, 2023.

The Company expects to incur ongoing costs related to costs for ongoing efforts to enhance data security in response to ongoing developments in the cybersecurity landscape.

### Insurance Coverage

The Company self-insures our general liability including products liability, automotive liability, and workers' compensation losses up to \$500 per occurrence. Catastrophic coverage has been purchased from third party insurers for occurrences up to \$60,000. The two risk areas involving the most significant accounting estimates are workers' compensation and automotive liability. Actuarial valuations performed by the Company's third-party risk insurance expert were used by the Company's management to form the basis for workers' compensation and automotive liability loss reserves. The actuary contemplated the Company's specific loss history, actual claims reported, and industry trends among statistical and other factors to estimate the range of reserves required. Risk insurance reserves are comprised of specific reserves for individual claims and additional amounts expected for development of these claims, as well as for incurred but not yet reported claims. The Company believes that the liability of approximately \$2,593 recorded for such risk insurance reserves is adequate as of December 30, 2023.

As of December 30, 2023, the Company has provided certain vendors and insurers letters of credit aggregating \$40,890 related to our product purchases and insurance coverage of product liability, workers' compensation, and general liability.

The Company self-insures our group health claims up to an annual stop loss limit of \$300 per participant. Historical group insurance loss experience forms the basis for the recognition of group health insurance reserves. Provisions for losses expected under these programs are recorded based on an analysis of historical insurance claim data and certain actuarial assumptions. The Company believes that the liability of approximately \$2,851 recorded for such group health insurance reserves is adequate as of December 30, 2023.

### Import Duties

The Company imports large quantities of fastener products which are subject to customs requirements and to tariffs and quotas set by governments through mutual agreements and bilateral actions. The Company could be subject to the assessment of additional duties and interest if it or its suppliers fail to comply with customs regulations or similar laws. The U.S. Department of Commerce (the "Department") has received requests from petitioners to conduct administrative reviews of compliance with anti-dumping duty and countervailing duty laws

for certain nails products sourced from Asian countries. The Company sourced products under review from vendors in China and Taiwan during the periods selected for review. The Company accrues for the duty expense once it is determined to be probable and the amount can be reasonably estimated.

## Litigation

As of December 30, 2023, the Company is involved in litigation arising in the normal course of business. In management's opinion, any such litigation is not expected to have a material adverse effect on the consolidated financial condition, results of operations, or cash flows.

### Hy-Ko Litigation

On June 1, 2021, Hy-Ko Products Company LLC ("Hy-Ko"), a manufacturer of key duplication machines, filed a complaint for, among other things, patent infringement against Hillman Group in the United States District Court for the Eastern District of Texas (Marshall Division). The case was assigned Civil Action No. 2:21-cv-0197. Hy-Ko's complaint alleged that Hillman's KeyKrafter and PKOR key duplication machines infringed certain patents, and sought damages and injunctive relief against the Hillman Group.

On October 7, 2022, following a jury trial commencing October 3, 2022, the jury rendered a verdict finding that Hillman infringed two Hy-Ko patents, but also found that there was no willfulness in the infringement. The jury awarded Hy-Ko a one-time lump sum royalty payment of \$16.0 million.

Following the verdict, on December 28, 2022, Hillman and Hy-Ko entered into a confidential settlement agreement that finally resolved all claims in the litigation (including those related to the jury verdict) and on January 4, 2023, the Court granted the parties' joint stipulation dismissing all claims in the litigation with prejudice. The terms of the settlement agreement include an \$18.5 million payment from Hillman to Hy-Ko (in lieu of the \$16.0 million jury verdict) and protection from any potential future patent infringement claims between the parties relating to key duplication or key identification through 2032.

### KeyMe Litigation

On June 3, 2019, The Hillman Group, Inc. ("Hillman Group") filed a complaint for patent infringement against KeyMe, LLC ("KeyMe"), a provider of self-service key duplication kiosks, in the United States District Court for the Eastern District of Texas (Marshall Division) (the "Texas Court"). On August 16, 2019, KeyMe filed a complaint for patent infringement against Hillman Group in the United States District Court for the District of Delaware. On March 2, 2020, Hillman Group filed a second complaint for patent infringement against KeyMe in the same Texas Court. On October 23, 2020, the Texas Court granted KeyMe's motion to consolidate the two Texas cases and granted Hillman Group's motion to add another patent.

On April 12, 2021, a jury in the Texas case returned a verdict that KeyMe did not infringe any of the asserted patents and several of the asserted claims were invalid. Final judgment was entered on April 13, 2021. On June 14, 2021, Hillman Group and KeyMe entered into a Settlement Agreement which globally resolved all pending legal disputes, including the Texas and Delaware district court actions discussed above.

## 19. STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information are presented below:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
<b>Cash paid during the period for:</b>			
<b>Interest on junior subordinated debentures</b>	\$ —	\$ —	\$ 7,542
<b>Interest</b>	55,872	55,829	64,522
<b>Income taxes, net of refunds</b>	5,356	2,993	2,500

As of December 30, 2023, capital expenditures recorded in accounts payable totaled \$1,186.

The Company fully repaid the junior subordinated debentures in connection with the Merger in 2021. See Note 9 - Long-Term Debt for additional details.

## 20. CONCENTRATION OF CREDIT RISKS

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and trade receivables. The Company places its cash and cash equivalents with high credit quality financial institutions. Concentrations of credit risk with respect to sales and trade receivables are limited due to the large number of customers, with the exception of the two below customers, comprising the Company's customer base and their dispersion across geographic areas. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral.

For the year ended December 30, 2023, the largest two customers accounted for 43.4% of total revenues and 34.1% of the year-end accounts receivable balance. For the year ended December 31, 2022, the largest two customers accounted for 45.7% of total revenues and 40.2% of the year-end accounts receivable balance. No other customer accounted for more than 10% of the Company's accounts receivables in 2023, 2022, nor 2021.

In each of the years ended December 30, 2023, December 31, 2022, and December 25, 2021, the Company derived over 10% of its total revenues from two separate customers which operated in each of the operating segments. The following table presents revenue from each customer as a percentage of total revenue for each of the years ended:

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
Lowe's	20.1 %	21.7 %	20.6 %
Home Depot	23.3 %	24.0 %	27.0 %

## 21. SEGMENT REPORTING AND GEOGRAPHIC INFORMATION

The Company's segment reporting structure uses the Company's management reporting structure as the foundation for how the Company manages its business. The Company periodically evaluates its segment reporting structure in accordance with ASC 350-20-55 and has concluded that it has three reportable segments as of December 30, 2023.

The segments are as follows:

- Hardware and Protective Solutions
- Robotics and Digital Solutions
- Canada

The Hardware and Protective Solutions segment distributes fasteners and related hardware items, threaded rod, personal protective equipment, and letters, numbers, and signs to hardware stores, home centers, mass merchants, and other retail outlets primarily in the United States and Mexico.

The Robotics and Digital Solutions segment consists of key duplication and engraving kiosks that can be operated directly by the consumer. The kiosks operate in retail and other high-traffic locations offering customized licensed and unlicensed products targeted to consumers in the respective locations. It also includes our associate-assisted key duplication systems and key accessories. The Robotics and Digital Solutions segment also includes Resharp, our robotic knife sharpening business, and Instafob, which specializes in RFID ("Radio Frequency Identification") key duplication technology.

The Canada segment distributes fasteners and related hardware items, threaded rod, keys, key duplicating systems, accessories, personal protective equipment, and identification items, such as tags and letters, numbers, and signs to hardware stores, home centers, mass merchants, industrial distributors, automotive aftermarket distributors, and other retail outlets and industrial Original Equipment Manufacturers ("OEMs") in Canada. The

Canada segment also produces fasteners, stampings, fittings, and processes threaded parts for automotive suppliers and industrial OEMs.

The Company uses profit or loss from operations to evaluate the performance of its segments, and does not include segment assets or non-operating income/expense items for management reporting purposes. Profit or loss from operations is defined as income from operations before interest and tax expenses. Segment revenue excludes sales between segments, which is consistent with the segment revenue information provided to the Company's Chief Operating Decision Maker ("CODM").

In the first quarter of 2023, the Company realigned its Canada segment to include the Canada portions of the Protective Solutions and MinuteKey businesses, which are now operating under the Canada segment leadership team. Previously, the results of the Canada portion of the Protective Solutions business were reported in the Hardware and Protective Solutions segment and the Canada portion of the MinuteKey business was reported in the Robotics and Digital Solutions segment and were operating under those respective segment leadership teams.

The table below presents revenues and income from operations for the reportable segments for the years ended December 30, 2023, December 31, 2022, and December 25, 2021. Certain amounts in the prior year presentation between segments were reclassified to conform to the current year's presentation.

	Year Ended December 30, 2023	Year Ended December 31, 2022	Year Ended December 25, 2021
<b>Revenues</b>			
Hardware and Protective Solutions	\$ 1,074,619	\$ 1,068,734	\$ 1,017,594
Robotics and Digital Solutions	245,400	245,633	246,494
Canada	156,458	171,961	161,879
<b>Total revenues</b>	<b>\$ 1,476,477</b>	<b>\$ 1,486,328</b>	<b>\$ 1,425,967</b>
<b>Segment Income from Operations</b>			
Hardware and Protective Solutions	\$ 8,366	\$ 20,742	\$ (14,650)
Robotics and Digital Solutions	42,953	3,541	21,761
Canada	9,609	15,610	3,203
<b>Total segment income from operations</b>	<b>\$ 60,928</b>	<b>\$ 39,893</b>	<b>\$ 10,314</b>

## 22. SUBSEQUENT EVENTS

### Koch Industries, Inc.

On January 11, 2024, the Company completed the acquisition of Koch Industries, Inc ("Koch"), a premier provider and merchandiser of rope and twine, chain and wire rope, and related hardware products for a total purchase price of \$23,956. Koch has business operations throughout North America and its financial results will reside in the Company's Hardware and Protective Solutions reportable segment.



**Financial Statement Schedule:**

**Schedule II - VALUATION ACCOUNTS**

**(dollars in thousands)**

	<b>Deducted From Assets in Balance Sheet Allowance for Doubtful Accounts</b>
<b>Ending Balance - December 26, 2020</b>	<b>\$ 2,395</b>
<b>Additions charged to cost and expense</b>	<b>522</b>
<b>Deductions due to:</b>	
<b>Others</b>	<b>(26)</b>
<b>Ending Balance - December 25, 2021</b>	<b>2,891</b>
<b>Additions charged to cost and expense</b>	<b>973</b>
<b>Deductions due to:</b>	
<b>Others</b>	<b>(1,459)</b>
<b>Ending Balance - December 31, 2022</b>	<b>2,405</b>
<b>Additions charged to cost and expense</b>	<b>521</b>
<b>Deductions due to:</b>	
<b>Others</b>	<b>(156)</b>
<b>Ending Balance - December 30, 2023</b>	<b>\$ 2,770</b>

# ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

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None.

## ITEM 9A – CONTROLS AND PROCEDURES.

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### Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are those controls and procedures that are designed to ensure that material information relating to Hillman Solutions Corp. required to be disclosed by the Company in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to the Company’s management, including the chief executive officer and the chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the chief executive officer and the chief financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures. Based upon that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 30, 2023 to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We view our internal control over financial reporting as an integral part of our disclosure controls and procedures.

Management has concluded that the company’s consolidated financial statements in this Form 10-K fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity with U.S. GAAP.

### Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. Pursuant to the rules and regulations of the Commission, internal control over financial reporting is a process designed by, or under the supervision of, the Company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the Company’s Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and the dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 30, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013 framework). Based on such evaluation, management concluded that internal control over financial reporting was effective as of December 30, 2023. Management's report on internal control over financial reporting is set forth above under the heading, "Report of Management on Internal Control Over Financial Reporting" in Item 8 of this annual report on Form 10-K.

# Attestation Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Hillman Solutions Corp.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Hillman Solutions Corp. and subsidiaries (the “Company”) as of December 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 30, 2023, of the Company and our report dated February 22, 2024, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio

February 22, 2024

## Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act of 1934, as amended, that occurred during the quarter ended December 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting except as otherwise described above in this Item 9A.

## ITEM 9B — OTHER INFORMATION.

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### Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended December 30, 2023, none of our directors or officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

## ITEM 9C: DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

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Not applicable.

## PART III

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## ITEM 10 — DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

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Information required by this item is set forth under the captions Election of Directors, Information About Our Executive Officers, Delinquent Section 16(a) Reports, Code of Conduct and Ethics, and Committees of the Board of Directors in our Proxy Statement for the 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement"). That information is incorporated herein by reference.

We have adopted a code of ethics that applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and other finance organization employees. The code of ethics is publicly available on our website at [www.hillmangroup.com](http://www.hillmangroup.com). If we make any substantive amendments to the code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer, we will disclose the nature of the amendment or waiver on that website or in a report on Form 8-K.

### Insider Trading Arrangements and Policies

We are committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, we have adopted our Insider Trading Policy governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, employees and certain contractors, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to us. A copy of our Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

## ITEM 11 — EXECUTIVE COMPENSATION.

Information required by this item is set forth under the captions Executive Compensation, Compensation Discussion and Analysis, Compensation Committee Report, Compensation Tables, and Director Compensation in the 2024 Proxy Statement and is hereby incorporated by reference into this Form 10-K.

## ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table provides information regarding shares outstanding and available for issuance under our existing equity compensation plans.

Equity Compensation Plan Information			
	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options and awards	Weighted-average exercise price of outstanding options and awards	Number of Securities remaining available for future issuance under equity compensation plans
Equity Compensation plans approved by shareholders	16,006,912	9.49	4,573,181
Equity Compensation plans not approved by shareholders	—	—	—
Total	16,006,912	9.49	4,573,181

The remainder of the information required by this Item is set forth in the section entitled Beneficial Ownership of Common Stock in the 2024 Proxy Statement and is hereby incorporated by reference into this Form 10-K.

## ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is set forth in the sections entitled Certain Relationships and Related Party Transactions in the 2024 Proxy Statement and is hereby incorporated by reference into this Form 10-K.

## ITEM 14 — PRINCIPAL ACCOUNTING FEES AND SERVICES.

Our independent registered public accounting firm is Deloitte & Touche LLP, Cincinnati, OH, Auditor Firm ID: 34.

The information required by this Item is set forth in the section entitled Ratification of the Appointment of Independent Auditor in the 2024 Proxy Statement and is hereby incorporated by reference into this Form 10-K.

## ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

### (a) Documents Filed as a Part of the Report:

1. Financial Statements: See “Index to Financial Statements” in “Item 8. Financial Statements and Supplementary Data” herein.
2. Financial Statement Schedules: All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.
3. Exhibits: The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

- 2.1+ [Agreement and Plan of Merger, dated as of January 24, 2021, by and among Landcadia Holdings III, Inc., Helios Sun Merger Sub, Inc., HMAN Group Holdings Inc. and CCMP Sellers' Representative, LLC, solely in its capacity as representative of the stockholders of HMAN Group Holdings Inc. \(incorporated by reference to Annex A of the Proxy Statement/Prospectus filed pursuant to Rule 424\(b\)\(3\) \(File No. 333-252693\), filed with the SEC on June 25, 2021\).](#)
- 2.2+ [First Amendment to Agreement and Plan of Merger, dated as of March 12, 2021, by and among Landcadia Holdings III, Inc., Helios Sun Merger Sub, Inc., HMAN Group Holdings Inc. and CCMP Sellers' Representative, LLC, solely in its capacity as representative of the stockholders of HMAN Group Holdings Inc. \(incorporated by reference to Annex A of the Proxy Statement/Prospectus filed pursuant to Rule 424\(b\)\(3\) \(File No. 333-252693\), filed with the SEC on June 25, 2021\).](#)
- 3.1 [Third Amended and Restated Certificate of Incorporation of Hillman Solutions Corp. \(incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 3.2 [Amended and Restated Bylaws of Hillman Solutions Corp. \(incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 4.1 [Description of the Company's Registered Securities \(incorporated by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022\).](#)
- 10.1 [Form of Subscription Agreement, dated January 24, 2021, by and between Landcadia Holdings III, Inc. and the subscribers party thereto \(incorporated by reference to Annex E of the Proxy Statement/Prospectus filed pursuant to Rule 424\(b\)\(3\) \(File No. 333-252693\), filed with the SEC on June 25, 2021\).](#)
- 10.2 [Amended and Restated Registration Rights Agreement, dated July 14, 2021, by and among Hillman Solutions Corp., Jefferies Financial Group Inc., TFJ, LLC, CCMP Capital Investors III, L.P., CCMP Capital Investors \(Employee\) III, L.P., CCMP Co-Invest III A, L.P., Oak Hill Capital Partners III, L.P., Oak Hill Capital Management Partners III, L.P. and OHCP III HC RO, L.P. \(incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 10.3\* [Hillman Solutions Corp. 2021 Equity Incentive Plan, dated July 14, 2021 \(incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022\).](#)
- 10.4\* [Form of Indemnification Agreement \(incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 10.5\* [Hillman Solutions Corp. 2021 Employee Stock Purchase Plan \(incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022\).](#)
- 10.6\* [Hillman Solutions Corp. 2021 Cash Incentive Plan \(incorporated by reference to Exhibit 10.8 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 10.7\* [Form of Non-Qualified Stock Option Award Agreement under the Hillman Solutions Corp. 2021 Equity Incentive Plan \(incorporated by reference to Exhibit 10.9 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 10.8\* [Form of Non-Qualified Stock Option Award Agreement for Non-Employee Directors under the Hillman Solutions Corp. 2021 Equity Incentive Plan \(incorporated by reference to Exhibit 10.10 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 10.9\* [Form of Restricted Stock Unit Award Agreement under the Hillman Solutions Corp. 2021 Equity Incentive Plan \(incorporated by reference to Exhibit 10.11 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)
- 10.10\* [Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the Hillman Solutions Corp. 2021 Equity Incentive Plan \(incorporated by reference to Exhibit 10.12 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)



10.11*	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the Hillman Solutions Corp. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K, filed with the SEC on February 27, 2023).</u></a>
10.12*	<a href="#"><u>Hillman Solutions Corp. Executive Severance Plan, dated November 2, 2023 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 8, 2023).</u></a>
10.13*	<a href="#"><u>Employment Agreement between George Murphy and The Hillman Group, Inc., dated October 1, 2018 (incorporated by reference to Exhibit 10.14 of The Hillman Companies, Inc.'s Annual Report on Form 10-K, filed with the SEC on March 27, 2020).</u></a>
10.14*	<a href="#"><u>Employment Agreement between Scott Ride and The Hillman Group Canada ULC., dated December 2, 2014, (incorporated by reference to Exhibit 10.5 of The Hillman Companies, Inc.'s Current Report on Form 8-K filed with the SEC on May 4, 2017).</u></a>
10.15*	<a href="#"><u>Amendment to Employment Agreement between Scott Ride and The Hillman Group Canada ULC., dated June 10, 2015 (incorporated by reference to Exhibit 10.12 of The Hillman Companies, Inc.'s Annual Report on Form 10-K filed with the SEC on March 21, 2018)</u></a>
10.16*	<a href="#"><u>Employment Agreement between Gary Seeds and The Hillman Group, Inc., dated April 21, 2010, as amended by that certain Amendment to Employment Agreement, dated June 10, 2015 (incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022).</u></a>
10.17+	<a href="#"><u>ABL Credit Agreement, dated as of May 31, 2018, by and among The Hillman Group, Inc., The Hillman Companies, Inc., The Hillman Group Canada ULC, the Lenders and Issuing Banks from time to time party thereto, Barclays Bank PLC, as administrative agent and swingline lender, Jefferies Finance LLC, Citizens Bank, N.A. and MUFG Union Bank, N.A., as joint lead arrangers and joint bookrunners, Credit Suisse Loan Funding LLC, as an arranger and PNC Bank, National Association, as documentation agent (incorporated by reference to Exhibit 10.2 of The Hillman Companies, Inc.'s Current Report on Form 8-K, filed with the SEC on June 5, 2018).</u></a>
10.18+	<a href="#"><u>Amendment No. 1 to the ABL Credit Agreement, dated as of November 15, 2019, by and among The Hillman Companies, Inc., Hillman Investment Company, The Hillman Group, Inc., Big Time Products, LLC, The Hillman Group Canada ULC, the Subsidiary Guarantors, the Lenders listed on the signature pages thereto and Barclays Bank PLC, in its capacity as administrative agent for the Lenders (incorporated by reference to Exhibit 10.1 of The Hillman Companies, Inc.'s Current Report on Form 8-K, filed with the SEC on November 20, 2019).</u></a>
10.19+	<a href="#"><u>Amendment No. 2 to the ABL Credit Agreement, dated as of July 14, 2021, by and among Hillman Investment Company, The Hillman Group, Inc., The Hillman Group Canada ULC, the Subsidiary Guarantors, the Lenders listed on the signature pages thereto and Barclays Bank PLC, in its capacity as administrative agent for the Lenders (incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021).</u></a>
10.20+	<a href="#"><u>Amendment No. 3 to the ABL Credit Agreement, dated as of July 29, 2022, by and among The Hillman Companies, Inc., The Hillman Group, Inc., The Hillman Group Canada ULC, the Subsidiary Guarantors, the Lenders listed on the signature pages thereto and Barclays Bank PLC, in its capacity as administrative agent for the Lenders (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 3, 2022).</u></a>
10.21+	<a href="#"><u>Amendment No. 4 to the ABL Credit Agreement, dated as of April 25, 2023, by and among The Hillman Companies, Inc., The Hillman Group, Inc., The Hillman Group Canada ULC, the Subsidiary Guarantors, the Lenders listed on the signature pages thereto and Barclays Bank PLC, in its capacity as administrative agent for the Lenders (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2023).</u></a>
10.22+	<a href="#"><u>Amendment No. 1 to the Term Loan Credit Agreement, dated as of June 30, 2023, by and among The Hillman Companies, Inc., The Hillman Group, Inc., and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2023).</u></a>
10.23+	<a href="#"><u>Amended Term Loan Credit Agreement, dated July 14, 2021 and as amended as of June 30, 2023, by and among The Hillman Companies, Inc., The Hillman Group, Inc., the financial institutions party thereto as Lenders, and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2023).</u></a>
10.24*	<a href="#"><u>HMAN Group Holdings, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of The Hillman Companies, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on August 14, 2014).</u></a>
10.25*	<a href="#"><u>Form of HMAN Group Holdings, Inc. 2014 Equity Incentive Plan Stock Option Award Agreements (incorporated by reference to Exhibit 10.2 of Hillman Companies, Inc.'s Current Report on Form 8-K filed with the SEC on December 4, 2014).</u></a>
10.26*	<a href="#"><u>Form of Notice to the Holders of Stock Options Under the HMAN Group Holdings, Inc. 2014 Equity Incentive Plan, dated July 15, 2021 (incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022).</u></a>
10.27*	<a href="#"><u>Form of HMAN Group Holdings, Inc. 2014 Equity Incentive Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022).</u></a>
10.28*	<a href="#"><u>Form of Notice to the Holders of Restricted Stock Units Under the HMAN Group Holdings, Inc. 2014 Equity Incentive Plan, dated July 15, 2021 (incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022).</u></a>

10.29*	<a href="#"><u>Form of HMAN Group Holdings, Inc. 2014 Equity Incentive Plan Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022).</u></a>
10.30*	<a href="#"><u>Form of Notice to the Holders of Restricted Stock Under the HMAN Group Holdings, Inc. 2014 Equity Incentive Plan, dated July 15, 2021 (incorporated by reference to Exhibit 10.29 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022).</u></a>
10.31*	<a href="#"><u>The Hillman Companies, Inc. Nonqualified Deferred Compensation Plan (amended and restated effective as of January 1, 2003) (incorporated by reference to Exhibit 10.1 of The Hillman Companies, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on November 15, 2004).</u></a>
10.32*	<a href="#"><u>First Amendment to The Hillman Companies, Inc. Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 of The Hillman Companies, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on November 15, 2004).</u></a>
10.33*	<a href="#"><u>Hillman Solutions Corp. Non-Employee Director Deferred Compensation Program, adopted December 12, 2022, with respect to the Hillman Solutions Corp. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.33 of the Company's Annual Report on Form 10-K, filed with the SEC on February 27, 2023).</u></a>
19.1	<a href="#"><u>Hillman Solutions Corp. Insider Trading Policy, Last Revised November 2, 2023 (filed herewith).</u></a>
21.1	<a href="#"><u>List of Subsidiaries (filed herewith). (As of December 30, 2023).</u></a>
23.1	<a href="#"><u>Consent of Deloitte &amp; Touche LLP, independent registered accounting firm for the Company (filed herewith).</u></a>
23.2	<a href="#"><u>Consent of KPMG LLP, prior year independent registered accounting firm for the Company (filed herewith).</u></a>
31.1	<a href="#"><u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Exchange Act (filed herewith).</u></a>
31.2	<a href="#"><u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Exchange Act (filed herewith).</u></a>
32.1	<a href="#"><u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u></a>
32.2	<a href="#"><u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u></a>
97	<a href="#"><u>Hillman Solutions Corp. Compensation Recovery Policy, dated November 2, 2023 (filed herewith).</u></a>
101	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 30, 2023, formatted in inline eXtensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Loss, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Stockholders' Equity, and (v) the Notes to Consolidated Financial Statements (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) (filed herewith).

\* Indicates management contract or any compensatory plan, contract or arrangement.

+ Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

## ITEM 16 – FORM 10-K SUMMARY.

None

### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### HILLMAN SOLUTIONS CORP.

Dated February 22, 2024

By: /s/ Robert O. Kraft  
Robert O. Kraft  
Title: Chief Financial Officer and Duly  
Authorized Officer of the Registrant

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated below.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Douglas J. Cahill</u> Douglas J. Cahill	Principal Executive Officer, Chairman and Director	February 22, 2024
<u>/s/ Robert O. Kraft</u> Robert O. Kraft	Principal Financial Officer	February 22, 2024
<u>/s/ Anne S. McCalla</u> Anne S. McCalla	Chief Accounting Officer	February 22, 2024
<u>/s/ Diana Dowling</u> Diana Dowling	Director	February 22, 2024
<u>/s/ Teresa S. Gendron</u> Teresa S. Gendron	Director	February 22, 2024
<u>/s/ Diane C. Honda</u> Diane C. Honda	Director	February 22, 2024
<u>/s/ Aaron P. Jagdfeld</u> Aaron P. Jagdfeld	Director	February 22, 2024
<u>/s/ Daniel O'Leary</u> Daniel O'Leary	Director	February 22, 2024
<u>/s/ David A. Owens</u> David A. Owens	Director	February 22, 2024
<u>/s/ John Swygert</u> John Swygert	Director	February 22, 2024
<u>/s/ Philip K. Woodlief</u> Philip K. Woodlief	Director	February 22, 2024