

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 28, 2024

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 00 1-39609



Hillman Solutions Corp.

(Exact name of registrant as specified in its charter)

Delaware

85-2096734

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1280 Kemper Meadow Drive

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 June 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was \$ 1,723 million based upon the closing price reported for such date on the Nasdaq Global Select Market.

On February 14, 2025, 197,328,512 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 registrant's definitive Proxy Statement for the 2025 Annual Meeting of Stockholders.

TABLE OF CONTENTS

PART I.

ITEM 1.	<u>BUSINESS</u>	2
ITEM 1A.	<u>RISK FACTORS</u>	8
ITEM 1B.	<u>UNRESOLVED STAFF COMMENTS</u>	16
ITEM 1C.	<u>CYBERSECURITY</u>	16
ITEM 2.	<u>PROPERTIES</u>	18
ITEM 3.	<u>LEGAL PROCEEDINGS</u>	19
ITEM 4.	<u>MINE SAFETY DISCLOSURES</u>	19

PART II.

ITEM 5.	<u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASE OF EQUITY SECURITIES</u>	20
ITEM 6.	<u>[RESERVED]</u>	21
ITEM 7.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	21
ITEM 7A.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	32
ITEM 8.	<u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	33
ITEM 9.	<u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	73
ITEM 9A.	<u>CONTROLS AND PROCEDURES</u>	73
ITEM 9B.	<u>OTHER INFORMATION</u>	76
ITEM 9C.	<u>DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	76

PART III.

ITEM 10.	<u>DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE</u>	76
ITEM 11.	<u>EXECUTIVE COMPENSATION</u>	77
ITEM 12.	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	77
ITEM 13.	<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	77
ITEM 14.	<u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	77

PART IV.

ITEM 15.	<u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	77
ITEM 16.	<u>FORM 10-K SUMMARY</u>	81

PART I

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 our and our customers', suppliers' and other business partners' operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) the ability to continue to innovate with new products and services; (5) seasonality; (6) large customer concentration; (7) the ability to recruit and retain qualified employees; (8) the outcome of any legal proceedings that may be instituted against the Company; (9) adverse changes in currency exchange rates; or (10) 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 \$1,472.6 million in 2024. 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; rope and chain; 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. 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 over 1,200 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").

Hillman's legacy of service has remained unchanged throughout its history, and it continues to take care of its customers first.

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; rope and chain; protective solutions, such as gloves, eye-wear, and cleaning rags; 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 24 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 8.6% of the Company's annual purchases and the top five of which accounted for approximately 20.1% 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; Rope and Chain; Letters, Numbers, and Signs ("LNS"); and Personal Protective Equipment, such as gloves and eye-wear.

Our Fastener business consists of three categories: core fasteners, construction fasteners, and anchors. These are 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 our retailer partners 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. With our acquisition of Koch in January 2024, we are now a premier provider and merchandiser of rope and twine, chain and wire rope, and related hardware products.

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.

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.

With our acquisition of Intex in August 2024, our cleaning products category now includes wiping cloths, consumable rags, and cleaning textiles used for painting, general cleaning, maintenance, janitorial and auto/marine care applications.

Hardware and Protective Solutions generated approximately \$1,094.4 million, \$1,074.6 million and \$1,068.7 million of revenues in the years ended December 28, 2024, December 30, 2023, and December 31, 2022, 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-foot traffic areas 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 branding 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 \$230.3 million, \$245.4 million, and \$245.6 million of revenues in the years ended December 28, 2024, December 30, 2023, and December 31, 2022, 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.

Our Canada segment generated approximately \$147.9 million, \$156.5 million and \$172.0 million of revenues in the years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively.

Markets and Customers

We sell our products to national accounts such as Home Depot, Lowe's, Tractor Supply, Walmart, Menard's, PETCO, and PetSmart. 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 and Do It Best Corp. We ship directly to the cooperative members' independent 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 \$603.1 million, or approximately 41% of our total revenues in 2024. For the year ended December 28, 2024, Home Depot was the single largest customer, representing approximately \$325.7 million or 22.1% of our total revenues and Lowe's was the second largest customer at approximately \$277.5 million or 18.8% of our total revenues. No other customer accounted for more than 10% of total revenues in 2024. In the years ended December 28, 2024, December 30, 2023 and December 31, 2022, we derived over 10% of our total revenues from Lowe's and Home Depot which operated in each of our operating segments. See Note 17 - Concentration of Credit Risks of the Notes to Consolidated Financial Statements for additional information.

Certain customers operate using a purchasing cooperative(s) business model. In this model, independently owned hardware stores make purchases directly from the Company and are invoiced through a billing arrangement with a cooperative. Under this arrangement, the Company would invoice and receive payment from the cooperative for the product shipped directly to the store, and the cooperative would be responsible for invoicing and collecting from the independently owned hardware store. Due to the nature of the cooperative billing arrangement, the risk of collection of the receivables generated by sales to these independently owned hardware stores is concentrated with the cooperative. The Company does not believe a sales concentration exists in these scenarios, as the independently owned hardware stores can continue to make purchases from the Company via a direct bill arrangement or via another purchasing cooperative. As of December 28, 2024 approximately 15% of the Company's accounts receivable was derived through the Ace Hardware purchasing cooperative. See Note 17 - 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. 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 1,244 full-time and 131 part-time people on our sales and service team. The national accounts field service organization consists of approximately 788 employees and 172 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 249 employees and is managed by 35 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 73 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 online 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 15 - Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

Human Capital Resources

Employees

As of December 28, 2024, we had 3,886 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)	2.06
Lost-Time Incident Rate (LTIR)	0.5

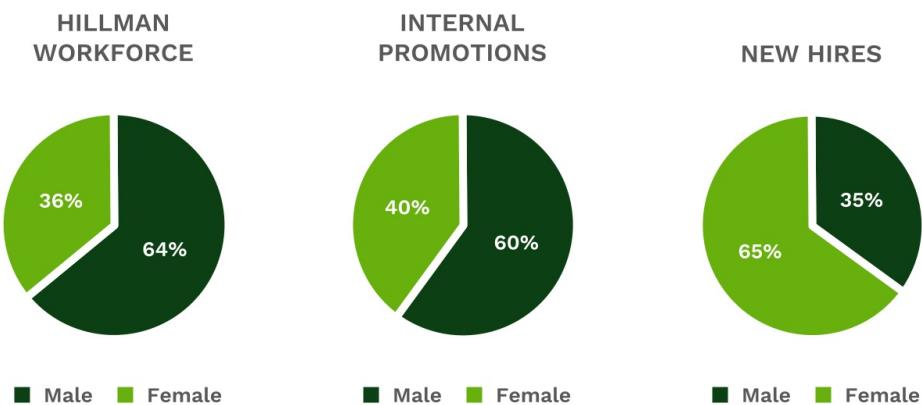
¹ Data spans 12 months between January 2024 and December 2024.

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 large 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 our team. We seek people who are 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 all employees are 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 \$26.0 million as of December 28, 2024 and approximately \$19.9 million as of December 30, 2023. We expect to realize the entire December 28, 2024 backlog during fiscal 2025.

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 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 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.

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 \$603.1 million of net sales and \$35.7 million of the year-end accounts receivable balance for 2024. 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 17 - Concentration of Credit Risks of the Notes to Consolidated Financial Statements for additional information).

If a large customer experiences a material decline in its business, that could have a negative impact on our ability to collect outstanding accounts receivable or continue future sales and business with that customer, which could have a material adverse effect on our financial condition, results of operations, and ability to generate future sales and cash flow from that customer. This occurred on October 14, 2024, when True Value Company, LLC and certain of its affiliates (collectively, "True Value"), filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code that impaired the collectability of our accounts receivable and resulted in us recording a charge of \$8.6 million in 2024.

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 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, including tariffs.

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, including without limitation recent tariffs against goods imported from China, Mexico, and Canada enacted on February 1, 2025 by the Trump Administration and any retaliatory tariffs issued in response thereto. 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, hostilities or terrorism against ocean vessels or changes in shipping routes to avoid the same, 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.

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 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, including without limitation recent tariffs against goods imported from China, Mexico, and Canada enacted on February 1, 2025 by the Trump Administration and any retaliatory tariffs issued in response thereto;
- 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 cyber-security 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. In 2023, the Cybersecurity Incident related costs net of an expected insurance receivable totaled \$1.0 million. In the fourth quarter of 2024, we received proceeds from our insurance claim that exceeded the amount recorded as a receivable by \$0.6 million. These proceeds represented the cost associated with lost revenue and incremental expenses incurred.

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, including a conversion to a new enterprise resource planning system currently scheduled to occur in over the next several years. 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 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 counterfeitors.

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 15 - 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.

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 28, 2024, our total indebtedness was \$718.6 million, of which, \$645.5 million is indebtedness issued under the term loan facility, and \$11.1 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, an outstanding balance of \$62.0 million, and aggregate availability of \$188.7 million as of December 28, 2024, 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 \$188.7 million as of December 28, 2024, 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 28, 2024, the ABL Revolver had an outstanding balance of \$62.0 million and had outstanding letters of credit of \$41.6 million, with \$188.7 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 28, 2024. 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 2.8% in 2024, increased by 2.9% in 2023 and increased by 8.3% in 2022. 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 \$828.6 million of goodwill and \$84.9 million of indefinite-lived trademarks recorded on our accompanying Consolidated Balance Sheets at December 28, 2024. 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. 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.

None.

ITEM 1C - CYBERSECURITY.

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 of Directors

The Audit Committee and the Board of Directors are responsible for the oversight of cybersecurity risk. The Audit Committee and Board of Directors receive periodic updates from management on the Company's cybersecurity program, threats, and defense measures implemented. Additionally, our Senior Vice President of Information Technology ("SVP - IT") provides updates to the Board of Directors 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 SVP-IT oversees and provides accountability related to our cybersecurity risk management strategy and overall information security program. The SVP-IT'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 cybersecurity team leverages tools and systems such as Security Information and Event Management ("SIEM"), for real time alerts and insights.

The SVP-IT 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 SVP-IT coordinates with other teams including internal Audit, to ensure a combined focus on technology modernization and remediation needs. The SVP-IT 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 cybersecurity 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. In 2023, the Cybersecurity Incident related costs net of an expected insurance receivable totaled \$1.0 million. Our system remediation efforts regarding the Cybersecurity Incident were concluded as of December 30, 2023. In the fourth quarter of 2024, we received proceeds from our insurance claim that exceeded the amount recorded as a receivable by \$0.6 million. These proceeds represented the cost associated with lost revenue and incremental expenses incurred.

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 28, 2024, our principal office, manufacturing, and distribution properties were as follows:

Business Segment	Approximate Square Footage	Description
Hardware and Protective Solutions & Robotics and Digital Solutions		
Belton, Missouri	305,000	Distribution
Cincinnati, Ohio	270,000	Office, Distribution
Dallas, Texas	166,000	Distribution
Forest Park, Ohio ⁽¹⁾	428,000	Office, Distribution
Jacksonville, Florida	193,000	Distribution
Jonestown, Pennsylvania	187,000	Distribution
Shafter, California	168,000	Distribution
Tempe, Arizona	184,000	Office, Mfg., Distribution
Hardware and Protective Solutions		
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 ⁽²⁾	202,000	Office, Mfg., Distribution
Villa Rica, Georgia	275,000	Office, Mfg., Distribution
Shakopee, Minnesota	168,000	Office, Distribution
Golden Valley, Minnesota	4,400	Office
Robotics and Digital Solutions		
Boulder, Colorado	8,000	Office
Canada		
Burnaby, British Columbia	29,000	Distribution
Edmonton, Alberta	100,000	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.

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 15 - 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.

Dispute with Kiosk Development Partner

On December 16, 2024, the Company entered into a settlement agreement with a kiosk development partner (the "Kiosk Partner"), pursuant to which the Company paid the Kiosk Partner a \$5 million settlement payment on December 30, 2024 to resolve all claims and disputes alleged by the Kiosk Partner. The Kiosk Partner's claims alleged that, among other things, the Company failed to pay certain per key royalty fees to the Kiosk Partner allegedly owed under a joint development agreement dating back over 10 years ago. Though the Company believes it had strong defenses to the claims made by the Kiosk Partner, the Company opted to settle the matter before litigation was filed in order to avoid the cost and uncertainty of protracted litigation.

ITEM 4 – MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5 – MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Common Stock Data

The Company's common stock is traded on The Nasdaq Stock Market under the symbol 'HLMN'. There were approximately 18 holders of record of common stock as of February 14, 2025. In addition to holders of record of our common stock, 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.

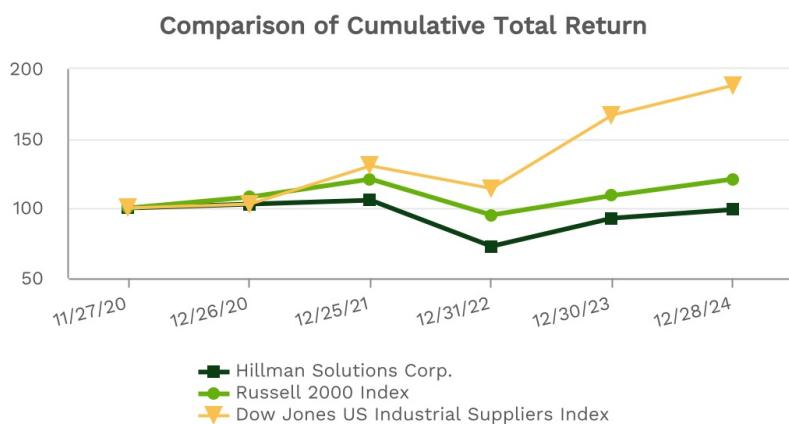
Dividends

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 11 - 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	December 28, 2024
Hillman Solutions Corp.	100.0	103.2	105.8	72.6	92.8	98.7
Russell 2000 Index	100.0	108.0	120.8	94.9	109.3	121.0
Dow Jones US Industrial Suppliers Index	100.0	102.9	130.1	114.2	166.7	187.8

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 28, 2024.

Issuer Purchases of Equity Securities

We made no purchases of our equity securities during the year ended December 28, 2024.

ITEM 6 – [RESERVED]

ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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 2024 decreased by 0.3% when compared to 2023. Driving our results for the year were the net sales contributions from the two acquisitions Hillman closed on this year (Koch in January 2024 and Intex DIY in August 2024). These were more than offset by a decline in net sales due to soft home improvement spending and price reductions during the year. Hardware and Protective Solutions, which is our largest segment, making up 74.3% of our net sales, led the way with an increase of 1.8% which was mainly driven by the aforementioned acquisitions. Offsetting this was a decrease in our Robotics and Digital Solutions segment and 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. were at a 30-year low during 2024, totaling \$4.06 million. This was a headwind for our top line results during the year.

Our competitive moat, which consists of our 1,200 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 60+ years of experience set us apart from the competition. As such, we launched multiple new business wins during the year and we won vendor of the year awards from our two largest customers, Home Depot and Lowe's. This is the first time in Hillman's history that we have been recognized by our two largest customers as vendor of the year in the same year.

We are pleased with the progress we made during 2024. Looking to 2025, 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, interest rates, 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 2.8% in 2024, increased by 2.9% in 2023, and increased by 8.3% in 2022. The U.S. dollar increased in value relative to the Taiwan dollar by approximately 7.1% in 2024, decreased by 0.4% in 2023, and increased by 10.8% in 2022.

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 increased in value relative to the Canadian dollar by approximately 9.0% in 2024, decreased by 2.4% in 2023, and increased by 5.7% in 2022.

We import products which are subject to customs requirements and to tariffs and quotas set by governments through mutual agreements and bilateral actions. 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 tariffs against goods imported from China, Mexico, and Canada enacted on February 1, 2025 by the Trump Administration and any retaliatory tariffs issued in response thereto, could also increase prices on affected products.

Recent developments

Acquisition of Koch Industries, Inc.

On January 11, 2024, we completed the acquisition of Koch Industries, Inc. ("Koch"), a provider and merchandiser of rope and twine, chain and wire rope, and related hardware products for a total purchase price of \$23.8 million. Koch has business operations throughout North America and its financial results reside in our Hardware and Protective Solutions reportable segment. Koch generated \$39.9 million in net sales and \$3.3 million in operating income for the year ended December 28, 2024.

Term Loan Repricing

On March 26, 2024, we entered into a Repricing Amendment (2024 Repricing Amendment) on our existing Senior Term Loan due July 14, 2028. The 2024 Repricing Amendment (i) reduces the interest rate per annum and (ii) implements a 1% prepayment premium for the existing Term Loan to apply to Repricing Transactions that occur within six months after the effective date of the 2024 Repricing Amendment. In connection with the closing of the 2024 Repricing Amendment, we expensed \$3.0 million consisting of \$1.6 million of existing fees written off and \$1.5 million in new fees expensed.

Acquisition of Intex DIY, Inc.

On August 23, 2024, we completed the acquisition of Intex DIY, Inc. ("Intex"), a leading supplier of wiping cloths, consumable rags, and cleaning textiles for a total purchase price of \$34.1 million. This acquisition expands Hillman's offerings in the cleaning products category. Intex is based in Georgia and sells to customers located throughout North America and its financial results will reside in the Company's Hardware and Protective Solutions reportable segment. Intex generated \$21.1 million in net sales and \$2.0 million in operating income for the year ended December 28, 2024.

True Value Bankruptcy

On October 14, 2024, True Value Company, LLC and certain of its affiliates (collectively, "True Value"), a hardware brand and wholesaler selling to 4,500 independently operated locations, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware. True Value accounted for approximately \$8.8 million of our accounts receivable, net of rebates and discounts, as of the October 14, 2024 Chapter 11 bankruptcy filing date.

Concurrent with the announcement of the Chapter 11 bankruptcy filing, True Value also announced that it had entered into an agreement to sell substantially all of its business operations to Do It Best Corp., another home improvement industry peer as a "stalking horse", or lead, bidder. The sale of True Value to Do It Best Corp. closed on November 22, 2024.

The Company does not believe the bankruptcy will have a material negative impact on our future net sales. With the completed sale to Do It Best Corp. and conversion to direct billing with some stores, we believe we will maintain the majority of the existing sales previously attributed to True Value. With respect to collectability of our accounts receivable, in the year ended December 28, 2024, we recorded a charge of \$8.6 million representing the net receivable balances less the amount we expect to recover as an administrative claim pursuant to Section 503(b)(9) of the bankruptcy code. The loss was recorded in selling, warehouse, general and administrative expenses. All uncollectible receivables were written off in the fourth quarter of 2024 and are no longer included in our gross receivables or the allowances as of December 28, 2024.

Settlement of Dispute with Kiosk Development Partner

On December 16, 2024, the Company entered into a settlement agreement with a kiosk development partner (the "Kiosk Partner"), pursuant to which the Company paid the Kiosk Partner a \$5.0 million settlement payment on December 30, 2024 to resolve all claims and disputes alleged by the Kiosk Partner. See Item 3 - Legal Proceedings of this Annual Report and Note 15 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information. The \$5.0 million settlement was recorded within the Robotics and Digital Solution segment in Selling, Warehouse, and General and Administrative expense within the Consolidated Statements of Comprehensive Loss.

Financial Summary and Other Key Metrics

Fiscal 2024 and 2023 consisted of 252 shipping days. 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 28, 2024 were \$1,472.6 million compared to net sales of \$1,476.5 million for the year ended December 30, 2023, a decrease of approximately \$3.9 million or 0.3%. The decrease was primarily due to market softness and decreased volume, partially offset by net sales from our acquisition of Koch of \$39.9 million and net sales from our acquisition of Intex of \$21.1 million.
- Net income improved to \$17.3 million, or \$0.09 per diluted share, compared to a net loss of \$9.6 million, or \$(0.05) per diluted share for the year ended December 30, 2023.
- Adjusted EBITDA⁽¹⁾ totaled \$241.8 million versus \$219.4 million in the year ended December 30, 2023.

(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 income (loss) to Adjusted EBITDA.

Results of Operations

The following table shows the results of operations for the years ended December 28, 2024, December 30, 2023 and December 31, 2022.

	Year Ended December 28, 2024		Year Ended December 30, 2023		Year Ended December 31, 2022	
(dollars in thousands)	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	\$ 1,472,595	100.0%	\$ 1,476,477	100.0%	\$ 1,486,328	100.0%
Cost of sales (exclusive of depreciation and amortization shown separately below)	764,691	51.9%	828,956	56.1%	846,551	57.0%
Selling, warehouse, general and administrative expenses	488,702	33.2%	452,110	30.6%	480,993	32.4%
Depreciation	68,766	4.7%	59,331	4.0%	57,815	3.9%
Amortization	61,274	4.2%	62,309	4.2%	62,195	4.2%
Other expense (income), net	361	—%	12,843	0.9%	(1,119)	(0.1)%
Income from operations	88,801	6.0%	60,928	4.1%	39,893	2.7%
Interest expense, net	59,241	4.0%	68,310	4.6%	54,560	3.7%
Refinancing costs	3,008	0.2%	—	—%	—	—%
Income (loss) before income taxes	26,552	1.8%	(7,382)	(0.5)%	(14,667)	(1.0)%
Income tax expense	9,297	0.6%	2,207	0.1%	1,769	0.1%
Net income (loss)	\$ 17,255	1.2%	\$ (9,589)	(0.6)%	\$ (16,436)	(1.1)%
Adjusted EBITDA ⁽¹⁾	241,753	16.4%	219,360	14.9%	210,249	14.1%

(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 income (loss) to Adjusted EBITDA.

Net Sales

Net Sales by Product Line

	2024 vs. 2023						2023 vs. 2022			
	2024		% of Net		2023		2022		% of Net	
			Sales	Sales	\$ Change	% Change	Sales	\$ Change	% Change	
Fastening and Hardware	\$ 1,002,867	68.1 %	\$ 1,005,911	68.1 %	(3,044)	(0.3) %	\$ 989,572	66.6 %	16,339	1.7 %
Personal Protective	229,925	15.6 %	216,404	14.7 %	13,521	6.2 %	243,450	16.4 %	(27,046)	(11.1) %
Keys and Key Accessories	191,699	13.0 %	201,923	13.7 %	(10,224)	(5.1) %	196,989	13.3 %	4,934	2.5 %
Engraving and Resharpen	48,104	3.3 %	52,239	3.5 %	(4,135)	(7.9) %	56,317	3.8 %	(4,078)	(7.2) %
Consolidated	\$ 1,472,595		\$ 1,476,477		\$ (3,882)		\$ 1,486,328		\$ (9,851)	

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

	2024 vs. 2023						2023 vs. 2022			
	% of Net		% of Net		% of Net		% of Net		% of Net	
	2024	Sales	2023	Sales	\$ Change	% Change	2022	Sales	\$ Change	% Change
Hardware and Protective Solutions	\$ 1,094,377	74.3 %	\$ 1,074,619	72.8 %	\$ 19,758	1.8 %	\$ 1,068,734	71.9 %	\$ 5,885	0.6 %
Robotics and Digital Solutions	230,317	15.6 %	245,400	16.6 %	(15,083)	(6.1) %	245,633	16.5 %	(233)	(0.1) %
Canada	147,901	10.0 %	156,458	10.6 %	(8,557)	(5.5) %	171,961	11.6 %	(15,503)	(9.0) %
Consolidated	\$ 1,472,595		\$ 1,476,477		\$ (3,882)		\$ 1,486,328		\$ (9,851)	

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.

Net sales decreased \$3.9 million in total during 2024. The decrease in net sales was primarily driven by the factors described below:

Hardware and Protective Solutions increased \$19.8 million due to the following:

- Hardware sales increased \$3.7 million primarily driven by \$39.9 million of net sales added by the acquisition of Koch, offset by \$27.3 million in reduced volume driven by market softness and \$8.9 million in price reductions.
- Protective equipment sales increased by \$16.1 million primarily driven by \$21.1 million of net sales added by the acquisition of Intex, offset by \$3.8 million in price reductions and \$1.0 million in reduced volume driven by market softness.

Robotics and Digital Solutions sales decreased \$15.1 million primarily due to decreases in key and engraving volume.

Canada net sales decreased \$8.6 million primarily due to a \$6.7 million decrease related to price reductions as well as a \$2.1 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:

	2024 vs. 2023						2023 vs. 2022			
	% of Segment		% of Segment		% of Segment		% of Segment		% of Segment	
	2024	Net Sales	2023	Net Sales	\$ Change	% Change	2022	Net Sales	\$ Change	% Change
Hardware and Protective Solutions	\$ 612,175	55.9%	\$ 659,895	61.4%	\$ (47,720)	(7.2) %	\$ 669,500	62.6%	\$ (9,605)	(1.4) %
Robotics and Digital Solutions	65,747	28.5%	71,566	29.2%	(5,819)	(8.1) %	73,944	30.1%	(2,378)	(3.2) %
Canada	86,769	58.7%	97,495	62.3%	(10,726)	(11.0) %	103,107	60.0%	(5,612)	(5.4) %
Consolidated	\$ 764,691		\$ 828,956		\$ (64,265)		\$ 846,551		\$ (17,595)	

Hardware and Protective Solutions cost of sales as a percentage of net sales decreased primarily due to the decreased product and shipping costs.

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 decreased primarily due to decreased product and shipping cost.

Selling, Warehouse, and General and Administrative Expenses

The following table summarizes selling, warehouse, and general and administrative expense ("SG&A") by segment:

	2024 vs. 2023						2023 vs. 2022			
	% of Segment		% of Segment		% of Segment		% of Segment		% of Segment	
	2024	Net Sales	2023	Net Sales	\$ Change	% Change	2022	Net Sales	\$ Change	% Change
Hardware and Protective Solutions	\$ 344,361	31.5 %	\$ 312,436	29.1 %	\$ 31,925	10.2 %	\$ 306,456	28.7 %	\$ 5,980	2.0 %
Robotics and Digital Solutions	96,984	42.1 %	94,980	38.7 %	2,004	2.1 %	126,372	51.4 %	(31,392)	(24.8)%
Canada	47,357	32.0 %	44,694	28.6 %	2,663	6.0 %	48,165	28.0 %	(3,471)	(7.2)%
Consolidated	\$ 488,702		\$ 452,110		\$ 36,592		\$ 480,993		\$ (28,883)	

Hardware and Protective Solutions SG&A increased in 2024 due to the following:

- Selling expense increased \$10.7 million primarily due to increased compensation and benefit expense.
- Warehouse expense increased \$0.8 million due to inflation in labor and shipping costs.
- General and administrative ("G&A") increased by \$20.4 million. We recorded a write off of \$8.6 million of accounts receivable, net, in 2024 due to the True Value bankruptcy. The remaining increase was primarily driven by increased incentive compensation and investment into information technology and security.

Robotics and Digital Solutions SG&A increased in 2024 due to the following:

- Warehouse decreased by \$1.3 million primarily due to the shift from full-service keys, which have a higher warehousing cost, to self-service keys.
- G&A increased by \$2.9 million. The increase was primarily driven by a \$5.0 million settlement agreement with a kiosk development partner (see Note 15 - Commitments and Contingencies). We also recorded a \$0.3 million write off of accounts receivable, net related to the True Value bankruptcy. These increased expenses were partially offset by reduced legal and consulting expense.

Canada SG&A increased in 2024 due to the following:

- Selling expense increased \$1.2 million primarily due to increased incentive compensation expense.
- G&A increased by \$1.4 million primarily due to severance costs associated with restructuring and incentive compensation.

Other Operating Expenses

Depreciation expense increased \$9.4 million due to increased capital spend on merchandising racks and facility relocations completed in the prior year.

Amortization expense decreased \$1.0 million primarily due to lower intangible asset balances following the write down of the carrying values of intangible assets to their fair value as a result of exiting a specific product line that occurred in the fourth quarter of 2023.

In the year ended December 28, 2024, other expense (income), net consisted primarily of an exchange rate loss of \$0.9 million along with a \$0.2 million loss on the revaluation of the contingent consideration associated with the acquisition of Resharp and Instafob (see Note 14 - Fair Value Measurements of the Notes to Consolidated Financial Statements for additional information). Offsetting the loss was income from certain rebates received. 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 Instafob.

Income from Operations

	2024 vs. 2023				2023 vs. 2022		
	2024	2023	\$ Change	% Change	2022	\$ Change	% Change
Hardware and Protective Solutions	\$ 56,790	\$ 8,366	\$ 48,424	578.8 %	\$ 20,742	\$ (12,376)	59.7 %
Robotics and Digital Solutions	23,897	42,953	(19,056)	(44.4) %	3,541	39,412	1113.0 %
Canada	8,114	9,609	(1,495)	(15.6) %	15,610	(6,001)	(38.4) %
Total segment income from operations	\$ 88,801	\$ 60,928	\$ 27,873	45.7 %	\$ 39,893	\$ 21,035	52.7 %

Income from operations in our Hardware and Protective Solutions segment increased \$48.4 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 \$6.5 million due to increased capital spend on merchandising racks and facility relocations completed in the prior year.

Income from operations in our Robotics and Digital Solutions segment decreased by \$19.1 million primarily due to the changes in net sales, cost of sales, and SG&A expenses described above, including the \$5.0 million settlement agreement and a decrease of \$5.2 million in other expense driven by the changes in revaluation of the contingent consideration. Offsetting the decrease was a \$2.8 million increase in depreciation expense associated with increased capital spend on key machines.

Canada's income from operations decreased by \$1.5 million primarily due to the changes in net sales, cost of sales, and SG&A expenses described above. Canada also recorded exchange rate loss of \$0.7 million in 2024 compared to a gain of \$0.1 million in 2023.

Income (Loss) Before Income Taxes

Interest expense, net, decreased \$9.1 million primarily due to a reduction in outstanding debt and a reduction in interest rate spreads driven by the debt repricing in the first quarter of 2024 (see Note 7 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information).

Income Taxes:

For the years ended December 28, 2024 and December 30, 2023 the effective income tax rate was 35.0% and (29.9)%, respectively. The Company recorded an income tax provision for the year ended December 28, 2024 of \$9.3 million, and an income tax provision for the year ended December 30, 2023 of \$2.2 million.

In 2024, the Company's effective tax rate differed from the U.S. federal statutory tax rate due to certain non-deductible expenses. In addition, the effective tax rate differed due to state and foreign income taxes and withholding taxes for distributions from our Canadian business.

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.

Year Ended December 30, 2023 vs Year Ended December 31, 2022

For a comparison of our results of operations for fiscal 2023 to fiscal 2022, see [Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) of our Form 10-K for fiscal 2023.

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.

Change to Non-GAAP metrics

After dialogue with the SEC, we have revised our presentation of Adjusted EBITDA on a prospective basis to include the impact of a \$8.6 million write off of receivables from True Value, which was previously excluded from the Non-GAAP figures. The charge resulted from True Value's Chapter 11 filing in October of 2024. See the "Recent Developments" section of Management's Discussion and Analysis for additional information on this write off.

The following table presents a reconciliation of Net income (loss), the most directly comparable financial measures under GAAP, to Adjusted EBITDA for the periods presented:

(dollars in thousands)	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Net income (loss)	\$ 17,255	\$ (9,589)	\$ (16,436)
Income tax expense	9,297	2,207	1,769
Interest expense, net	59,241	68,310	54,560
Depreciation	68,766	59,331	57,815
Amortization	61,274	62,309	62,195
EBITDA	\$ 215,833	\$ 182,568	\$ 159,903
Stock compensation expense	13,463	12,004	13,524
Restructuring and other costs ⁽¹⁾	2,978	3,031	2,617
Litigation expense ⁽²⁾	5,000	339	32,856
Transaction and integration expense ⁽³⁾	1,243	1,754	2,477
Change in fair value of contingent consideration	228	(4,936)	(1,128)
Refinancing costs ⁽⁴⁾	3,008	—	—
Impairment charges ⁽⁵⁾	—	24,600	—
Adjusted EBITDA	\$ 241,753	\$ 219,360	\$ 210,249

(1) Restructuring and other costs includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities. 2024 and 2023 includes costs associated with the Cybersecurity Incident that occurred in May 2023, see Note 15 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information.

(2) Litigation expense include a settlement and legal fees paid in association with a dispute with a kiosk development partner, and litigation with the Hy-Ko Products Company LLC litigation (see Note 15 - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information).

(3) Transaction and integration expense includes professional fees and other costs related to the Koch Industries, Inc. and Intex DIY, Inc acquisitions and the CCMP secondary offerings in 2023.

(4) In the first quarter of 2024, we entered into a Repricing Amendment (2024 Repricing Amendment) on our existing Senior Term Loan due July 14, 2028 (see Note 7 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information).

(5) 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 28, 2024	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada
Operating income	\$ 56,790	\$ 23,897	\$ 8,114
Depreciation and amortization	81,861	43,245	4,934
Stock compensation expense	11,360	1,319	784
Restructuring and other costs	342	688	1,948
Litigation expense	—	5,000	—
Transaction and integration expense	1,207	36	—
Change in fair value of contingent consideration	—	228	—
Adjusted EBITDA	<u>\$ 151,560</u>	<u>\$ 74,413</u>	<u>\$ 15,780</u>

Year Ended December 30, 2023	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada
Operating income	\$ 8,366	\$ 42,953	\$ 9,609
Depreciation and amortization	76,099	40,714	4,827
Stock compensation expense	9,988	1,251	765
Restructuring and other costs	2,549	372	110
Litigation expense	—	339	—
Transaction and integration expense	1,561	193	—
Change in fair value of contingent consideration	—	(4,936)	—
Impairment charges	24,600	—	—
Adjusted EBITDA	<u>\$ 123,163</u>	<u>\$ 80,886</u>	<u>\$ 15,311</u>

Year Ended December 31, 2022	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada
Operating (loss) income	\$ 20,742	\$ 3,541	\$ 15,610
Depreciation and amortization	72,266	42,905	4,839
Stock compensation expense	11,057	1,479	988
Restructuring and other costs	2,342	275	—
Litigation expense	—	32,856	—
Transaction and integration expense	2,231	246	—
Change in fair value of contingent consideration	—	(1,128)	—
Adjusted EBITDA	<u>\$ 108,638</u>	<u>\$ 80,174</u>	<u>\$ 21,437</u>

Liquidity and Capital Resources:

The following table presents the key categories of our consolidated statements of cash flows:

	Year Ended		Year Ended		Year Ended	
	December 28, 2024	December 30, 2023	\$ Change	December 31, 2022	\$ Change	
Net cash provided by operating activities	\$ 183,336	\$ 238,035	\$ (54,699)	\$ 119,011	\$ 119,024	
Net cash used for investing activities	(143,397)	(67,852)	(75,545)	(72,822)	4,970	
Net cash used for financing activities	(39,268)	(161,976)	122,708	(28,722)	(133,254)	
Net increase in cash and cash equivalents	5,957	7,472	(1,515)	16,476	(9,004)	

Operating Cash Flows:

Operating cash flows for the year ended December 28, 2024 were unfavorably impacted by increases in accounts receivable due to accounts receivable generated by the Koch business post acquisition. Additionally, we saw increased accrued liabilities due to the timing of inventory purchases and payments. Finally, in the current year we saw increases in accrued incentive compensation which favorably impacted our cash flow from operating activities.

Net cash provided by operating activities 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.

Investing Cash Flows:

Capital Expenditures:

Cash of \$85.2 million, \$65.8 million, and \$69.6 million, was used in the years ending December 28, 2024, December 30, 2023 and December 31, 2022, respectively, to invest in new key duplicating kiosks and machines and merchandising racks.

Acquisitions:

Intex DIY, Inc.

On August 23, 2024, the Company completed the acquisition of Intex DIY, Inc. ("Intex"), a leading supplier of wiping cloths, consumable rags, and cleaning textiles for a total purchase price of \$34.1 million. Intex has business operations throughout North America and its financial results reside in the Company's Hardware and Protective Solutions reportable segment. (see Note 5 - Acquisitions of the Notes to Consolidated Financial Statements for additional information).

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 \$23.8 million. Koch has business operations throughout North America and its financial results reside in the Company's Hardware and Protective Solutions reportable segment (see Note 5 - Acquisitions of the Notes to Consolidated Financial Statements for additional information).

Financing Cash Flows:

Term Loan:

The Company used \$106.4 million of cash for principal payments on the senior term loan, including a \$100.0 million prepayment made on October 3, 2024 against the outstanding term loan balance without payment of a premium or penalty. As of December 28, 2024, we have outstanding borrowings of \$645.5 million on the term loan. See Note 7 - Long-Term Debt of the Notes to Consolidated Financial Statements for additional information.

ABL Revolver:

Our revolver draws, net of repayments, used cash of \$62.0 million in the year ended December 28, 2024 as part of the Company's initiative to pay down the term loan along with the acquisitions of Koch and Intex referenced above. During the year ended December 30, 2023, our revolver repayments, net of draws, used cash of \$72.0 million as part of the Company's initiative to pay down the term loan.

Stock Option Exercises:

In the years ended December 28, 2024, December 30, 2023, and December 31, 2022, the Company received \$9.7 million, \$2.2 million, and \$2.6 million, respectively, from the exercise of stock options.

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 28, 2024, the ABL Revolver had an outstanding balance of \$62.0 million and had outstanding letters of credit of \$41.6 million, leaving \$188.7 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 \$90 million for capital expenditures in 2025. 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 \$319.5 million as of December 28, 2024 represents a decrease of \$5.4 million from the December 30, 2023 level of \$324.9 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 2025 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 28, 2024 would have affected net earnings by approximately \$1.5 million in fiscal 2024.

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 2024, 2023, and 2022, 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 2024, 2023, and 2022 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.

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 28, 2024, the carrying value of the Protective Solutions reporting unit's goodwill was \$128.8 million and Hardware Solutions reporting unit's goodwill was \$436.8 million.

Recent Accounting Pronouncements:

Recently issued accounting standards are described in Note 3 - Recent Accounting Pronouncements of the Notes to Consolidated Financial Statements.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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 28, 2024, 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 \$3.5 million.

Foreign Currency Exchange

We are exposed to foreign exchange rate changes of the Canadian and Mexican currencies as it impacts the \$136.2 million net asset value of our Canadian and Mexican subsidiaries as of December 28, 2024. The foreign subsidiaries' net tangible assets were \$84.7 million and the net intangible assets were \$51.5 million as of December 28, 2024.

We utilize foreign exchange forward contracts to manage the exposure to currency fluctuations in the Canadian dollar versus the U.S. Dollar. See Note 13 - Derivatives and Hedging of the Notes to Consolidated Financial Statements.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE	Page
Report of Management on Internal Control Over Financial Reporting	34
Report of Independent Registered Public Accounting Firm - Deloitte & Touche LLP	35
Consolidated Financial Statements:	
Consolidated Balance Sheets	37
Consolidated Statements of Comprehensive Income (Loss)	38
Consolidated Statements of Cash Flows	39
Consolidated Statements of Stockholders' Equity	40
Notes to Consolidated Financial Statements	41
Financial Statement Schedule:	
Valuation Accounts	72

33| December 28, 2024 Form 10-K

HILLMAN

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 28, 2024, 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 28, 2024, 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/ JON MICHAEL ADINOLFI

/s/ ROBERT O. KRAFT

Jon Michael Adinolfi

Robert O. Kraft

President and Chief Executive Officer

Chief Financial Officer

Dated: February 20, 2025

Dated: February 20, 2025

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 28, 2024 and December 30, 2023, the related consolidated statements of comprehensive income (loss), cash flows, and stockholders' equity, for each of the three years in the period ended December 28, 2024, 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 28, 2024 and December 30, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 28, 2024, 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 28, 2024, 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 20, 2025, 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 \$828.6 million as of

December 28, 2024, of which \$436.8 million and \$128.8 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 as well as the selection of 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 the selection of 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 selected 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) forecasted information included in the Company press releases, as well as in analyst and industry reports for the Company and certain of its peer companies.
- With the assistance of our internal 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:
 - Testing the source information underlying the determination of discount rates and long-term net sales growth rates, including the mathematical accuracy of the calculations.
 - 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 20, 2025

We have served as the Company's auditor since 2022.

HILLMAN SOLUTIONS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	December 28, 2024	December 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 44,510	\$ 38,553
Accounts receivable, net of allowances of \$ 2,827 (\$ 2,770 - 2023)	109,788	103,482
Inventories, net	403,673	382,710
Other current assets	15,213	23,235
Total current assets	573,184	547,980
Property and equipment, net of accumulated depreciation of \$ 376,150 (\$ 333,875 - 2023)	224,174	200,553
Goodwill	828,553	825,042
Other intangibles, net of accumulated amortization of \$ 530,398 (\$ 470,791 - 2023)	605,859	655,293
Operating lease right of use assets	81,708	87,479
Other assets	17,025	14,754
Total assets	<u>\$ 2,330,503</u>	<u>\$ 2,331,101</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 139,057	\$ 140,290
Current portion of debt and finance lease obligations	12,975	9,952
Current portion of operating lease liabilities	16,850	14,407
Accrued expenses:		
Salaries and wages	34,977	22,548
Pricing allowances	7,651	8,145
Income and other taxes	10,377	6,469
Other accrued expenses	31,843	21,309
Total current liabilities	253,730	223,120
Long-term debt	691,726	731,708
Deferred tax liabilities	124,611	131,552
Operating lease liabilities	71,474	79,994
Other non-current liabilities	6,591	10,198
Total liabilities	<u>1,148,132</u>	<u>1,176,572</u>
Commitments and Contingencies (Note 15)	—	—
Stockholders' equity:		
Common stock, 0.0001 par, 500,000,000 shares authorized, 196,705,710 and 194,913,124 issued and outstanding at December 28, 2024 and December 30, 2023, respectively	20	20
Additional paid-in capital	1,442,958	1,418,535
Accumulated deficit	(218,951)	(236,206)
Accumulated other comprehensive loss	(41,656)	(27,820)
Total stockholders' equity	<u>1,182,371</u>	<u>1,154,529</u>
Total liabilities and stockholders' equity	<u>\$ 2,330,503</u>	<u>\$ 2,331,101</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

HILLMAN SOLUTIONS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE Income (LOSS)
(dollars in thousands)

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Net sales	\$ 1,472,595	\$ 1,476,477	\$ 1,486,328
Cost of sales (exclusive of depreciation and amortization shown separately below)	764,691	828,956	846,551
Selling, warehouse, and general and administrative expenses	488,702	452,110	480,993
Depreciation	68,766	59,331	57,815
Amortization	61,274	62,309	62,195
Other expense (income), net	361	12,843	(1,119)
Income from operations	88,801	60,928	39,893
Interest expense, net	59,241	68,310	54,560
Refinancing costs	3,008	—	—
Income (loss) before income taxes	26,552	(7,382)	(14,667)
Income tax expense	9,297	2,207	1,769
Net income (loss)	<u>\$ 17,255</u>	<u>\$ (9,589)</u>	<u>\$ (16,436)</u>
Basic income (loss) per share	\$ 0.09	\$ (0.05)	\$ (0.08)
Weighted average basic shares outstanding	196,108	194,722	194,249
Diluted income (loss) per share	\$ 0.09	\$ (0.05)	\$ (0.08)
Weighted average diluted shares outstanding	198,915	194,722	194,249
Net income (loss) from above	\$ 17,255	\$ (9,589)	\$ (16,436)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(16,471)	4,801	(7,615)
Hedging activity	2,635	(11,597)	13,745
Total other comprehensive (loss) income	(13,836)	(6,796)	6,130
Comprehensive income (loss)	<u>\$ 3,419</u>	<u>\$ (16,385)</u>	<u>\$ (10,306)</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 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Cash flows from operating activities:			
Net income (loss)	\$ 17,255	\$ (9,589)	\$ (16,436)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	130,040	121,640	120,010
(Gain) loss on dispositions of property and equipment	56	(34)	(26)
Impairment charges	—	24,600	—
Deferred income taxes	(5,038)	(8,693)	(873)
Deferred financing and original issue discount amortization	5,065	5,323	3,582
Loss on debt restructuring	3,008	—	—
Cash paid to third parties in connection with debt restructuring	(1,554)	—	—
Stock-based compensation expense	13,463	12,004	13,524
Customer bankruptcy reserve	8,640	—	—
Change in fair value of contingent consideration	228	(4,936)	(1,128)
Changes in operating items:			
Accounts receivable	(4,545)	(15,898)	19,889
Inventories	8,710	103,660	38,813
Other assets	(6,004)	3,068	566
Accounts payable	(7,784)	8,029	(53,760)
Accrued salaries and wages	12,707	6,750	7,553
Other accrued liabilities	9,089	(7,889)	(12,703)
Net cash provided by operating activities	183,336	238,035	119,011
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(57,900)	(1,700)	(2,500)
Capital expenditures	(85,219)	(65,769)	(69,589)
Other investing activities	(278)	(383)	(733)
Net cash used for investing activities	(143,397)	(67,852)	(72,822)
Cash flows from financing activities:			
Rewpayments of senior term loans	(106,383)	(88,510)	(10,638)
Borrowings of revolving credit loans	177,000	178,000	244,000
Rewpayments of revolving credit loans	(115,000)	(250,000)	(265,000)
Financing fees	(33)	—	—
Principal payments under finance lease obligations	(3,682)	(2,410)	(1,470)
Proceeds from exercise of stock options	9,657	2,167	2,609
Payments of contingent consideration	(260)	(1,232)	—
Other financing activities	(567)	9	1,777
Net cash used for financing activities	(39,268)	(161,976)	(28,722)
Effect of exchange rate changes on cash	5,286	(735)	(991)
Net increase in cash and cash equivalents	5,957	7,472	16,476
Cash and cash equivalents at beginning of period	38,553	31,081	14,605
Cash and cash equivalents at end of period	\$ 44,510	\$ 38,553	\$ 31,081

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						Accumulated Other	Comprehensive Loss	Total Stockholders Equity
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit					
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	
Net income	—	—	—	17,255			—	—	17,255
Stock option activity, stock awards and employee stock purchase plan	1,793	—	24,423	—			—	—	24,423
Hedging activity	—	—	—	—			2,635	—	2,635
Change in cumulative foreign currency translation adjustment	—	—	—	—			(16,471)	—	(16,471)
Balance at December 28, 2024	196,706	\$ 20	\$ 1,442,958	\$ (218,951)			\$ (41,656)	\$ 1,182,371	

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 2024, 2023, and 2022 are for fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively. Certain amounts in the prior year presentation were reclassified to conform to the current year's presentation.

"Hillman Solutions Corp.," "HMan Group Holdings Inc.," and "The Hillman Companies, Inc." are holding companies with no other operations, cash flows, material assets or liabilities other than the equity interests in "The Hillman Group, Inc.," which is the borrower under our credit facility.

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 2024 and 2023, the Company had a 52 week fiscal year, whereas in 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.

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; rope and chain; 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 \$ 25,647 and \$ 12,695 at December 28, 2024 and December 30, 2023, 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 9 - 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 \$ 2,827 and \$ 2,770 as of December 28, 2024 and December 30, 2023, respectively.

In the years ended December 28, 2024 and December 30, 2023, 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 \$ 286,243 , \$ 299,169 and \$ 374,105 for the years ended December 28, 2024, December 30, 2023 and December 31, 2022, 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 \$ 5,840 , \$ 6,313 and \$ 4,432 for the years ended December 28, 2024, December 30, 2023 and December 31, 2022, 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 28, 2024 and December 30, 2023:

	Estimated Useful Life (Years)	2024		2023	
		life of lease	\$	\$	\$
Leasehold improvements			29,145	\$	28,026
Machinery and equipment	3 - 10		481,418		420,921
Computer equipment and software	3 - 5		73,203		70,356
Furniture and fixtures	6 - 8		12,506		12,396
Construction in process		4,052			2,729
Property and equipment, gross			600,324		534,428
Less: Accumulated depreciation			376,150		333,875
Property and equipment, net		\$ 224,174		\$ 200,553	

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 2024, 2023, and 2022 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					Goodwill at	
	December 30, 2023		Acquisitions	Disposals	Other ⁽¹⁾	December 28, 2024	
Hardware and Protective Solutions	\$ 575,298	\$ 6,568	\$ —	\$ (679)	\$ 581,187		
Robotics and Digital Solutions	220,936	—	—	—	—	220,936	
Canada	28,808	—	—	(2,378)	—	26,430	
Total	\$ 825,042	\$ 6,568	\$ —	\$ (3,057)	\$ 828,553		

(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 28, 2024 and December 30, 2023 consist of the following:

	Useful Life		December 28, 2024	December 30, 2023
	(Years)			
Customer relationships	13	-	20 \$ 954,888	\$ 944,713
Trademarks - indefinite			Indefinite 84,883	85,520
Trademarks - other	2	-	15 29,549	31,665
Technology and patents	1	-	12 66,937	64,186
Intangible assets, gross			1,136,257	1,126,084
Less: Accumulated amortization			530,398	470,791
Intangible assets, net			\$ 605,859	\$ 655,293

Estimated annual amortization expense for intangible assets subject to amortization at December 28, 2024 for the next five fiscal years is as follows:

Fiscal Year Ended	Amortization Expense
2025	\$ 60,806
2026	56,339
2027	53,506
2028	52,740
2029	51,830
Thereafter	245,755

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 2024, 2023, or 2022 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 income (loss).

No other impairment charges were recorded in 2024, 2023, or 2022. Approximately 96 % 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 6 - 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 income tax 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 \$ 4,832 , \$ 4,315 , and \$ 4,055 in the years ended December 28, 2024, December 30, 2023, and December 31, 2022, 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
Year Ended December 28, 2024				
Fastening and Hardware	\$ 868,899	\$ —	\$ 133,968	\$ 1,002,867
Personal Protective	225,478	—	4,447	229,925
Keys and Key Accessories	—	182,253	9,446	191,699
Engraving and Resharpening	—	48,064	40	48,104
Consolidated	<u><u>\$ 1,094,377</u></u>	<u><u>\$ 230,317</u></u>	<u><u>\$ 147,901</u></u>	<u><u>\$ 1,472,595</u></u>
Year Ended December 30, 2023				
Fastening and Hardware	\$ 865,212	\$ —	\$ 140,699	\$ 1,005,911
Personal Protective	209,407	—	6,997	216,404
Keys and Key Accessories	—	193,212	8,711	201,923
Engraving and Resharpening	—	52,188	51	52,239
Consolidated	<u><u>\$ 1,074,619</u></u>	<u><u>\$ 245,400</u></u>	<u><u>\$ 156,458</u></u>	<u><u>\$ 1,476,477</u></u>
Year Ended December 31, 2022				
Fastening and Hardware	\$ 834,210	\$ —	\$ 155,362	\$ 989,572
Personal Protective	234,524	—	8,926	243,450
Keys and Key Accessories	—	189,364	7,625	196,989
Engraving and Resharpening	—	56,269	48	56,317
Consolidated	<u><u>\$ 1,068,734</u></u>	<u><u>\$ 245,633</u></u>	<u><u>\$ 171,961</u></u>	<u><u>\$ 1,486,328</u></u>

The following table disaggregates our revenue by geographic location:

	Hardware and Protective Solutions	Robotics and Digital Solutions	Canada	Total Revenue
Year Ended December 28, 2024				
United States	\$ 1,076,602	\$ 230,317	\$ —	\$ 1,306,919
Canada	—	—	147,901	147,901
Mexico	17,775	—	—	17,775
Consolidated	<u><u>\$ 1,094,377</u></u>	<u><u>\$ 230,317</u></u>	<u><u>\$ 147,901</u></u>	<u><u>\$ 1,472,595</u></u>
Year Ended December 30, 2023				
United States	\$ 1,062,045	\$ 245,400	\$ —	\$ 1,307,445
Canada	—	—	156,458	156,458
Mexico	12,574	—	—	12,574
Consolidated	<u><u>\$ 1,074,619</u></u>	<u><u>\$ 245,400</u></u>	<u><u>\$ 156,458</u></u>	<u><u>\$ 1,476,477</u></u>
Year Ended December 31, 2022				
United States	\$ 1,054,831	\$ 245,633	\$ —	\$ 1,300,464
Canada	—	—	171,961	171,961
Mexico	13,903	—	—	13,903
Consolidated	<u><u>\$ 1,068,734</u></u>	<u><u>\$ 245,633</u></u>	<u><u>\$ 171,961</u></u>	<u><u>\$ 1,486,328</u></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, rope and chain, 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 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 Income (Loss).

Shipping and handling costs were \$ 53,438 , \$ 53,288 , and \$ 59,911 in the years ended December 28, 2024, December 30, 2023, and December 31, 2022, 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 Income (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 \$ 1,333 , \$ 2,562 , and \$ 2,349 in the years ended December 28, 2024, December 30, 2023, and December 31, 2022, 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, 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 2021, 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.

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 11 - 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 Income (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 Income (Loss) in the period of the change. See Note 13 - 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. RECENT ACCOUNTING PRONOUNCEMENTS

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. 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 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 has adopted the new standard in this Form 10-K, see Note 18 - Segment Reporting and Geographic Information for more information.

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.

On November 4, 2024, the FASB issued ASU 2023-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. This ASU mandates that public business entities provide detailed disclosures in the notes to their financial statements, breaking down certain expense categories presented on the income statement into specified natural expense components. This enhanced disclosure aims to provide investors with more detailed information about the types of expenses included in commonly presented expense captions, such as cost of sales, selling, general, and administrative expenses (SG&A), and research and development. The amendments introduced by ASU 2024-03 are effective for public business entities for fiscal years beginning after December 15, 2026. The Company is currently evaluating the impact provided by the new standard.

4. 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.

Gregory Mann and Gabrielle Mann are employed by Hillman. Hillman leased an industrial warehouse and office facility from companies under the control of the Manns. Rental expense for the lease of this facility was \$ 205 for the year ended December 31, 2022. 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 Swygent, Executive Chairman of Ollie's since 2025, and before that President and Chief Executive Officer of Ollie's, is a member of our Board of Directors. Sales to related parties were \$ 622 , \$ 1,583 , and \$ 687 for the years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively.

5. ACQUISITIONS

Monkey Hook, LLC

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.

Ajustlock

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 due one year after closing. During the fourth quarter of 2024, the remaining hold-back of \$54, which reflects the balance owed to Ajustlock after deducting certain amounts owed by Ajustlock to the Company, was paid to satisfy the full purchase price. 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.

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 \$ 23,783 . In the second quarter of 2024, the Company had a final net working capital adjustment of \$173, which reduced goodwill and the purchase price of the acquisition from an estimated \$23,956 at closing in the first quarter of 2024 to \$ 23,783 . Koch 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 Koch.

Inventory	\$	20,194
Other current assets		275
Property and equipment		586
Goodwill		3,048
Customer relationships		4,000
Trade names		300
Total assets acquired	\$	28,403
Less:		
Liabilities assumed		(4,620)
Total purchase price	\$	<u><u>23,783</u></u>

Net sales and operating income from Koch included in the Company's Condensed Consolidated Statement of Comprehensive Income (Loss) for the year ended December 28, 2024 were as follows:

Year Ended December 28, 2024		
Net sales	\$	39,888
Operating income		<u>3,279</u>

Pro forma financial information has not been presented for Koch as the financial results of Koch were insignificant to the financial results of the Company on a standalone basis.

Intex DIY, Inc.

On August 23, 2024, the Company completed the acquisition of Intex DIY, Inc. ("Intex"), a leading supplier of wiping cloths, consumable rags, and cleaning textiles for a total purchase price of \$ 34,064 . This acquisition expands Hillman's offerings in the cleaning products category. Intex 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 preliminary fair value of the acquired assets and assumed liabilities to the total purchase price of Intex.

Accounts receivable	\$	11,981
Inventory		14,795
Other current assets		26
Property and equipment		949
Goodwill		3,520
Customer relationships		9,400
Trade names		104
Total assets acquired	\$	40,775
Less:		
Liabilities assumed		(6,711)
Total purchase price	\$	<u><u>34,064</u></u>

Net sales and operating income from Intex included in the Company's Condensed Consolidated Statement of Comprehensive Income (Loss) for the year ended December 28, 2024 were as follows:

Year Ended December 28, 2024		
Net sales	\$	21,075
Operating income		2,037

Pro forma financial information has not been presented for Intex as the financial results of Intex were insignificant to the financial results of the Company on a standalone basis.

6. INCOME TAXES

Income (loss) before income taxes are comprised of the following components for the periods indicated:

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
United States based operations	\$ 18,066	\$ (17,902)	\$ (32,817)
Non-United States based operations	8,486	10,520	18,150
Income (loss) before income taxes	<u>\$ 26,552</u>	<u>\$ (7,382)</u>	<u>\$ (14,667)</u>

Below are the components of the Company's income tax expense (benefit) for the periods indicated:

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
<u>Current:</u>			
Federal & State	\$ 9,193	\$ 4,713	\$ 1,838
Foreign	3,206	2,642	177
Total current	12,399	7,355	2,015
<u>Deferred:</u>			
Federal & State	(1,925)	(5,059)	(4,648)
Foreign	(1,177)	(38)	4,406
Total deferred	(3,102)	(5,097)	(242)
Valuation allowance	—	(51)	(4)
Income tax expense (benefit)	<u>\$ 9,297</u>	<u>\$ 2,207</u>	<u>\$ 1,769</u>

The Company has U.S. federal net operating loss ("NOL") carryforwards totaling \$ 3,861 as of December 28, 2024 that are available to offset future taxable income. All 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 remaining U.S. federal NOLs evenly through 2032 in accordance with the IRC §382 limitation.

The Company has state NOL carryforwards with an aggregate tax benefit of \$ 1,666 which expire from 2025 to 2043.

The table below reflects the significant components of the Company's net deferred tax assets and liabilities at December 28, 2024 and December 30, 2023:

	December 28, 2024	December 30, 2023
	Non-current	Non-current
<u>Deferred Tax Asset:</u>		
Inventory	\$ 22,852	\$ 21,807
Bad debt and other sales related reserves	2,253	1,918
Casualty loss reserve	517	651
Accrued bonus / deferred compensation	11,849	9,628
Interest limitation	20,266	26,247
Lease liabilities	24,735	25,690
Transaction costs	1,474	1,536
Deferred financing fees	821	949
Federal / foreign net operating loss	811	7,363
State net operating loss	1,666	2,411
Tax credit carryforwards	82	1,219
All other	5,826	2,723
Gross deferred tax assets	93,152	102,142
Valuation allowance for deferred tax assets	(292)	(292)
Net deferred tax assets	\$ 92,860	\$ 101,850
<u>Deferred Tax Liability:</u>		
Intangible asset amortization	\$ 165,976	\$ 178,025
Property and equipment	27,696	29,875
Lease assets	22,981	23,903
Derivative security value	818	1,599
Deferred tax liabilities	\$ 217,471	\$ 233,402
Net deferred tax liability	\$ 124,611	\$ 131,552

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.

Historically, the Company 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. In 2023, the Company reevaluated its assertion and determined it no longer intends to indefinitely reinvest its non-U.S. undistributed earnings. In 2024, the Company recorded withholding tax expense of \$559. A portion of the withholding tax expense is attributable to undistributed earnings from our Canadian subsidiary. We've recorded a liability for the undistributed amount of \$435 as of the end of the 2024 fiscal year. At the end of the fiscal 2023 period, the Company did not record a liability for undistributed earnings as all amounts were distributed by the end of the period. In 2023, the Company repatriated funds from its Canadian subsidiary and recorded an associated withholding tax expense of \$1,484.

Below is a reconciliation of statutory income tax rates to the effective income tax rates for the periods indicated:

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Non-U.S. taxes	2.0 %	(12.5) %	(7.1) %
State and local income taxes, net of U.S. federal income tax benefit	3.9 %	0.2 %	2.9 %
Adjustment for change in tax law	— %	— %	5.4 %
Acquisition and related transaction costs	— %	(3.8) %	(2.7) %
Meals & entertainment	0.9 %	(2.7) %	(0.1) %
Withholding taxes	2.1 %	(20.1) %	— %
Impact of foreign currency	— %	3.3 %	— %
Global Intangible Low-Taxed Income ("GILTI")	— %	— %	(24.4) %
Reconciliation of tax provision to return	(3.3) %	(1.4) %	(0.2) %
Non-deductible compensation	8.3 %	(13.3) %	(6.4) %
Reconciliation of other adjustments	0.1 %	(0.6) %	(0.5) %
Effective income tax rate	35.0 %	(29.9) %	(12.1) %

The Company's reserve for unrecognized tax benefits remains unchanged for the year ended December 28, 2024. A balance of \$ 1,101 of unrecognized tax benefit is shown in the financial statements at December 28, 2024 as a non-current liability. As of December 30, 2023, the unrecognized tax benefit was shown in the financial statements as a reduction of the deferred tax asset for the Company's NOL carryforward. During 2024, the Company utilized its available unlimited NOLs and began paying Federal cash taxes to the U.S. government. As a result, the Company reclassified the unrecognized tax benefit to a non-current liability in the financial statements. The Company recognizes accrued interest and penalties of \$99 and \$0 related to unrecognized tax benefits as income tax expense for the 2024 and 2023 periods, respectively.

The following is a summary of the changes for the periods indicated below:

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Unrecognized tax benefits - beginning balance	\$ 1,101	\$ 1,101	\$ 1,101
Gross increases - tax positions in current period	—	—	—
Gross increases - tax positions in prior period	—	—	—
Gross decreases - tax positions in prior period	—	—	—
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. There are no significant audits for the period ended December 28, 2024. 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.

7. LONG-TERM DEBT

The following table summarizes the Company's debt:

		December 28, 2024	December 30, 2023
Revolving loans	\$	62,000	\$ —
Senior Term Loan, due 2028		645,470	751,852
Finance leases & other obligations		11,085	9,097
	\$	<u>718,555</u>	<u>\$ 760,949</u>
Unamortized discount on Senior Term Loan		(2,940)	(4,087)
Current portion of long term debt and finance leases		(12,975)	(9,952)
Deferred financing fees		(10,914)	(15,202)
Total long term debt, net	\$	<u>691,726</u>	<u>\$ 731,708</u>

Revolving Loans and Term Loans

As of December 28, 2024, the ABL Revolver had an outstanding balance of \$62.0 million, and had outstanding letters of credit of \$ 41.6 million. The Company has \$ 188.7 million of available borrowings under the revolving credit facility as a source of liquidity as of December 28, 2024 based on the customary asset-backed loan borrowing base and availability provisions.

In October 2024 and August 2023, the Company made a \$100.0 million and \$80.0 million prepayment against the outstanding term loan balance without payment of a premium or penalty, respectfully.

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.

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.

2024 Conversion of Debt from CDOR Interest Rate to CORRA Interest Rate

Though the Company currently does not have any Canadian obligations outstanding on the ABL Revolver, the Company entered into Amendment No. 5 to the ABL Revolver on June 27, 2024 to transition its benchmark interest rate for Canadian borrowings from the Canadian Dollar Offered Rate ("CDOR") to the Term Canadian Overnight

Repo Rate Average ("CORRA"). The amendment and transition was due to the discontinuation of CDOR on June 30, 2024. The foregoing descriptions of Amendment No. 5 to the ABL Revolver do not purport to be complete and is qualified in its entirety by the terms and conditions of Amendment No. 5 to the ABL Revolver and the Amended and Restated ABL Credit Agreement.

2024 Repricing

On March 26, 2024, the Company entered into a Repricing Amendment (2024 Repricing Amendment) on its existing Senior Term Loan due July 14, 2028. The 2024 Repricing Amendment (i) reduces the interest rate per annum applicable to the Term Loan outstanding from SOFR plus a margin varying from 2.5 % to 2.75 % plus a Credit Spread Adjustment ("CSA") varying between 0.11 % to 0.43 % to SOFR plus a margin varying from 2.25 % to 2.50 %, without the CSA and (ii) implements a 1% prepayment premium for the existing Term Loan to apply to Repricing Transactions that occur within six months after the effective date of the 2024 Repricing Amendment. In connection with the closing of the 2024 Repricing Amendment, the Company expensed \$ 3,008 consisting of \$ 1,554 of existing fees written off and \$1,454 in new fees expensed. The Company capitalized an additional \$ 33 primarily for the payment of upfront lender fees (original issue discount).

The aggregate minimum principal maturities of the long-term debt obligations for each of the five years following December 28, 2024 are as follows:

Year	Amount
2025	\$ 9,255
2026	8,951
2027	72,788
2028	617,813
2029	—
Thereafter	—
Total	\$ 708,807

Note that future finance lease payments were excluded from the maturity schedule above. Refer to Note 8 - Leases.

8. 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 28, 2024, December 30, 2023 and December 31, 2022 were as follows:

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Operating lease costs	\$ 21,821	\$ 21,451	\$ 19,670
Short term lease costs	3,164	5,534	6,960
Variable lease costs	2,732	847	2,028
Finance lease costs:			
Amortization of right of use assets	3,910	2,570	1,563
Interest on lease liabilities	557	285	122

Rent expense is recognized on a straight-line basis over the expected lease term. Rent expense totaled \$ 27,717 , \$ 27,832 and \$ 28,658 in the years ended December 28, 2024, December 30, 2023 and December 31, 2022, 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 28, 2024 and December 30, 2023 were as follows:

	December 28, 2024		December 30, 2023	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted average remaining lease term	5.41	3.06	6.33	2.95
Weighted average discount rate	6.70 %	5.91 %	7.04 %	5.38 %

Supplemental balance sheet information related to the Company's finance leases as of December 28, 2024 and December 30, 2023:

	December 28, 2024	December 30, 2023
Finance lease assets, net, included in property plant and equipment	\$ 9,415	\$ 7,166
Current portion of long-term debt	3,720	2,800
Long-term debt, less current portion	6,028	4,512
Total principal payable on finance leases	\$ 9,748	\$ 7,312

Supplemental cash flow information related to our operating leases was as follows for the years ended December 28, 2024 and December 30, 2023:

	Year Ended December 28, 2024	Year Ended December 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflow from operating leases	\$ 21,934	\$ 20,614
Operating cash outflow from finance leases	555	267
Financing cash outflow from finance leases	3,682	2,410

As of December 28, 2024, 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 28, 2024:

	Operating Leases	Finance Leases
Less than one year	\$ 22,059	\$ 4,197
1 to 2 years	21,358	3,153
2 to 3 years	18,706	1,936
3 to 4 years	16,140	993
4 to 5 years	11,355	368
After 5 years	15,341	23
Total future minimum rental commitments	104,959	10,670
Less - amounts representing interest	(16,635)	(922)
Present value of lease liabilities	\$ 88,324	\$ 9,748

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.

9. 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 28, 2024 and December 30, 2023, the Company's Consolidated Balance Sheets included \$ 796 and \$ 818 , 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 \$ 17 and \$ 18 as of December 28, 2024 and December 30, 2023, 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 14 - Fair Value Measurements for additional detail.

During the years ended December 28, 2024, December 30, 2023, and December 31, 2022, distributions from the deferred compensation plan aggregated \$ 184 , \$ 537 , and \$ 228 , respectively.

10. 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 25, 2021 to December 28, 2024 including the effect of significant reclassifications out of accumulated other comprehensive loss (net of tax):

	Accumulated Other Comprehensive Loss
Balance at December 25, 2021	\$ (27,154)
Other comprehensive income before reclassifications	10,524
Amounts reclassified from other comprehensive income ¹	(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 ²	(15,608)
Net current period other comprehensive loss	(6,796)
Balance at December 30, 2023	(27,820)
Other comprehensive income before reclassifications	(25,516)
Amounts reclassified from other comprehensive income ³	11,680
Net current period other comprehensive loss	(13,836)
Balance at December 28, 2024	\$ (41,656)

1. 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 13 - Derivatives and Hedging for additional information on the interest rate swaps.
2. 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 13 - Derivatives and Hedging for additional information on the interest rate swaps.
3. For the year ended December 28, 2024 the Company deferred a loss of \$ 8,162 , reclassified a loss of \$ 11,680 including tax benefit of \$ 883 into other comprehensive loss due to hedging activities. The amounts reclassified out of other comprehensive loss were recorded as interest expense. See Note 13 - Derivatives and Hedging for additional information on the interest rate swaps.

11. STOCK-BASED COMPENSATION

HMAN Group Holdings Inc. 2014 Equity Incentive Plan

The Company's former parent, HMAN Group Holdings Inc., established the 2014 Equity Incentive Plan (the "Prior Plan") in 2014. The Company merged with a special purpose acquisition corporation on July 14, 2021 and began trading on The Nasdaq Capital Market. At that time, share awards under the Prior Plan were converted and modified to reflect share awards of the Company's common stock. The modification of the vesting criteria of certain performance options resulted in \$ 3,254 of additional compensation expense recognized in the year ended December 31, 2022.

The Company is no longer granting new awards under the 2014 Equity Incentive Plan. Awards previously granted under the 2014 Equity Incentive Plan include options, 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 28, 2024 is presented below (share amounts in thousands):

	Number of Shares	Exercise Price per Share (in whole dollars)	Weighted Avg. Remaining Contractual Term
Outstanding at December 30, 2023	11,983	\$ 8.09	5.09 years
Granted	—		
Exercised	(1,284)		
Forfeited or expired	(537)		
Outstanding at December 28, 2024	10,162	\$ 8.27	4.49 years
Exercisable at December 28, 2024	8,562	\$ 8.42	4.72 years

In fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, 1,284 , 77 , and 182 options were exercised, respectively.

Stock option compensation expense of \$ 1,546 , \$ 3,504 , and \$ 8,144 was recognized in the accompanying Consolidated Statements of Comprehensive Income (Loss) for the years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively. As of December 28, 2024, there was \$ 73 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 0.08 years.

The total intrinsic value of share options exercised during the years ended 2024, 2023, and 2022 was \$ 3,409 , \$ 162 , and \$ 893 , 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 years ended December 28, 2024 and December 30, 2023. Restricted stock compensation expense of \$ 346 was recognized in the accompanying Consolidated Statements of Comprehensive Income (Loss) for the fiscal year ended December 31, 2022.

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 28, 2024 is presented below (share amounts in thousands):

	Number of Shares	Grant Date Fair Value (in whole dollars)	Weighted Avg.
Outstanding at December 30, 2023	199	\$ 10.00	
Granted	—		
Vested	(199)		
Forfeited or expired	—		
Outstanding at December 28, 2024	—	\$ —	—

Restricted stock unit compensation expense of \$ 55 , \$ 582 and \$ 357 was recognized in the accompanying Consolidated Statements of Comprehensive Income (Loss) for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

2021 Equity Incentive Plan

Effective July 14, 2021, the Company established the 2021 Equity Incentive Plan. On June 7, 2024, the 2021 Equity Incentive Plan was amended to increase the share reserve by 2,000,000 shares of common stock (the 2021 Equity Incentive Plan as amended is referred to as the "2021 Plan"). Under the 2021 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) 9,150,814 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 16,523,510 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 %	-	40.00 %
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 28, 2024 is presented below (share amounts in thousands):

	Number of Shares	Exercise Price per Share (in whole dollars)	Weighted Avg. Remaining Contractual Term
Outstanding at December 30, 2023			
Granted	1,387	\$ 9.39	8.62 years
Exercised	(528)		
Forfeited or expired	(48)		
Outstanding at December 28, 2024	1,859	\$ 9.51	7.75 years
Exercisable at December 28, 2024	479	\$ 9.59	7.45 years

In the fiscal year ended December 28, 2024 48 options were exercised and in December 30, 2023 no options were exercised.

Stock option compensation expense of \$ 1,701 , \$ 1,124 and \$543 was recognized in the accompanying Consolidated Statements of Comprehensive Income (Loss) for the years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. As of December 28, 2024, there was \$ 3,898 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 1.28 years.

The weighted-average grant-date fair value of share options granted during the year ended 2024 was \$ 4.55 .

The total intrinsic value of share options exercised during the year ended 2024 was \$ 46 .

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 28, 2024 is presented below (share amounts in thousands):

	Number of Shares	Weighted Avg. Grant Date Fair Value (in whole dollars)
Outstanding at December 30, 2023	2,437	9.11 years
Granted	1,313	
Vested	(81)	
Forfeited or expired	(140)	
Outstanding at December 28, 2024	<u>3,529</u>	<u>9.30 years</u>

Restricted stock unit compensation expense of \$ 9,785 , \$ 6,440 and \$ 3,810 was recognized in the accompanying Consolidated Statements of Comprehensive Income (Loss) for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively. As of December 28, 2024, there was \$ 14,528 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 1.19 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 28, 2024, December 30, 2023, and December 31, 2022, there was approximately \$ 376 , \$ 355 , and \$ 314 of compensation expense related to the ESPP, respectively.

12. 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 28, 2024			
	Earnings (Numerator)	Shares (Denominator)	Per Share Amount
Net income	\$ 17,255	196,108	\$ 0.09
Dilutive effect of stock options and awards	—	2,807	—
Net income per diluted common share	<u>\$ 17,255</u>	<u>198,915</u>	<u>\$ 0.09</u>

Year Ended December 30, 2023			
	Earnings (Numerator)	Shares (Denominator)	Per Share Amount
Net loss	\$ (9,589)	194,722	\$ (0.05)
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 Amount
Net loss	\$ (16,436)	194,249	\$ (0.08)
Dilutive effect of stock options and awards	—	—	—
Net loss per diluted common share	<u>\$ (16,436)</u>	<u>194,249</u>	<u>\$ (0.08)</u>

Stock options and awards outstanding totaling 2,863 , 5,874 and 5,896 were excluded from the computation for the years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively, as they would have had an antidilutive effect under the treasury stock method.

13. 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 was 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 were recorded within other comprehensive income (loss) within the Company's Statement of Comprehensive Income (Loss) and the deferred gains or losses were reclassified out of other comprehensive income (loss) 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 was 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 were recorded within other comprehensive income (loss) within the Company's Statement of Comprehensive Income (Loss) and the deferred gains or losses were reclassified out of other comprehensive income (loss) 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 income (loss) within the Company's Statement of Comprehensive Income (Loss) and the deferred gains or losses are reclassified out of other comprehensive income (loss) 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 income (loss) within the Company's Statement of Comprehensive Income (Loss) and the deferred gains or losses are reclassified out of other comprehensive income (loss) into interest expense in the same period during which the hedged transactions affect earnings.

As of December 28, 2024, 2021 Swap 1 and 2021 Swap 2 expired, and as such, have no remaining value. The following table summarizes the Company's derivatives financial instruments:

Asset Derivatives				Liability Derivatives			
		As of December 28, 2024	As of December 30, 2023			As of December 28, 2024	As of December 30, 2023
Balance Sheet				Balance Sheet			
Location	Fair Value	Fair Value	Fair Value	Location	Fair Value	Fair Value	Fair Value
Derivatives designated as hedging instruments:							
2021 Swap 1	Other current/ non-current assets	\$	—	\$	3,560	Other accrued expenses	\$
2021 Swap 2	Other current/ non-current assets	—		5,336	Other accrued expenses	—	—
2024 Swap 1	Other current/ non-current assets	787		207	Other non-current liabilities	—	(1,613)
2024 Swap 2	Other current/ non-current assets	1,961		436	Other non-current liabilities	—	(1,660)
Total hedging instruments		\$ 2,748		\$ 9,539		\$ —	\$ (3,273)

During 2025, the Company estimates that an additional \$ 1,577 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 14 - Fair Value Measurements.

Foreign Currency Forward Contracts

During fiscal 2024 and 2022 the Company entered into 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\$ 4,087 and C\$ 2,692 as of December 28, 2024 and December 31, 2022, respectively. The total fair value of the foreign currency forward contracts was \$ 4,325 and \$ 12 as of December 28, 2024 and December 31, 2022, respectively and was reported on the accompanying Consolidated Balance Sheets in other current liabilities. An increase in other income of \$ 269 and \$ 95 was recorded in the Consolidated Statements of Comprehensive Income (Loss) for the change in fair value during year ended December 28, 2024 and December 31, 2022, respectively.

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 Income (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 14 - Fair Value Measurements.

14. 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 28, 2024						
	Level 1	Level 2	Level 3		Total	
Trading securities	\$ 796	\$ —	\$ —	\$ 796		
Interest rate swaps	—	2,748	—	—	2,748	
Foreign exchange forward contracts	—	4,325	—	—	4,325	
Contingent consideration payable	—	—	—	4,863	4,863	

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	

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 28, 2024 and December 30, 2023, 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 28, 2024 and December 30, 2023, the foreign exchange forward contracts were included in other current liabilities on the accompanying Consolidated Balance Sheets.

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 Instafob 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 Income (Loss).

The table below provides a summary of the changes in fair value of the Company's contingent considerations (Level 3) for Resharp and Instafob as of December 28, 2024.

	Resharp		Instafob			Other non-current liabilities	Total
	Other accrued expense	Other non-current liabilities	Other accrued expense	Other non-current liabilities	Other accrued expense		
Fair value as of December 30, 2023	\$ 200	\$ 4,600	\$ 16	\$ 79	\$ 4,895		
Fair value of cash consideration paid	(249)	—	(11)	—	(260)		
Change in fair value of contingent consideration	275	(26)	18	(39)	228		
Fair value as of December 28, 2024	<u>\$ 226</u>	<u>\$ 4,574</u>	<u>\$ 23</u>	<u>\$ 40</u>	<u>\$ 4,863</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 28, 2024 and December 30, 2023, 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 28, 2024 and December 30, 2023 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 13 - Derivatives and Hedging.

15. 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 cybersecurity 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. In the fourth quarter of 2024, the Company received proceeds from our insurance claim that exceeded the amount recorded as a receivable by \$617. These proceeds represented the cost associated with lost revenue and incremental expenses incurred.

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 \$ 2,060 recorded for such risk insurance reserves is adequate as of December 28, 2024.

As of December 28, 2024, the Company has provided certain vendors and insurers letters of credit aggregating \$ 41.6 million 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 \$ 3,691 recorded for such group health insurance reserves is adequate as of December 28, 2024.

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 28, 2024, 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.

The Kiosk Development Partner Dispute

On December 16, 2024, the Company entered into a settlement agreement with a kiosk development partner (the "Kiosk Partner"), pursuant to which the Company paid the Kiosk Partner a \$5 million settlement payment on December 30, 2024 to resolve all claims and disputes alleged by the Kiosk Partner. The Kiosk Partner's claims alleged that, among other things, the Company failed to pay certain per key royalty fees to the Kiosk Partner allegedly owed under a joint development agreement dating back over 10 years ago. Though the Company believes it had strong defenses to the claims made by the Kiosk Partner, the Company opted to settle the matter before litigation was filed in order to avoid the cost and uncertainty of protracted litigation.

16. STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information are presented below:

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Cash paid during the period for:			
Interest	42,435	55,872	55,829
Income taxes, net of refunds	9,622	5,356	2,993

As of December 28, 2024 and December 30, 2023, capital expenditures recorded in accounts payable totaled \$ 1,627 and \$ 1,186 , respectively.

17. 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. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral.

For the year ended December 28, 2024, the largest two customers, Lowe's and Home Depot, accounted for 40.9 % of total revenues and 32.6 % of the year-end accounts receivable balance. 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.

Certain customers operate using a purchasing cooperative(s) business model. In this model, independently owned hardware stores make purchases directly from the Company and are invoiced through a billing arrangement with a cooperative. Under this arrangement, the Company would invoice and receive payment from the cooperative for the product shipped directly to the store, and the cooperative would be responsible for invoicing and collecting from the independently owned hardware store. Due to the nature of the cooperative billing arrangement, the risk of collection of the receivables generated by sales to these independently owned hardware stores is concentrated with the cooperative. The Company does not believe a sales concentration exists in these scenarios, as the independently owned hardware stores can continue to make purchases from the Company via a direct bill arrangement or via another purchasing cooperative. As of December 28, 2024 approximately 15% of the Company's accounts receivable was derived through the Ace Hardware purchasing cooperative.

Except as described in the paragraphs above, no other customer accounted for more than 10% of the Company's accounts receivables in 2024 or 2023.

In the year ended December 28, 2024 the Company derived over 10% of its total revenues from two separate customers which operated in each of the operating segments, whereas in years ended December 30, 2023, and December 31, 2022, 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 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Lowe's	18.8 %	20.1 %	21.7 %
Home Depot	22.1 %	23.3 %	24.0 %

18. 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's reportable segments are strategic business units that offer different products and services, and in the case of our Canada segment in a different geography. They are managed separately due to different products and marketing strategies. 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 28, 2024.

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, primarily in the United States. 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, engraving kiosks, 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.

For a reconciliation of our segment sales by product category and geographic area, please see Note 2 - Summary of Significant Accounting Policies. For details on our major customers please see Note 17 - Concentration of Credit Risks.

The Company has transitioned from using segment operating income in prior years as a measure of performance and now utilizes segment adjusted EBITDA. The Company measures the performance of its segments using segment adjusted earnings before interest, taxes, depreciation and amortization ("segment adjusted EBITDA").

The Company's President and Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), uses segment adjusted EBITDA predominantly in the annual budget and forecasting process. The CODM considers budget-to-actual variances, expressed as both actual amounts and as a percentage of sales, on a monthly, quarter to date, and year to date basis when making decisions about allocating resources to the segments. The CODM also uses segment adjusted EBITDA in competitive analysis by benchmarking the Company's competitors. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation. The CODM reviews balance sheet accounts on a consolidated basis and does not regularly review balance sheet accounts by segment as part of their performance assessment and decision-making process. The CODM primarily focuses on net sales growth, cost efficiencies, market expansion and product development rather than financial position. The accounting policies of the Company's segments are the same as those described in Note 1 - Basis of Presentation.

Segment adjusted EBITDA is not defined under GAAP and may not be comparable to similarly titled measures used by other companies and should not be considered a substitute for net earnings or other results reported in accordance with GAAP.

The tables below present net sales, significant segment expenses, and segment adjusted EBITDA for the reportable segments for the years ended December 28, 2024, December 30, 2023, and December 31, 2022. See Note 2 - Summary of Significant Accounting Policies for a reconciliation of total reportable segments' revenues to consolidated revenues.

Hardware and Protective Solutions	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Net Sales	\$ 1,094,377	\$ 1,074,619	\$ 1,068,734
Significant segment expenses			
Adjusted cost of sales (exclusive of depreciation and amortization) ⁽¹⁾	612,175	654,904	669,500
Adjusted selling expense ⁽²⁾	112,646	102,194	101,995
Adjusted Warehouse expense ⁽³⁾	141,839	141,205	139,613
Adjusted General and administrative expense ⁽⁴⁾	76,970	54,941	49,219
Other segment items ⁽⁵⁾	(813)	(1,788)	(231)
Segment Adjusted EBITDA	\$ 151,560	\$ 123,163	\$ 108,638

1. Adjusted cost of sales (exclusive of depreciation and amortization) excludes an inventory revaluation charge made in the fourth quarter of 2023.
2. Adjusted selling expense excludes expense related to corporate restructuring activities.
3. Adjusted warehouse excludes restructuring expense associated with our distribution center relocations and corporate restructuring activities.
4. Adjusted general and administrative expense excludes stock-based compensation, acquisition and integration costs, expense associated with corporate restructuring and amounts related to the Cybersecurity Incident.
5. Other excludes an impairment charge related to the write down of intangible assets, primarily related to review of certain product offerings in 2023.

Robotics and Digital Solutions	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Net sales	\$ 230,317	\$ 245,400	\$ 245,633
Significant segment expenses			
Cost of sales (exclusive of depreciation and amortization)	65,747	71,566	73,944
Adjusted selling expense ⁽¹⁾	62,348	61,977	60,714
Adjusted Warehouse expense ⁽²⁾	11,159	12,475	14,354
Adjusted General and administrative expense ⁽³⁾	16,434	18,371	16,447
Other segment items ⁽⁴⁾	216	125	—
Segment Adjusted EBITDA	\$ 74,413	\$ 80,886	\$ 80,174

1. Adjusted selling expense excludes related to corporate restructuring activities.
2. Adjusted warehouse expense excludes restructuring expense associated with our distribution center relocations and corporate restructuring activities.
3. Adjusted general and administrative expense excludes stock compensation expense, acquisition and integration expense, consulting expense and legal charges related to settlements, see Note 15 - Commitments and Contingencies.
4. Other excludes the gain or loss on the revaluation of our contingent consideration liability, see Note 14 - Fair Value Measurements.

Canada	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Net sales	\$ 147,901	\$ 156,458	\$ 171,961
Significant segment expenses			
Cost of sales (exclusive of depreciation and amortization)	86,769	97,495	103,107
Adjusted selling expense ⁽¹⁾	14,476	13,721	13,764
Adjusted Warehouse expense ⁽²⁾	22,398	23,036	25,517
Adjusted General and administrative expense ⁽³⁾	7,748	7,062	7,897
Other segment items	730	(167)	239
Segment Adjusted EBITDA	<u>\$ 15,780</u>	<u>\$ 15,311</u>	<u>\$ 21,437</u>

1. Adjusted selling expense excludes restructuring expense.
2. Adjusted warehouse expense excludes restructuring expense associated with our distribution center relocations and corporate restructuring activities.
3. Adjusted general and administrative expense excludes stock based compensation and expense associated with corporate restructuring activities.

The following table reconciles segment adjusted EBITDA by segment to the Company's consolidated income (loss) before income taxes.

	Year Ended December 28, 2024	Year Ended December 30, 2023	Year Ended December 31, 2022
Hardware and Protective Solutions	\$ 151,560	\$ 123,163	\$ 108,638
Robotics and Digital Solutions	74,413	80,886	80,174
Canada	<u>15,780</u>	<u>15,311</u>	<u>21,437</u>
Total adjusted EBITDA	241,753	219,360	210,249
Interest expense	59,241	68,310	54,560
Depreciation	68,766	59,331	57,815
Amortization	61,274	62,309	62,195
Stock compensation expense	13,463	12,004	13,524
Restructuring and other costs	2,978	3,031	2,617
Litigation expense	5,000	339	32,856
Transaction and integration expense	1,243	1,754	2,477
Change in fair value of contingent consideration	228	(4,936)	(1,128)
Impairment charges	—	24,600	—
Refinancing costs	3,008	—	—
Total adjusting items	<u>215,201</u>	<u>226,742</u>	<u>224,916</u>
Income (loss) before income taxes	<u>\$ 26,552</u>	<u>\$ (7,382)</u>	<u>\$ (14,667)</u>

19. SUBSEQUENT EVENTS

On January 14, 2025, the Company entered into a Repricing Amendment (2025 Repricing Amendment) on its existing Senior Term Loan due July 14, 2028. The 2025 Repricing Amendment (i) reduces the interest rate per annum applicable to the Term Loan outstanding from SOFR plus a margin varying from 2.25% to 2.50% to SOFR plus a margin of 2.00%, as well as a 1.00% margin for ABR Loans and (ii) implements a 1% prepayment premium for the existing Term Loan to apply to Repricing Transactions that occur within six months after the effective date of the 2025 Repricing Amendment.

Financial Statement Schedule:

Schedule II - VALUATION ACCOUNTS

(dollars in thousands)

	Deducted From Assets in Balance Sheet	Allowance for Doubtful Accounts
Ending Balance - December 25, 2021	\$ 2,891	
Additions charged to cost and expense	973	
Deductions due to:		
Others	(1,459)	
Ending Balance - December 31, 2022	2,405	
Additions charged to cost and expense	521	
Deductions due to:		
Others	(156)	
Ending Balance - December 30, 2023	2,770	
Additions charged to cost and expense	9,082	
Deductions due to:		
Others	(9,025)	
Ending Balance - December 28, 2024	\$ 2,827	

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A – CONTROLS AND PROCEDURES.

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 28, 2024 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 28, 2024, 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 28, 2024. 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 28, 2024, 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 28, 2024, 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 28, 2024, of the Company and our report dated February 20, 2025, 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 20, 2025

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 28, 2024, 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.

Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended December 28, 2024, 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.

Not applicable.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

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 2025 Annual Meeting of Stockholders (the "2025 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. 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 2025 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 information required by this Item is set forth in the section entitled "Beneficial Ownership of Common Stock" and "Equity Compensation Plan Information" in the 2025 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 2025 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 2025 Proxy Statement and is hereby incorporated by reference into this Form 10-K.

PART IV

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.

3.1	Fourth 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 June 13, 2024).
3.2	Second 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 June 13, 2024).
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	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).
10.2*	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).
10.3*	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).
10.4*	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).
10.5*	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).
10.6*	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).
10.7*	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).
10.8*	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).
10.9*	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).
10.10*	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).
10.11*	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).
10.12*	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).
10.13*	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).
10.14+	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).
'10.15+	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).

'10.16+ [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 \(incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2021\).](#)

10.17+ [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 \(incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 3, 2022\).](#)

10.18+ [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 \(incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2023\).](#)

10.19+ [Amendment No. 5 to the ABL Credit Agreement, dated as of June 27, 2024, 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 \(incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 6, 2024\).](#)

10.20+ [Amendment No. 6 to the ABL Credit Agreement, dated as of October 10, 2024, 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 \(filed herewith\).](#)

10.21+ [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 \(incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2023\).](#)

10.22+ [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 \(incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2023\).](#)

10.23+ [Amendment No. 2 to the Term Loan Credit Agreement, dated as of March 26, 2024, by and among The Hillman Companies, Inc., The Hillman Group, Inc., and Jefferies Finance LLC, as administrative agent \(incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 7, 2024\).](#)

10.24+ [Amendment No. 3 to the Term Loan Credit Agreement, dated as of January 14, 2025, by and among The Hillman Companies, Inc., The Hillman Group, Inc., and Jefferies Finance LLC, as administrative agent \(filed herewith\).](#)

10.25* [HMAN Group Holdings, Inc. 2014 Equity Incentive Plan \(incorporated by reference to Exhibit 10.2 of The Hillman Companies, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on August 14, 2014\).](#)

10.26* [Form of HMAN Group Holdings, Inc. 2014 Equity Incentive Plan Stock Option Award Agreements \(incorporated by reference to Exhibit 10.2 of The Hillman Companies, Inc.'s Current Report on Form 8-K filed with the SEC on December 4, 2014\).](#)

10.27* [Form of Notice to the Holders of Stock Options Under the HMAN Group Holdings, Inc. 2014 Equity Incentive Plan, dated July 15, 2021 \(incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022\).](#)

10.28* [Form of HMAN Group Holdings, Inc. 2014 Equity Incentive Plan Restricted Stock Unit Award Agreement \(incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022\).](#)

10.29* [Form of Notice to the Holders of Restricted Stock Units Under the HMAN Group Holdings, Inc. 2014 Equity Incentive Plan, dated July 15, 2021 \(incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K, filed with the SEC on March 16, 2022\).](#)

10.30* [The Hillman Companies, Inc. Nonqualified Deferred Compensation Plan \(amended and restated effective as of January 1, 2003\) \(incorporated by reference to Exhibit 10.1 of The Hillman Companies, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on November 15, 2004\).](#)

10.31* [First Amendment to The Hillman Companies, Inc. Nonqualified Deferred Compensation Plan \(incorporated by reference to Exhibit 10.2 of The Hillman Companies, Inc.'s Quarterly Report on Form 10-Q, filed with the SEC on November 15, 2004\).](#)

10.32* [Hillman Solutions Corp. Non-Employee Director Deferred Compensation Program, adopted December 12, 2022, with respect to the Hillman Solutions Corp. 2021 Equity Incentive Plan \(incorporated by reference to Exhibit 10.33 of the Company's Annual Report on Form 10-K, filed with the SEC on February 27, 2023\).](#)

19.1 [Hillman Solutions Corp. Insider Trading Policy, Last Revised November 2, 2023 \(incorporated by reference to Exhibit 19.1 of the Company's](#)

21.1 [List of Subsidiaries \(filed herewith\). \(As of December 28, 2024\).](#)

23.1 [Consent of Deloitte & Touche LLP, independent registered accounting firm for the Company \(filed herewith\).](#)

31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\) or 15d-14\(a\) under the Exchange Act \(filed herewith\).](#)

31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\) or 15d-14\(a\) under the Exchange Act \(filed herewith\).](#)

32.1 [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 \(furnished herewith\).](#)

32.2 [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 \(furnished herewith\).](#)

97 [Hillman Solutions Corp. Compensation Recovery Policy, dated November 2, 2023 \(incorporated by reference to Exhibit 97 of the Company's Annual Report on Form 10-K, filed with the SEC on February 22, 2024\).](#)

101 The following financial information from the Company's Annual Report on Form 10-K for the year ended December 28, 2024, formatted in inline eXtensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income (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 20, 2025

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>	Capacity	Date
<u>/s/ Jon Michael Adinolfi</u> Jon Michael Adinolfi	Principal Executive Officer, President, and Director	February 20, 2025
<u>/s/ Robert O. Kraft</u> Robert O. Kraft	Principal Financial Officer	February 20, 2025
<u>/s/ Anne S. McCalla</u> Anne S. McCalla	Chief Accounting Officer	February 20, 2025
<u>/s/ Douglas J. Cahill</u> Douglas J. Cahill	Chairman and Director	February 20, 2025
<u>/s/ Diana Dowling</u> Diana Dowling	Director	February 20, 2025
<u>/s/ Teresa S. Gendron</u> Teresa S. Gendron	Director	February 20, 2025
<u>/s/ Diane C. Honda</u> Diane C. Honda	Director	February 20, 2025
<u>/s/ Aaron P. Jagdfeld</u> Aaron P. Jagdfeld	Director	February 20, 2025
<u>/s/ Daniel O'Leary</u> Daniel O'Leary	Director	February 20, 2025
<u>/s/ David A. Owens</u> David A. Owens	Director	February 20, 2025
<u>/s/ John Swygert</u> John Swygert	Director	February 20, 2025
<u>/s/ Philip K. Woodlief</u> Philip K. Woodlief	Director	February 20, 2025

AMENDMENT NO. 6

This Amendment No. 6, dated as of October 10, 2024 (this 'Amendment'), is entered into by and among The Hillman Companies, Inc., a Delaware corporation (as successor in merger to Hillman Investment Company) ("Holdings"), The Hillman Group, Inc., a Delaware corporation (the "US Borrower"), The Hillman Group Canada ULC, a British Columbia unlimited liability company (the "Canadian Borrower") and, together with the US Borrower, the 'Borrowers' and each, a 'Borrower'), the Subsidiary Guarantors, the Issuing Banks listed on the signature pages hereto, and Barclays Bank PLC, in its capacity as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to them in the Amended Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, Holdings, the Borrowers, the lenders from time to time party thereto, the Administrative Agent and the other parties named therein are party to that certain Credit Agreement, dated as of May 31, 2018 (as amended by that certain Amendment No. 1, dated as of November 15, 2019, that certain Amendment No. 2, dated as of July 14, 2021, by that certain Amendment No. 3, dated as of July 29, 2022, by that certain Amendment No. 4, dated as of April 25, 2023, by that certain Amendment No. 5, dated as of June 27, 2024, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the Amendment No. 6 Effective Date (as defined below), the "Existing Credit Agreement");

WHEREAS, in accordance with Section 9.02(b)(D) of the Existing Credit Agreement, the Administrative Agent and the Issuing Banks listed on the signature pages hereof have agreed to amend the Existing Credit Agreement to increase the US Letter of Credit Sublimit and decrease the Canadian Letter of Credit Sublimit, and the amount of such Issuing Bank's commitment to issue US Letters of Credit and/or Canadian Letters of Credit;

WHEREAS, Holdings, the Borrowers, the other Loan Parties party hereto, the Administrative Agent and the Issuing Banks party hereto have agreed to amend and restate the Existing Credit Agreement as set forth in Section 1 of this Amendment (the Existing Credit Agreement as amended hereby, the "Amended Credit Agreement");

WHEREAS, each Loan Party (a) expects to realize substantial direct and indirect benefits as a result of this Amendment becoming effective and by its signature hereto agrees to the terms hereof and (b) agrees to reaffirm its obligations pursuant to the Amended Credit Agreement, the Security Documents and the other Loan Documents to which it is a party; and

WHEREAS, the Administrative Agent, the Lenders party hereto and the Loan Parties are willing, on the terms and subject to the conditions set forth herein, to consent to the amendment and restatement of the Existing Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

Section 1. Amendments under the Existing Credit Agreement.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Existing Credit Agreement is hereby amended as follows:

- (i) The definition of "Canadian Letter of Credit Sublimit" in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"Canadian Letter of Credit Sublimit" means \$6,250,000, subject to increase in accordance with Section 2.22.

- (i) The definition of "US Letter of Credit Sublimit" in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"US Letter of Credit Sublimit" means \$48,750,000, subject to increase in accordance with Section 2.22.

- (i) the Letters of Credit table in the Commitment Schedule is hereby amended and restated and replaced in its entirety by Schedule I hereto.

Section 2. Conditions Precedent to the Effectiveness of this Amendment.

This Amendment shall become effective as of the date when, and only when, the following conditions precedent have been satisfied (or waived by the Administrative Agent) (such date, the "Amendment No. 6 Effective Date"):

- (a) **Amendment.** The Administrative Agent (or its counsel) shall have received from the Issuing Banks party hereto, Borrowers, Holdings and each other Loan Party party hereto on the Amendment No. 6 Effective Date counterparts of this Amendment signed by such Issuing Bank, and each such Loan Party (or written evidence reasonably satisfactory to the Administrative Agent (which may include a copy transmitted by facsimile or other electronic method) that such party has signed a counterpart).
- (b) **Representations and Warranties.** The representations and warranties of the Loan Parties in Section 3 of this Amendment shall be true and correct in all material respects on and as of the Amendment No. 6 Effective Date; provided that (A) to the extent that any representation and warranty specifically refers to a given date or period, it is true and correct in all material respects as of such date or for such period and (B) if any such representation is qualified by or subject to a Material Adverse Effect or other "materiality" qualification, such representation is true and correct (after giving effect to any qualification therein) in all respects on such date.
- (c) **No Default.** No Default or Event of Default has occurred or is continuing immediately after giving effect to this Amendment.
- (d)

Section 3. Representations and Warranties.

On and as of the Amendment No. 6 Effective Date, after giving effect to this Amendment, each Loan Party hereby represents and warrants to the Administrative Agent and each of the Lenders as follows:

- (a) Each Loan Party has the power and authority to execute, deliver and perform this Amendment and the other Loan Documents to which it is a party. Each Loan Party has taken all necessary corporate action (including obtaining approval of its shareholders, if necessary) to authorize its execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party. This Amendment and the other Loan Documents have been duly executed and delivered by each Loan Party party thereto, and constitutes the legal, valid and binding obligations of such Loan Party, enforceable against it in accordance with its terms, subject to the Legal Reservations. Each Loan Party's execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party does not (x) violate, the terms of (a) the Term Credit Agreement or any other material Contractual Obligations to which such Loan Party is a party which violation, in the case of this Section 3(a), would reasonably be expected to result in a Material Adverse Effect, (b) any Requirement of Law applicable to such Loan Party, which violation, in the case of this clause (b), would reasonably be expected to have a Material Adverse Effect, or (c) any Organization Document of such Loan Party or (y) result in the imposition of any Lien upon the property of any Loan Party by reason of any of the foregoing.
- (b) The representations and warranties contained in Article III of the Amended Credit Agreement and the other Loan Documents are true and correct in all material respects (and any representation and warranty that is qualified as to materiality or Material Adverse Effect is true and correct in all respects) on and as of the Amendment No. 6 Effective Date as though made on and as of such date, other than any such representation or warranty which relates to a given date or period, in which case such representations and warranties were true and correct in all material respects as of such date or period.
- (c) The execution and delivery of this Amendment and the other Loan Documents by each Loan Party party thereto and the performance by each Loan Party thereof do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect and (ii) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which would not be reasonably expected to have a Material Adverse Effect.

Section 4. Reference to and Effect on the Loan Documents.

- (a) As of the Amendment No. 6 Effective Date, each reference in the Existing Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference in the other Loan Documents to the Existing Credit Agreement (including, without limitation, by means of words like "thereunder," "thereof" and words of like import), shall mean and be a reference to the Amended Credit Agreement, and this

Amendment and the Amended Credit Agreement shall be read together and construed as a single instrument.

- (b) Except as expressly amended on the Amendment No. 6 Effective Date, all of the terms and provisions of the Existing Credit Agreement, the Loan Guaranty and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed. This Amendment shall not constitute a novation of the Existing Credit Agreement, the Loan Guaranty or any other Loan Document.
- (c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lenders, the Borrowers or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any other provision of any of the Loan Documents or for any purpose except as expressly set forth herein.
- (d) This Amendment shall constitute a Loan Document under the terms of the Amended Credit Agreement.
- (e) The Loan Parties, by their respective signatures below, hereby affirm and confirm their guarantees pursuant to the Loan Guaranty and the pledge of and/or grant of a security interest in their assets which are Collateral to secure the Obligations, all as provided in the Collateral Documents, and acknowledge and agree that such guarantees and such pledge and/or grant shall continue in full force and effect in respect of, and to secure, such Obligations under the Amended Credit Agreement and the other Loan Documents.

Section 5. Fees and Expenses.

The Borrowers agree to pay all reasonable and documented or invoiced out-of-pocket costs and expenses of the Administrative Agent and the Lenders in connection with this Amendment to the extent required by Section 9.03 of the Amended Credit Agreement.

Section 6. Counterparts.

This Amendment may be executed in any number of counterparts (and by different parties hereto on different counterparts), each of which shall be an original, but all of which shall constitute a single contract. This Amendment shall become effective on the Amendment No. 6 Effective Date. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or by email as a ".pdf" attachment shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including, without limitation, Assignment and Assumptions, amendments or other modifications, Borrowing Requests, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce

Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that, notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Section 7. Governing Law.

- (a) THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.
- (b) The jurisdiction, venue and service of process provisions of Section 9.10 of the Amended Credit Agreement shall apply to this Amendment *mutatis mutandis*.

Section 8. Notices.

All communications and notices hereunder shall be given as provided in Section 9.01 of the Amended Credit Agreement.

Section 9. Waiver of Jury Trial.

The waiver of jury trial provisions of Section 9.11 of the Amended Credit Agreement shall apply to this Amendment *mutatis mutandis*.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

THE HILLMAN COMPANIES, INC., as Holdings

By: /s/ Robert O. Kraft

Name: Robert O. Kraft

Title: Chief Financial Officer and Treasurer

THE HILLMAN GROUP, INC., as the US Borrower

By: /s/ Robert O. Kraft

Name: Robert O. Kraft

Title: Chief Financial Officer and Treasurer

THE HILLMAN GROUP CANADA ULC,

as the Canadian Borrower

By: /s/ Robert O. Kraft

Name: Robert O. Kraft

Title: Chief Financial Officer and Treasurer

BIG TIME PRODUCTS, LLC

SUNSUB C INC.,

each as a Subsidiary Guarantor

By: /s/ Robert O. Kraft

Name: Robert O. Kraft

Title: Chief Financial Officer and Treasurer

BARCLAYS BANK PLC,

as Administrative Agent

By: /s/ Koruthu Mathew

Name: Koruthu Mathew

Title: VP

BANK OF AMERICA, N.A., as an Issuing Bank

By: /s/ Brian Scawinski

Name: Brian Scawinski

Title: Senior Vice President

BANK OF AMERICA, N.A., acting through its Canada
Branch, as an Issuing Bank

By: /s/ Sylwia Durkiewicz

Name: Sylwia Durkiewicz

Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as an

Issuing Bank

By: /s/ Paul Smith

Name: Paul Smith

Title: Vice President

PNC BANK CANADA BRANCH, as an Issuing Bank

By: /s/ Wendy Whitcher

Name: Wendy Whitcher

Title: Senior Vice President

SCHEDULE I

Letters of Credit

Issuing Bank	Maximum US Letters of Credit	Maximum Canadian Letters of Credit	Maximum Letters of Credit	Percentage
Barclays Bank PLC	\$13,000,000	\$2,000,000	\$15,000,000	27.273%
Bank of America, N.A.	\$8,750,000	\$0	\$8,750,000	15.909%
First Financial Bank	\$2,000,000	\$0	\$2,000,000	3.636%
Fifth Third Bank, National Association	\$3,000,000	\$0	\$3,000,000	5.455%
MUFG Bank, LTD.	\$5,000,000	\$3,750,000	\$8,750,000	15.909%
PNC Bank, National Association / PNC Bank Canada Branch	\$14,500,000	\$500,000	\$15,000,000	27.273%
U.S. Bank National Association	\$2,500,000	\$0	\$2,500,000	4.545%
Total	\$48,750,000	\$6,250,000	\$55,000,000	100%

AMENDMENT NO. 3

This Amendment No. 3, dated as of January 14, 2025 (this “Amendment”), is entered into by and among The Hillman Companies, Inc., a Delaware corporation (as successor in merger to Hillman Investment Company) (“Holdings”), The Hillman Group, Inc., a Delaware corporation (the “Borrower”), the Subsidiary Guarantors, the Lenders party hereto and Jefferies Finance LLC (“Jefferies”), in its capacities as administrative agent and collateral agent for the Lenders (in such capacities, the “Administrative Agent”). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to them in the Amended Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, reference is made to that certain Credit Agreement, dated as of July 14, 2021 (as amended by that certain Amendment No. 1, dated as of June 30, 2023, that certain Amendment No. 2, dated as of March 26, 2024, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the “Existing Credit Agreement”, and as amended by this Amendment, the “Amended Credit Agreement”), by and among the Borrower, Holdings, the financial institutions party thereto as Lenders, and the Administrative Agent;

WHEREAS, pursuant to, and in accordance with, Section 9.02 of the Existing Credit Agreement, the Borrower has requested that the Lenders amend, and the Lenders party hereto have agreed to so amend, the Existing Credit Agreement in the manner set forth in Section 2 hereof to, among other things, reduce the interest rate applicable to the Term Loans;

WHEREAS, each Lender under the Existing Credit Agreement immediately prior to the Amendment No. 3 Effective Date (collectively, the “Existing Lenders”) that executes and delivers a consent to this Amendment in the form of the “Lender Consent” attached hereto as Annex I (a “Lender Consent”) and selects Option A (Cashless Roll) thereunder (the “Continuing Lenders”) hereby agrees to the terms and conditions of this Amendment;

WHEREAS, each Existing Lender that executes and delivers a Lender Consent and selects Option B (Assignment) thereunder (the “Non-Continuing Lenders” and, together with the Continuing Lenders, the “Consenting Lenders”) hereby agrees to the terms and conditions of this Amendment and agrees that it shall execute, or shall be deemed to have executed, a counterpart of the Master Assignment and Acceptance Agreement substantially in the form attached hereto as Annex II (a “Master Assignment”) and shall in accordance therewith sell all of its existing Term Loans as specified in the applicable Master Assignment, as further set forth in this Amendment;

WHEREAS, each Existing Lender that fails to execute and return a Lender Consent by 12:00 p.m. (New York City time), on January 10, 2025 (the “Consent Deadline”) (each, a “Non-Consenting Lender”) shall, in accordance with Section 2.19(b) of the Existing Credit Agreement, assign and delegate, without recourse (in accordance with Section 2.19(b) and Section 9.05 of the Existing Credit Agreement), all of its interests, rights and obligations under the Existing Credit Agreement and the related Loan Documents in respect of its existing Term Loans to an assignee that shall assume such obligations as specified in the applicable Master Assignment, as further set forth in this Amendment;

WHEREAS, the Administrative Agent and the Consenting Lenders are willing, on the terms and subject to the conditions set forth below, to enter into the amendments, modifications and agreements set forth in this Amendment; and

WHEREAS, the Consenting Lenders collectively constitute the Required Lenders and, after giving effect to the operation of Section 2.19(b) of the Existing Credit Agreement, the Consenting Lenders shall constitute all Lenders.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

Section 1. Amendment of the Existing Credit Agreement.

Subject to the satisfaction (or waiver by the Administrative Agent and the Consenting Lenders) of the conditions precedent set forth in Section 2 below, the Loan Parties, the Amendment No. 3 Consenting Lenders and the Administrative Agent hereby agree as follows:

a. Section 1.01 of the Existing Credit Agreement is hereby amended by adding in the appropriate alphabetical order the following new definition:

"Amendment No. 3 Effective Date" means January 14, 2025.

b. Section1.01 of the Existing Credit Agreement is hereby amended by amending and restating the following defined terms to read in their entirety as follows:

"Applicable Rate" means, for any day, a percentage per annum equal to, with respect to any Initial Loans (A) 2.00% for SOFR Loans and (B) 1.00% for ABR Loans.

c. Section 2.12(f) of the Existing Credit Agreement is hereby amended by amending and restating the clause to read in its entirety as follows:

In the event that, on or prior to the date that is six (6) months after the Amendment No. 3 Effective Date, the Borrower (x) prepays, repays, refinances, substitutes or replaces any Initial Loans in connection with a Repricing Transaction (including, for the avoidance of doubt, any prepayment made pursuant to Section 2.11(b)(iii) that constitutes a Repricing Transaction), or (y) effects any amendment, modification or waiver of, or consent under, this Agreement resulting in a Repricing Transaction (it being understood and agreed for the avoidance of doubt that (i) prepayments as a result of assignments made to Affiliated Lenders pursuant to Section 9.05(g) and (ii) terminations or reductions of any unfunded Initial Delayed Draw Term Loan Commitments pursuant to Section 2.09(b)(ii), in each case, shall not be subject to this Section 2.12(f)), the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Lenders, (I) in the case of clause (x), a premium of 1.00% of the aggregate principal amount of the Initial Loans so prepaid, repaid, refinanced, substituted or replaced and (II) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the Initial Loans that are the subject of such Repricing Transaction outstanding immediately prior to such amendment. If, on or prior to the date that is six (6) months after the Amendment No. 3 Effective Date, all or any portion of the Initial Loans held by any Lender are prepaid, repaid, refinanced, substituted or replaced pursuant to Section 2.19(b)(iv) as a result of, or in connection with, such Lender not agreeing or otherwise consenting to any waiver, consent, modification or amendment referred to in clause (y) above (or otherwise in connection with a Repricing Transaction), such prepayment, repayment, refinancing, substitution or replacement will be made at 101% of the principal amount so prepaid, repaid, refinanced, substituted or replaced. All such amounts shall be due and payable on the date of effectiveness of such Repricing Transaction.

Section 2. Conditions Precedent to the Effectiveness of this Amendment.

This Amendment shall become effective as of the date when, and only when, the following conditions precedent have been satisfied (or waived by the Administrative Agent), subject in all respects to the last paragraph of this Section 2, (such date, the "Amendment No. 3 Effective Date"):

a. Amendment. The Administrative Agent (or its counsel) shall have received from the Borrower, Holdings, each other Loan Party party hereto and the Lenders constituting at least the Required Lenders, on the Amendment No. 3 Effective Date, counterparts signed by each such Loan Party and the Lenders constituting at least the Required Lenders (or written evidence reasonably satisfactory to the Administrative Agent (which may include a copy transmitted by facsimile or other electronic method) that such party has signed a counterpart) of this Amendment.

b. Representations and Warranties. The representations and warranties of the Loan Parties in Section 3 of this Amendment shall be true and correct in all material respects on and as of the Amendment No. 3 Effective Date; provided that (A) to the extent that any representation and warranty specifically refers to a given date or period, it is true and correct in all material respects as of such date or for such period and (B) if any such representation is qualified by or subject to a Material Adverse Effect or other "materiality" qualification, such representation is true and correct (after giving effect to any qualification therein) in all respects on such date.

c. No Default. No Default or Event of Default has occurred or is continuing immediately after giving effect to this Amendment.

d. Officer's Certificate. The Administrative Agent shall have received a certificate, dated the Amendment No. 3 Effective Date, executed by the President, a Vice President or a Financial Officer of the Borrower Representative, certifying Section 2(b) and Section 2(c) as of the Amendment No. 3 Effective Date.

e. Fees. The Borrower shall have paid to the Administrative Agent all reasonable and documented or invoiced out-of-pocket costs and expenses of the Administrative Agent and the Lenders in connection with this Amendment to the extent required pursuant to Section 5 of this Amendment.

f. Interest. The Borrower shall have paid to the Administrative Agent, for distribution to each Lender, all accrued but unpaid interest on the outstanding Term Loans that has accrued through but excluding the Amendment No. 3 Effective Date (as calculated in accordance with the Existing Credit Agreement).

g. Secretary's Certificate. The Administrative Agent (or its counsel) shall have received (i) a certificate of each Loan Party, dated the Amendment No. 3 Effective Date and executed by a secretary, assistant secretary or other Responsible Officer (as the case may be) thereof, which shall (A) certify that attached thereto is a true and complete copy of the resolutions or written consents of its shareholders, board of directors, board of managers, members or other governing body authorizing the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions or written consents have not been modified, rescinded or amended (other than as attached thereto) and are in full force and effect, (B) identify by name and title and bear the signatures of the officers, managers, directors or authorized signatories of such Loan Party authorized to sign the Loan Documents to which it is a party on the Amendment No. 3 Effective Date and (C) certify (x) that attached thereto is a true and complete copy of the certificate or articles of incorporation or organization (or memorandum of association or other equivalent thereof) of such Loan Party certified by the relevant authority of the jurisdiction of organization of such Loan Party and a true and correct copy of its by-laws or operating,

management, partnership or similar agreement and (y) that such documents or agreements have not been amended (except as otherwise attached to such certificate and certified therein as being the only amendments thereto as of such date) and (ii) a good standing (or equivalent) certificate as of a recent date for such Loan Party from its jurisdiction of organization, to the extent available.

h. **Interest Election.** At least one Business Day prior to the Amendment No. 3 Effective Date, the Borrower shall have delivered to the Administrative Agent an Interest Election Request with respect to the Term Loans after giving effect to this Amendment.

i. **Solvency.** The Administrative Agent (or its counsel) shall have received a certificate dated as of the Closing Date in substantially the form of Exhibit K to the Existing Credit Agreement from the chief financial officer (or other officer or director with reasonably equivalent responsibilities) of the Borrower certifying as to the matters set forth therein.

j. **Replacement Lender.** The Replacement Lender shall have executed and delivered the Master Assignment contemplated under Section 6 and all other conditions to the consummation of the assignments in accordance with Section 6 shall have been satisfied and such assignments shall have been consummated or shall be consummated substantially concurrently with the effectiveness of this Amendment.

Section 3. Representations and Warranties.

On and as of the Amendment No. 3 Effective Date, after giving effect to this Amendment, each Loan Party hereby represents and warrants to the Administrative Agent and each of the Lenders as follows:

a. Each Loan Party has the power and authority to execute, deliver and perform this Amendment and the other Loan Documents to which it is a party. Each Loan Party has taken all necessary corporate action (including obtaining approval of its shareholders, if necessary) to authorize its execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party. This Amendment and the other Loan Documents have been duly executed and delivered by each Loan Party party thereto, and constitutes the legal, valid and binding obligations of such Loan Party, enforceable against it in accordance with its terms, subject to the Legal Reservations. Each Loan Party's execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party does not (x) violate, the terms of (a) the ABL Credit Agreement or any other material Contractual Obligations to which such Loan Party is a party which violation, in the case of this Section 3(a), would reasonably be expected to result in a Material Adverse Effect, (b) any Requirement of Law applicable to such Loan Party, which violation, in the case of this clause (b), would reasonably be expected to have a Material Adverse Effect, or (c) any Organization Document of such Loan Party or (y) result in the imposition of any Lien upon the property of any Loan Party by reason of any of the foregoing.

b. The representations and warranties contained in Article III of the Amended Credit Agreement and the other Loan Documents are true and correct in all material respects (and any representation and warranty that is qualified as to materiality or Material Adverse Effect is true and correct in all respects) on and as of the Amendment No. 3 Effective Date as though made on and as of such date, other than any such representation or warranty which relates to a given date or period, in which case such representations and warranties were true and correct in all material respects as of such date or period.

c. The execution and delivery of this Amendment and the other Loan Documents by each Loan Party party thereto and the performance by each Loan Party thereof do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been

obtained or made and are in full force and effect and (ii) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which would not be reasonably expected to have a Material Adverse Effect.

d. As of the Amendment No. 3 Effective Date, the information included in the Beneficial Ownership Certification previously delivered by each Borrower to the Administrative Agent is true and correct in all respects.

Section 4. Reference to and Effect on the Loan Documents.

a. As of the Amendment No. 3 Effective Date, each reference in the Existing Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference in the other Loan Documents to the Existing Credit Agreement (including, without limitation, by means of words like "thereunder," "thereof" and words of like import), shall mean and be a reference to the Amended Credit Agreement, and this Amendment and the Amended Credit Agreement shall be read together and construed as a single instrument.

b. Except as expressly amended and restated on the Amendment No. 3 Effective Date, all of the terms and provisions of the Existing Credit Agreement, the Loan Guaranty and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed. This Amendment shall not constitute a novation of the Existing Credit Agreement, the Loan Guaranty or any other Loan Document.

c. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lenders, the Borrower or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or amendment of any other provision of any of the Loan Documents or for any purpose except as expressly set forth herein.

d. This Amendment shall constitute a Loan Document under the terms of the Amended Credit Agreement.

e. The Loan Parties, by their respective signatures below, hereby affirm and confirm their guarantees pursuant to the Loan Guaranty and the pledge of and/or grant of a security interest in their assets which are Collateral to secure the Obligations, all as provided in the Collateral Documents, and acknowledge and agree that such guarantees and such pledge and/or grant shall continue in full force and effect in respect of, and to secure, such Obligations under the Amended Credit Agreement and the other Loan Documents.

f. Each Loan Party hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to the amendment of the Existing Credit Agreement effected pursuant to this Amendment.

g. Each Loan Party that is not the Borrower acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Loan Party is not required by the terms of the Existing Credit Agreement or any other Loan Document to consent to the amendments to the Existing Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Amended Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Loan Party to any future amendments to the Amended Credit Agreement.

Section 5. Fees and Expenses.

The Borrower agrees to pay all reasonable and documented or invoiced out-of-pocket costs and expenses of the Administrative Agent and the Lenders in connection with this Amendment to the extent required by that certain Engagement Letter, dated as of January 6, 2025 (the “Engagement Letter”), by and between the Borrower and Jefferies Finance LLC, and required by Section 9.03 of the Amended Credit Agreement, which, for the avoidance of doubt, shall not be duplicative of the expenses due by reference to Section 9.03 of the Amended Credit Agreement in the Engagement Letter.

Section 6. Continuation of Existing Loans; Non-Consenting Lenders; Other Terms and Agreements.

a. Continuing Lenders. Each Existing Lender selecting Option A on the Lender Consent hereby consents and agrees to this Amendment.

b. Non-Continuing Lenders. Each Existing Lender selecting Option B on the Lender Consent hereto hereby consents and agrees (subject to the effectiveness of the assignment referred to in the following clause (ii)) to (i) this Amendment and (ii) sell the entire principal amount of its existing Term Loans via an assignment on the Amendment No. 3 Effective Date pursuant to a Master Assignment. By executing a Lender Consent and selecting Option B, each Non-Continuing Lender shall be deemed to have executed a counterpart to the Master Assignment to give effect, solely upon the consent and acceptance by the Replacement Lender, to the assignment described in the immediately preceding sentence.

c. Non-Consenting Lenders. The Borrower hereby gives notice to each Non-Consenting Lender that, upon receipt of Lender Consents from the Existing Lenders constituting the Required Lenders, if such Non-Consenting Lender has not executed and delivered a Lender Consent on or prior to the Consent Deadline, such Non-Consenting Lender shall, pursuant to Section 2.19(b) of the Existing Credit Agreement, execute or be deemed to have executed a counterpart of the Master Assignment and shall in accordance therewith sell its existing Term Loans as specified in the Master Assignment. Pursuant to the Master Assignment, each Non-Consenting Lender shall sell and assign the principal amount of its existing Term Loans as set forth in Schedule I to the Master Assignment, as such Schedule is completed by the Administrative Agent on or prior to the Amendment No. 3 Effective Date, to Jefferies, as assignee (acting through any of its affiliates as it deems appropriate, in such capacity, the “Replacement Lender”) under such Master Assignment, solely upon the consent and acceptance by the Replacement Lender. The Replacement Lender shall be deemed to have consented to this Amendment with respect to such purchased Term Loans at the time of such assignment.

Section 7. Borrower’s Consent.

For purposes of Section 9.05 of the Existing Credit Agreement, the Borrower hereby consents to any assignee of the Replacement Lender or any of its respective Affiliates and Approved Funds (in each case otherwise being an Eligible Assignee) becoming a Lender in connection with the syndication of the Term Loans acquired by the Replacement Lender pursuant to Section 6 hereof, to the extent the inclusion of such assignee in the syndicate has been disclosed in writing to and agreed by the Borrower prior to the Amendment No. 3 Effective Date.

Section 8. Counterparts.

This Amendment may be executed in any number of counterparts (and by different parties hereto on different counterparts), each of which shall be an original, but all of which shall constitute a single contract. This Amendment shall become effective on the Amendment No. 3 Effective Date. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or by email as a “.pdf” attachment shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in

connection with this Amendment and the transactions contemplated hereby (including, without limitation, Assignment and Assumptions, amendments or other modifications, Borrowing Requests, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that, notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Section 9. Governing Law.

a. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

b. The jurisdiction, forum, venue and service of process provisions of Section 9.10 of the Amended Credit Agreement shall apply to this Amendment *mutatis mutandis*.

Section 10. Notices.

All communications and notices hereunder shall be given as provided in Section 9.01 of the Amended Credit Agreement.

Section 11. Waiver of Jury Trial.

The waiver of jury trial provisions of Section 9.11 of the Amended Credit Agreement shall apply to this Amendment *mutatis mutandis*.

Section 12. Conflicts.

In the event of any conflict between the terms of this Amendment and the terms of the Amended Credit Agreement or any of the other Loan Documents, the terms of this Amendment shall govern.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

THE HILLMAN COMPANIES, INC., as Holdings
By: /s/ Robert O. Kraft
Name: Robert O. Kraft Title: Chief Financial Officer

THE HILLMAN GROUP, INC., as the Borrower
By: /s/ Robert O. Kraft
Name: Robert O. Kraft Title: Chief Financial Officer

BIG TIME PRODUCTS, LLC
SUNSUB C INC.,
each as a Subsidiary Guarantor
By: /s/ Robert O. Kraft
Name: Robert O. Kraft Title: Chief Financial Officer

Jefferies Finance LLC, as Administrative Agent and the
Replacement Lender
By: /s/ Peter Cucchiara
Name: Peter Cucchiara Title: Managing Director

ANNEX I

Lender Consent

[See *Attached*]

ANNEX II

Master Assignment

[See *Attached*]

**FORM OF MASTER ASSIGNMENT AND ACCEPTANCE AGREEMENT
FOR THE HILLMAN COMPANIES, INC. CREDIT AGREEMENT**

This Master Assignment and Acceptance Agreement (the "**Master Assignment**") is dated as of the Effective Date set forth below and is entered into between the Assignor named below (the "**Assignor**") and the Assignee named below (the "**Assignee**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Master Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity, related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "**Assigned Interest**"). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Master Assignment, without representation or warranty by the Assignor.

By purchasing the Assigned Interest, the Assignee agrees that, for purposes of that certain Amendment No. 3 dated as of January 14, 2025 (the "**Amendment**"), by and among Holdings, the Borrower, the Subsidiary Guarantors, the Lenders party thereto and the Administrative Agent, it shall be deemed to have consented and agreed to the Amendment.

1. Assignors: Each person identified on Schedule I hereto
2. Assignees: Jefferies Finance LLC and is an Affiliate/Approved Fund of
Jefferies Finance LLC
3. Borrower: The Hillman Group, Inc.
4. Administrative Agent: Jefferies Finance LLC

5. Credit Agreement: The Credit Agreement dated as of July 14, 2021 (as amended by that certain Amendment No. 1, dated as of June 30, 2023, that certain Amendment No. 2, dated as of March 26, 2024, that certain Amendment No. 3, dated as of January 14, 2025, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the Credit Agreement"; terms defined therein being used herein as therein defined), among The Hillman Companies, Inc., a Delaware corporation (as successor in merger to Hillman Investment Company) ("Holdings"), The Hillman Group, Inc., a Delaware corporation (the Borrower"), the financial institutions party thereto from time to time as Lenders, Jefferies Finance LLC ("Jefferies"), as administrative agent for the Lenders and collateral agent for the Secured Parties (together with its successors and permitted assigns in such capacities, the Administrative Agent").

6. Assigned Interest: As indicated on Schedule I hereto

Effective Date: January [], 2025

The Assignee agrees to deliver to the Administrative Agent a completed administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the Loan Parties and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

[Signature page follows]

The terms set forth in this Master Assignment are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE

JEFFERIES FINANCE LLC

By: _____
Name:
Title:

Consented to and Accepted:
JEFFERIES FINANCE LLC, as the Administrative Agent

By: _____
Name:
Title:

Consented to:

Borrower:

The Hillman GROUP, Inc.

By: _____

Name:

Title:

ANNEX 1 TO MASTER ASSIGNMENT

CREDIT AGREEMENT DATED AS OF July 14, 2021 (AS AMENDED, RESTATED, AMENDED AND RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME) AMONG The Hillman Companies, Inc., "The Hillman Group, Inc., THE FINANCIAL INSTITUTIONS PARTY THERETO FROM TIME TO TIME PARTIES AS LENDERS, JEFFERIES FINANCE LLC, AS ADMINISTRATIVE AGENT FOR THE LENDERS AND COLLATERAL AGENT FOR THE LENDERS.

**STANDARD TERMS AND CONDITIONS FOR
MASTER ASSIGNMENT**

Section 1. *Representations and warranties.*

a. **Assignor.** Each Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Master Assignment and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of the other Loan Parties or their respective Subsidiaries and Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of the other Loan Parties or their respective Subsidiaries and Affiliates or any other Person of any of their respective obligations under any Loan Document or any other instrument or documents furnished pursuant hereto or thereto.

b. **Assignee.** The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Master Assignment and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Master Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (vi) it is not a Disqualified Institution or an Affiliate of a Disqualified Institution and (viii) attached to the Master Assignment hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on any Agent, the Assignor or any other Lender, and based on

such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (ii) that it appoints and authorizes the Administrative Agent to take such action on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, and (iii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

Section 2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

Section 3. General Provisions. This Master Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Master Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Master Assignment by email or telecopy or other electronic method shall be effective as delivery of a manually executed counterpart of this Master Assignment. This Master Assignment shall be governed by, and construed in accordance with, the law of the State of New York. The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Master Assignment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

[Remainder of page intentionally left blank]

SCHEDULE I
Assigned Interest

On File with the Administrative Agent

SUBSIDIARIES - As of December 28, 2024

HMAN Group Holdings Inc.

Incorporated in the State of Delaware

The Hillman Companies Inc.

Incorporated in the State of Delaware

The Hillman Group, Inc.

Incorporated in the State of Delaware

SunSource Integrated Services de Mexico S.A. de C.V.

Incorporated in Ciudad de Mexico, Mexico

SunSub C Inc.

Incorporated in the State of Delaware

The Hillman Group Canada ULC

Incorporated in the Province of British Columbia, Canada

NB Parent Company LLC

Incorporated in the State of Delaware

NB Products LLC

Incorporated in the State of Delaware

BTP Latinoamerica S. de. R. L. de C.V.

Incorporated in Ciudad de Mexico, Mexico

Big Time Products, LLC

Incorporated in the State of Georgia

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-259659 on Form S-8 and Registration Statement No. 333-258823 on Form S-3 (as converted by post-effective amendment) of our reports dated February 20, 2025, relating to the financial statements of Hillman Solutions Corp. and the effectiveness of Hillman Solutions Corp.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 28, 2024.

/s/ DELOITTE & TOUCHE LLP
Cincinnati, Ohio
February 20, 2025

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Jon Michael Adinolfi, certify that:

1. I have reviewed this annual report on Form 10-K of Hillman Solutions Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2025

/s/ Jon Michael Adinolfi

Jon Michael Adinolfi

President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Robert O. Kraft, certify that:

1. I have reviewed this annual report on Form 10-K of Hillman Solutions Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2025

/s/ Robert O. Kraft

Robert O. Kraft
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 28, 2024 (the "Report") of Hillman Solutions Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof; I, Jon Michael Adinolfi, the President and Chief Executive Officer of the Registrant, certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Jon Michael Adinolfi

Name: Jon Michael Adinolfi

Date: February 20, 2025

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 28, 2024 (the "Report") of Hillman Solutions Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof; I, Robert O. Kraft, the Chief Financial Officer of the Registrant, certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Robert O. Kraft

Name: Robert O. Kraft

Date: February 20, 2025