

# The Hillman Companies, Inc. Reports Second Quarter and Year-to-Date 2019 Financial Results

CINCINNATI, July 30, 2019 (GLOBE NEWSWIRE) -- The Hillman Companies, Inc. (NYSE-AMEX: HLM.PR) (the "Company" or "Hillman") reported today financial results for its thirteen and twenty-six weeks ended June 29, 2019.

#### **Second Quarter Highlights:**

- Net sales increased 31.9% to \$324.6 million compared to prior year net sales of \$246.2 million
- Income from operations was \$6.8 million compared to the prior year income from operations of \$13.4 million
- Net loss was \$19.5 million compared to the prior year net loss of \$13.5 million
- Adjusted EBITDA<sup>1</sup> increased 46.9% to \$57.2 million compared to the prior year Adjusted EBITDA<sup>1</sup> of \$38.9 million

#### Year-to-Date Results

- Net sales increased 34.9% to \$612.3 million compared to prior year net sales of \$453.7 million
- Income from operations was \$5.9 million compared to the prior year income from operations of \$22.5 million
- Net loss was \$54.8 million compared to the prior year net loss of \$23.8 million
- Adjusted EBITDA<sup>1</sup> increased 48.0% to \$96.3 million compared to the prior year Adjusted EBITDA<sup>1</sup> of \$65.1 million
- Net working capital (current assets minus current liabilities) was \$248.5 at June 29, 2019 compared to \$280.0 at December 29, 2018

"We are pleased with the performance of the legacy Hillman business as well as the recent acquisitions that together produced strong cash flows from operations in the second quarter," said Greg Gluchowski, President and CEO. "We are optimistic that the positive momentum that we generated in the first half will continue to produce profitable growth and healthy operating cash flows as we look to the future."

#### **Conference Call Information**

Date/Time: 9:00 a.m. EDT, Wednesday, July 31, 2019

Dial-In for U.S. and Canada: 1-866-673-2033

Audience Passcode: 8669035

#### Replay

Webcast link: <a href="http://www.hillmangroup.com">http://www.hillmangroup.com</a>

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. Refer to the "Reconciliation of Adjusted EBTIDA" section of this press release for additional information as well as reconciliations between the company's GAAP and non-GAAP financial results.

#### **Forward-Looking Statements**

This press release includes certain statements related to acquisitions, refinancing, capital expenditures, resolution of pending litigation, and realization of deferred tax assets that involve substantial risks and uncertainties and may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements include statements regarding our future financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," "project," or the negative of such terms or other similar expressions.

These forward-looking statements are not historical facts, but rather are based on our current expectations, assumptions, and projections about future events. Although we believe that the expectations, assumptions, and projections on which these forward-looking statements are based are reasonable, they nonetheless could prove to be inaccurate, and as a result, the forward-looking statements based on those expectations, assumptions, and projections also could be inaccurate. Forward-looking statements are not guarantees of future performance. Instead, forward-looking statements are subject to known and unknown risks, uncertainties, and assumptions that may cause our strategy, planning, actual results, levels of activity, performance, or achievements to be materially different from any strategy, planning, future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Actual results could differ materially from those currently anticipated as a result of a number of factors, including the risks and uncertainties discussed under the caption "Risk Factors" set forth in Item 1A of our annual report filed on Form 10-K. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward-looking statements.

All forward-looking statements attributable to the Company or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements included in this press release; they should not be regarded as a representation by the Company or any other individual. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this press release might not occur or might be materially different from those discussed.

#### The Hillman Companies, Inc.

Founded in 1964 and headquartered in Cincinnati, Ohio, Hillman is a leading North American provider of complete hardware solutions, delivered with industry best customer service to over 38,000 customers. Hillman designs innovative product and merchandising solutions for complex categories that deliver an outstanding customer experience to home improvement centers, mass merchants, national and regional hardware stores, pet supply stores, and OEM & Industrial customers. Leveraging a world-class distribution and sales network, Hillman delivers a "small business" experience with "big business" efficiency.

For more information on the Company, please visit our website at <a href="http://www.hillmangroup.com">http://www.hillmangroup.com</a> or call Investor Relations at (513) 851-4900, ext. 68284.

### THE HILLMAN COMPANIES, INC. AND SUBSIDIARIES Consolidated Statement of Comprehensive Loss, GAAP Basis (dollars in thousands) Unaudited

	Thirteen Weeks Ended June 29, 2019	Thirteen Weeks Ended June 30, 2018			wenty-six Weeks Ended June 29, 2019	Twenty-six Weeks Ended June 30, 2018	
Net sales	\$ 324,628	\$	246,154	\$	612,287	\$	453,749
Cost of sales (exclusive of depreciation and amortization shown separately below)	181,309		134,027		347,230		243,617
Selling, general and administrative expenses	96,883		78,797		188,718		149,873
Depreciation	16,655		9,535		32,471		18,477
Amortization	14,684		9,712		29,449		19,435
Management fees to related party	125		134		256		262
Other expense (income)	8,215		578		8,254		(403)
Income from operations	6,757		13,371		5,909	-	22,488
Interest expense, net	26,064		14,361		52,627		27,932
Interest expense on junior subordinated debentures	3,152		3,152		6,304		6,304
Investment income on trust common securities	(94)		(94)		(189)		(189)
Refinancing costs	_		8,542		_		8,542
Loss before income taxes	(22,365)		(12,590 )		(52,833 )		(20,101)
Income tax (benefit) expense	(2,869)		941		1,931		3,747
Net loss	\$ (19,496)	\$	(13,531)	\$	(54,764)	\$	(23,848 )
Net loss from above	\$ (19,496)	\$	(13,531 )	\$	(54,764)	\$	(23,848 )
Other comprehensive income:							
Foreign currency translation adjustments	2,547		(3,643)		5,326		(6,682)
Total other comprehensive (loss) income	 2,547		(3,643)		5,326		(6,682 )
Comprehensive loss	\$ (16,949 )	\$	(17,174)	\$	(49,438)	\$	(30,530)

THE HILLMAN COMPANIES, INC. AND SUBSIDIARIES Consolidated Balance Sheets (dollars in thousands) Unaudited

	June 29, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,953	\$ 28,234
Accounts receivable, net of allowances of \$1,097 (\$846 - 2018)	125,056	110,799
Inventories, net	324,585	320,281
Other current assets	7,299	18,727
Total current assets	473,893	478,041
Property and equipment, net of accumulated depreciation of \$149,434 (\$131,169 - 2018)	203,037	208,279
Goodwill	806,031	803,847
Other intangibles, net of accumulated amortization of \$202,561 (\$176,677 - 2018)	900,273	930,525
Operating lease right of use assets	70,854	_
Other assets	10,498	10,778
Total assets	\$ 2,464,586	\$ 2,431,470
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 143,397	\$ 135,059
Current portion of debt and capital leases	11,235	10,985
Accrued expenses:		
Salaries and wages	15,969	9,881
Pricing allowances	6,959	5,404
Income and other taxes	5,079	3,325
Interest	10,217	15,423
Current portion of operating lease liabilities	11,600	47.044
Other accrued expenses	20,970	17,941
Total current liabilities	225,426	198,018
Long term debt	1,572,775	1,586,084
Deferred income taxes, net Other non-current liabilities	202,739 11,422	200,696 7,565
Operating lease liabilities	61,893	7,505
Total liabilities	\$ 2,074,255	\$ 1,992,363
Commitments and contingencies (Note 5)	\$ 2,074,233	φ 1,992,303
Stockholder's Equity:		
Preferred stock, \$.01 par, 5,000 shares authorized, none issued or outstanding at June 29, 2019		
and December 29, 2018	_	_
Common stock, \$.01 par, 5,000 shares authorized, issued and outstanding at June 29, 2019 and		
December 29, 2018	_	_
Additional paid-in capital	550,190	549,528
(Accumulated deficit) retained earnings	(127,595)	(72,831)
Accumulated other comprehensive loss	(32,264)	(37,590)
Total stockholder's equity	390,331	439,107
Total liabilities and stockholder's equity	\$ 2,464,586	\$ 2,431,470
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THE HILLMAN COMPANIES, INC. AND SUBSIDIARIES Consolidated Statement of Cash Flows (dollars in thousands) Unaudited

Cash flows from operating activities:         \$ (54,764 )         \$ (23,848 )           Adjustments to reconcile net loss to net cash provided by operating activities:         61,920         37,912           Deferred income taxes         1,326         3,847           Deferred financing and original issue discount amortization         1,859         1,142           Stock-based compensation expense         662         992           Loss on debt restructuring         6,800         -           Asset impairment         6,800         -           (Gain) loss on disposal of property and equipment         (1212)         53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418)           Changes in operating items:         (2,000)         (33,069)         (1,7687)           Accounts receivable         (13,394)         (17,687)         (1,7687)           Other assets         9,485         (5)         6         5           Accounts payable         2,558         (6,828)         6         8,282           Other ascrued liabilities         2,257         (40,065)         2,257         15,870         16,822           Net cash from investing activities         (27,771)         (40,065)         2,822         16,822		Twenty-six Weeks Ended June 29, 2019		Twenty-six Weeks Ended June 30, 2018		
Adjustments to reconcile net loss to net cash provided by operating activities:         81,926         37,912           Deferred income taxes         1,326         3,847           Deferred financing and original issue discount amortization         1,859         1,142           Stock-based compensation expense         662         992           Loss on debt restructuring         6,800         -           Asset impairment         6,800         -           (Gain) loss on disposal of property and equipment         1,912         1,53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418           Changes in operating items:         (2,000         33,069           Changes in operating items:         (2,000         33,069           Changes in operating items:         (2,000         33,069           Accounts receivable         (3,334)         16,767           Other assets         9,485         (5           Accounts payable         7,540         46,237           Other assets         (2,000         33,069           Net cash provided by operating activities         2,558         (6,881)           Net cash provided by operating activities         (27,771         40,0655           Post as used for investing activities<	Cash flows from operating activities:			_		
Depreciation and amortization         61,920         37,912           Deferred income taxes         1,326         3,847           Deferred financing and original issue discount amortization         1,859         1,142           Stock-based compensation expense         662         992           Loss on debit restructuring         6,800            Asset impairment         6,800            (Gain) loss on disposal of property and equipment         (121)         53           Other non-cash interest and change in value of interest rate swap         (200)         (1,418)           Changes in operating items:         (13,394)         (17,687)           Inventories         (33,069)         (5)           Changes in operating items:         (2000)         (33,069)           Inventories         (30,009)         (46,237)           Inventories         9,485         (5)           Other assets         9,485         (6)           Accounts payable         7,540         46,237           Other accrued liabilities         22,73         15,870           Net cash provided by operating activities         27,771         (40,065)           Cash flows from investing activities         (77,771)         (40,065) <t< th=""><th>Net loss</th><th>\$</th><th>(54,764)</th><th>\$</th><th>(23,848)</th></t<>	Net loss	\$	(54,764)	\$	(23,848)	
Deferred income taxes         1,326         3,847           Deferred financing and original issue discount amortization         1,859         1,142           Stock-based compensation expense         662         992           Loss on debt restructuring         6,800         -           Asset impairment         (6,800)         -           (Gain) loss on disposal of property and equipment         (121)         53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418)           Changes in operating items:         4,000         (33,069)         (30,069)           Inventories         (2,000)         (33,069)         (30,069)           Other assets         (2,000)         (33,069)         (30,069)           Accounts payable         7,540         46,237           Other acrued liabilities         2,558         (6,828)           Net cash provided by operating activities         2,758         (6,828)           Cash flows from investing activities         2(27,771)         (40,065)           Proceeds from sale of property and equipment         7,612         40,065           Proceeds from sale of property and equipment         7,612         40,065           Proceeds from sale of property and equipment         20,000	Adjustments to reconcile net loss to net cash provided by operating activities:					
Deferred financing and original issue discount amortization         1,859         1,142           Stock-based compensation expense         662         992           Loss on debt restructuring         6,800         —           Asset impairment         (6,800         —           (Gain) loss on disposal of property and equipment         (121)         53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418)           Changes in operating items:         (2,000)         (33,069)           Accounts receivable         (2,000)         (33,069)           Other assets         (2,000)         (33,069)           Other assets         9,485         (5)           Accounts payable         7,540         46,237           Other accrued liabilities         2,558         (6,828)           Net cash provided by operating activities         24,773         15,870           Capital expenditures         (27,771)         (40,065)           Proceeds from sale of property and equipment         7,612         —           Net cash used for investing activities         (20,159)         (40,065)           Capital expenditures         (7,956)         (530,000           Repayments of senior term loans         (7,956) <t< td=""><td>Depreciation and amortization</td><td></td><td>61,920</td><td></td><td>37,912</td></t<>	Depreciation and amortization		61,920		37,912	
Stock-based compensation expense         662         992           Loss on debt restructuring         —         8,542           Asset impairment         6,800         —           (Gain) loss on disposal of property and equipment         (121)         53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418)           Changes in operating items:         —         (13,394)         (17,687)           Inventories         (2,000)         (33,069)         (000)         (33,069)         (000)         (33,069)         (000)         (30,000)         (30,000)         (30,000)         (000)         (30,000)         (000	Deferred income taxes		1,326		3,847	
Loss on debt restructuring         —         8,542           Asset impairment         6,800         —           (Gain) loss on disposal of property and equipment         (121)         53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418)           Changes in operating items:         Total         (2,000)         (33,089)           Accounts receivable         (2,000)         (33,089)         (5)           Other assets         9,485         (5)         (5)           Accounts payable         7,540         46,237           Other ascrued liabilities         2,558         (6,828)           Net cash provided by operating activities         22,771         (40,065)           Capital expenditures         (27,771)         (40,065)           Proceeds from sale of property and equipment         7,612         —           Proceeds from sale of property and equipment         7,612         —           Net cash used for investing activities         (20,159)         (40,065)           Cash flows from financing activities         (7,966)         (530,750)         0           Repayments of senior term loans         (7,956)         (530,750)         0           Borrowings on revolving credit loans         (2,000)	Deferred financing and original issue discount amortization		1,859		1,142	
Asset impairment         6,800         —           (Gain) loss on disposal of property and equipment         (121 )         53           Other non-cash interest and change in value of interest rate swap         2,902         (1,418 )           Changes in operating items:         3,908         (17,687 )           Accounts receivable         (13,394 )         (17,687 )           Inventories         (2,000 )         (33,069 )           Other assets         9,485 (5 )         (5 )           Accounts payable         7,540 46,237         46,237           Other accrued liabilities         2,558 (6,828 )           Net cash provided by operating activities         24,773 15,870           Cash flows from investing activities         (27,771 )         (40,065 )           Proceeds from sale of property and equipment         7,612 (7,12 )         —           Net cash used for investing activities         (20,159 )         40,065 )           Proceeds from sale of property and equipment         7,612 (7,12 )         —           Net cash used for investing activities         (20,159 )         40,065 )           Cash flows from financing activities         (7,956 )         530,750 )           Borrowings on senior term loans         (7,956 )         6530,750 )           Borrowings on revolv	Stock-based compensation expense		662		992	
(Gain) loss on disposal of property and equipment         2,902         (1,418 )           Other non-cash interest and change in value of interest rate swap         2,902         (1,418 )           Changes in operating items:         (13,394 )         (17,687 )           Accounts receivable         (2,000 )         (33,069 )           Inventories         (2,000 )         (33,069 )           Other assets         9,485 (5 )         (5 )           Accounts payable         7,540 46,237         (6,828 )           Other accrued liabilities         2,558 (6,828 )         (6,828 )           Net cash provided by operating activities         24,773   15,870         (20,771 )         (40,065 )           Capital expenditures         (27,771 )         (40,065 )         (20,771 )         (40,065 )         (20,771 )         (40,065 )         (20,000 )         (40,065 )         (20,000 )         (40,065 )         (20,000 )         (40,065 )         (20,000 )         (40,065 )         (20,000 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,075 )         (50,000 )         (50,000 )         (50,000 )         (50,000 )         (50,000 )         (50,000 )         (50,000 )	Loss on debt restructuring		_		8,542	
Other non-cash interest and change in value of interest rate swap         2,902         (1,48 k)           Changes in operating items:         (13,394)         (17,687 r)           Accounts receivable         (2,000)         (33,069 g)           Other assets         (2,000)         (33,069 g)           Other assets         9,485         (5 g)           Accounts payable         2,558         (6,828 g)           Other accrued liabilities         2,558         (6,828 g)           Net cash provided by operating activities         24,773         15,870           Cash flows from investing activities         (27,771 g)         (40,065 g)           Proceeds from sale of property and equipment         7,612 g         —           Net cash used for investing activities         (20,159 g)         (40,065 g)           Cash flows from financing activities         (20,159 g)         (40,065 g)           Cash flows from financing activities         (20,159 g)         (40,065 g)           Cash flows from financing activities         (20,159 g)         (40,065 g)           Borrowings on senior term loans         (7,956 g)         (530,750 g)           Borrowings on senior term loans         (7,956 g)         (530,750 g)           Borrowings on revolving credit loans         (20,200 g)         (54,5	Asset impairment		6,800		_	
Changes in operating items:         Accounts receivable         (13,394)         (17,687)           Inventories         (2,000)         (33,069)           Other assets         9,485         (5)           Accounts payable         7,540         46,237           Other accrued liabilities         2,558         (6,828)           Net cash provided by operating activities:         24,773         15,870           Cash flows from investing activities:         (27,771)         (40,065)           Capital expenditures         (27,771)         (40,065)           Proceeds from sale of property and equipment         7,612         —           Net cash used for investing activities         (20,159)         (40,065)           Cash flows from financing activities         (20,159)         (40,065)           Cash flows from financing activities         (7,956)         (530,750)           Borrowings on senior term loans         (7,956)         (530,750)           Borrowings on revolving credit loans         (7,956)         (530,000)           Financing fees         (20,200)         (54,500)           Borrowings on revolving credit loans         (20,200)         (54,500)           Repayments under finance and capitalized lease obligations         (283)         (73)	(Gain) loss on disposal of property and equipment		(121)		53	
Accounts receivable         (13,994)         (17,687)           Inventories         (2,000)         (33,089)           Other assets         9,485         (5)           Accounts payable         7,540         46,237           Other accrued liabilities         2,558         (6,828)           Net cash provided by operating activities         24,773         15,870           Cash flows from investing activities         2(27,771)         (40,065)           Capital expenditures         (20,159)         (40,065)           Proceeds from sale of property and equipment         7,612         —           Net cash used for investing activities         (20,159)         (40,065)           Cash flows from financing activities         (20,159)         (40,065)           Cash growings on senior term loans         7,956         (530,750)           Borrowings on senior term loans         7,956         (530,750)           Borrowings on revolving credit loans         12,500         92,000           Repayments of revolving credit loans         (20,200)         (54,500)           Principal payments under finance and capitalized lease obligations         (28)         (73)           Proceeds from exercise of stock options         —         200           Net cash (used for) provided	Other non-cash interest and change in value of interest rate swap		2,902		(1,418)	
Inventories         (2,000 )         (33,069 )           Other assets         9,485 (5)         (5)           Accounts payable         7,540 (4,237 )         46,237 )           Other accrued liabilities         2,558 (6,828 )         (6,828 )           Net cash provided by operating activities         24,773   15,870           15,870             Cash flows from investing activities         (27,771 )         (40,065 )           Proceeds from sale of property and equipment         7,612	Changes in operating items:					
Other assets         9,485         (5)           Accounts payable         7,540         46,237           Other accrued liabilities         2,558         (6,828 )           Net cash provided by operating activities         24,773         15,870           Cash flows from investing activities:         (27,771 )         (40,065 )           Capital expenditures         (27,771 )         (40,065 )           Proceeds from sale of property and equipment         7,612 —         —           Net cash used for investing activities         (20,159 )         (40,065 )           Cash flows from financing activities         (20,159 )         (40,065 )           Repayments of senior term loans         (7,956 )         (530,750 )           Borrowings on senior term loans         7         (510,000 )           Borrowings on revolving credit loans         2         (11,752 )           Borrowings on revolving credit loans         (20,200 )         (54,500 )           Principal payments under finance and capitalized lease obligations         (283 )         (73 )           Principal payments under finance and capitalized lease obligations         (283 )         (73 )           Priced fexchange rate changes on cash         44 (208 )         (200 )           Net cash (used for) provided by financing activities	Accounts receivable		(13,394)		(17,687)	
Accounts payable         7,540         46,237           Other accrued liabilities         2,558         (6,828 )           Net cash provided by operating activities         24,773         15,870           Cash flows from investing activities:         (27,771 )         (40,065 )           Capital expenditures         (20,159 )         (40,065 )           Proceeds from sale of property and equipment         7,612 ——         —           Net cash used for investing activities         (20,159 )         (40,065 )           Cash flows from financing activities         (20,159 )         (40,065 )           Repayments of senior term loans         (7,956 )         (530,750 )           Borrowings on senior term loans         —         530,000           Financing fees         —         (11,752 )           Borrowings on revolving credit loans         12,500          92,000           Repayments of revolving credit loans         (20,200 )         (54,500 )           Principal payments under finance and capitalized lease obligations         (283 )         (73           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939 )         25,125           Effect of exchange rate changes on cash         44 (208 )         <	Inventories		(2,000)		(33,069)	
Other accrued liabilities         2,558         (6,828 )           Net cash provided by operating activities         24,773         15,870           Cash flows from investing activities:	Other assets		9,485		(5)	
Net cash provided by operating activities         24,773         15,870           Cash flows from investing activities:         (27,771 )         (40,065 )           Proceeds from sale of property and equipment         7,612 ——         —           Net cash used for investing activities         (20,159 )         (40,065 )           Cash flows from financing activities:         —         (20,159 )         (40,065 )           Repayments of senior term loans         (7,956 )         (530,750 )         —           Borrowings on senior term loans         —         530,000           Financing fees         —         530,000           Borrowings on revolving credit loans         12,500 92,000           Repayments of revolving credit loans         (20,200 )         (54,500 )           Principal payments under finance and capitalized lease obligations         (283 )         (73 )           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939 )         25,125           Effect of exchange rate changes on cash         44 (208 )           Net (decrease) increase in cash and cash equivalents         (11,281 )         722           Cash and cash equivalents at beginning of period         28,234 9,937           Cash and cash equivalents a	Accounts payable		7,540		46,237	
Cash flows from investing activities:         (27,771 )         (40,065 )           Proceeds from sale of property and equipment         7,612 ——         —           Net cash used for investing activities         (20,159 )         (40,065 )           Cash flows from financing activities:         —         (530,750 )           Repayments of senior term loans         (7,956 )         (530,750 )           Borrowings on senior term loans         —         530,000 )           Financing fees         —         (11,752 )           Borrowings on revolving credit loans         12,500 92,000 (54,500 )           Repayments of revolving credit loans         (20,200 )         (54,500 )           Principal payments under finance and capitalized lease obligations         (283 )         (73 )           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939 )         25,125           Effect of exchange rate changes on cash         44 (208 )           Net (decrease) increase in cash and cash equivalents         (11,281 )         722           Cash and cash equivalents at beginning of period         28,234 9,937           Cash and cash equivalents at end of period         \$16,953 \$10,659           Supplemental disclosure of cash flow information:         Inter	Other accrued liabilities		2,558		(6,828)	
Capital expenditures         (27,771 )         (40,065 )           Proceeds from sale of property and equipment         7,612 —         —           Net cash used for investing activities         (20,159 )         (40,065 )           Cash flows from financing activities:         —         (7,956 )         (530,750 )           Borrowings on senior term loans         —         530,000           Financing fees         —         (11,752 )           Borrowings on revolving credit loans         12,500 —         92,000           Repayments of revolving credit loans         (20,200 )         (54,500 )           Principal payments under finance and capitalized lease obligations         (283 )         (73 )           Principal payments under finance and capitalized lease obligations         —         200            Principal payments under finance and capitalized lease obligations         —         200            Net cash (used for) provided by financing activities         —         200            Refect of exchange rate changes on cash         44 (208 )         (283 )           Net (decrease) increase in cash and cash equivalents         (11,281 )         722           Cash and cash equivalents at beginning of period         28,234 9,937         9,937           Cash and cash equivalents at end of period         \$16,953 \$10,659	Net cash provided by operating activities		24,773		15,870	
Proceeds from sale of property and equipment         7,612         —           Net cash used for investing activities         (20,159)         (40,065)           Cash flows from financing activities:         (7,956)         (530,750)           Repayments of senior term loans         —         530,000           Borrowings on senior term loans         —         (11,752)           Borrowings on revolving credit loans         —         (20,200)           Repayments of revolving credit loans         (20,200)         (54,500)           Principal payments under finance and capitalized lease obligations         (283)         (73)           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         —         200           Net (decrease) increase in cash and cash equivalents         (11,281)         722           Cash and cash equivalents at beginning of period         28,234         9,937           Cash and cash equivalents at end of period         \$16,953         \$10,659           Supplemental disclosure of cash flow information:         Interest paid on junior subordinated debentures, net         \$6,115         \$6,115           Interest paid         54,072         24,364	Cash flows from investing activities:					
Net cash used for investing activities         (20,159)         (40,065)           Cash flows from financing activities:         (7,956)         (530,750)           Repayments of senior term loans         —         530,000           Financing fees         —         (11,752)           Borrowings on revolving credit loans         12,500         92,000           Repayments of revolving credit loans         (20,200)         (54,500)           Principal payments under finance and capitalized lease obligations         (283)         (73)           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939)         25,125           Effect of exchange rate changes on cash         44         (208)           Net (decrease) increase in cash and cash equivalents         (11,281)         722           Cash and cash equivalents at beginning of period         28,234         9,937           Cash and cash equivalents at end of period         \$16,953         \$10,659           Supplemental disclosure of cash flow information:         Interest paid on junior subordinated debentures, net         \$6,115         6,115           Interest paid         54,072         24,364	Capital expenditures		(27,771)		(40,065)	
Cash flows from financing activities:       (7,956)       (530,750)         Repayments of senior term loans       (7,956)       (530,750)         Borrowings on senior term loans       —       530,000         Financing fees       —       (11,752)         Borrowings on revolving credit loans       12,500       92,000         Repayments of revolving credit loans       (20,200)       (54,500)         Principal payments under finance and capitalized lease obligations       (283)       (73)         Proceeds from exercise of stock options       —       200         Net cash (used for) provided by financing activities       (15,939)       25,125         Effect of exchange rate changes on cash       44       (208)         Net (decrease) increase in cash and cash equivalents       (11,281)       722         Cash and cash equivalents at beginning of period       28,234       9,937         Cash and cash equivalents at end of period       \$16,953       \$10,659         Supplemental disclosure of cash flow information:         Interest paid on junior subordinated debentures, net       \$6,115       \$6,115         Interest paid       54,072       24,364	Proceeds from sale of property and equipment		7,612		_	
Repayments of senior term loans         (7,956 )         (530,750 )           Borrowings on senior term loans         —         530,000           Financing fees         —         (11,752 )           Borrowings on revolving credit loans         12,500 92,000           Repayments of revolving credit loans         (20,200 )         (54,500 )           Principal payments under finance and capitalized lease obligations         (283 )         (73 )           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939 )         25,125           Effect of exchange rate changes on cash         44 (208 )           Net (decrease) increase in cash and cash equivalents         (11,281 )         722           Cash and cash equivalents at beginning of period         28,234 9,937           Cash and cash equivalents at end of period         \$16,953 \$10,659           Supplemental disclosure of cash flow information:         Interest paid on junior subordinated debentures, net         \$6,115 \$6,115           Interest paid         54,072 24,364	Net cash used for investing activities		(20,159)		(40,065)	
Borrowings on senior term loans         —         530,000           Financing fees         —         (11,752)           Borrowings on revolving credit loans         12,500         92,000           Repayments of revolving credit loans         (20,200)         (54,500)           Principal payments under finance and capitalized lease obligations         (283)         (73)           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939)         25,125           Effect of exchange rate changes on cash         44         (208)           Net (decrease) increase in cash and cash equivalents         (11,281)         722           Cash and cash equivalents at beginning of period         28,234         9,937           Cash and cash equivalents at end of period         \$16,953         \$10,659           Supplemental disclosure of cash flow information:         1         6,115         6,115           Interest paid on junior subordinated debentures, net         \$6,115         6,115         1           Interest paid         54,072         24,364	Cash flows from financing activities:				<u> </u>	
Borrowings on senior term loans         —         530,000           Financing fees         —         (11,752)           Borrowings on revolving credit loans         12,500         92,000           Repayments of revolving credit loans         (20,200)         (54,500)           Principal payments under finance and capitalized lease obligations         (283)         (73)           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939)         25,125           Effect of exchange rate changes on cash         44         (208)           Net (decrease) increase in cash and cash equivalents         (11,281)         722           Cash and cash equivalents at beginning of period         28,234         9,937           Cash and cash equivalents at end of period         \$16,953         \$10,659           Supplemental disclosure of cash flow information:         1         6,115         6,115           Interest paid on junior subordinated debentures, net         \$6,115         6,115         1           Interest paid         54,072         24,364	Repayments of senior term loans		(7,956)		(530,750)	
Borrowings on revolving credit loans         12,500         92,000           Repayments of revolving credit loans         (20,200)         (54,500)           Principal payments under finance and capitalized lease obligations         (283)         (73)           Proceeds from exercise of stock options         —         200           Net cash (used for) provided by financing activities         (15,939)         25,125           Effect of exchange rate changes on cash         44         (208)           Net (decrease) increase in cash and cash equivalents         (11,281)         722           Cash and cash equivalents at beginning of period         28,234         9,937           Cash and cash equivalents at end of period         \$ 16,953         \$ 10,659           Supplemental disclosure of cash flow information:         Interest paid on junior subordinated debentures, net         \$ 6,115         \$ 6,115           Interest paid         54,072         24,364	Borrowings on senior term loans		_		530,000	
Repayments of revolving credit loans Principal payments under finance and capitalized lease obligations Proceeds from exercise of stock options Net cash (used for) provided by financing activities Effect of exchange rate changes on cash Net (decrease) increase in cash and cash equivalents Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period Supplemental disclosure of cash flow information: Interest paid  (20,200 ) (54,500 ) (73 ) (73 ) (73 ) (73 ) (75 ) (15,939 ) 25,125 (11,281 ) 722 (208 ) (11,281 ) 722 (21,281 ) 722 (22,234 ) 9,937 (23,234 ) 9,937 (24,364) (25,000 ) (28,31 ) (28,32)	Financing fees		_		(11,752)	
Principal payments under finance and capitalized lease obligations Proceeds from exercise of stock options Net cash (used for) provided by financing activities  Effect of exchange rate changes on cash Net (decrease) increase in cash and cash equivalents Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period Supplemental disclosure of cash flow information: Interest paid on junior subordinated debentures, net Interest paid  (283 ) (73 ) (283 ) (15,939 ) 25,125 (11,281 ) 722 (208 ) (11,281 ) 722 (21,284 ) 9,937 (28) 310,659 (38) 44 (208 ) (40) 40 (208 ) (41) 52 (208 ) (41) 620 (208 ) (42) 620 (208 ) (43) 620 (208 ) (44) 620 (208 ) (44) 620 (208 ) (44) 620 (208 ) (45) 620 (208 ) (46) 620 (208 ) (47) 620 (208 ) (47) 620 (208 ) (47) 620 (208 ) (47) 620 (208 ) (48) 620 (208 ) (49) 620 (208 ) (40) 620 (20	Borrowings on revolving credit loans		12,500		92,000	
Proceeds from exercise of stock options—200Net cash (used for) provided by financing activities(15,939)25,125Effect of exchange rate changes on cash44(208)Net (decrease) increase in cash and cash equivalents(11,281)722Cash and cash equivalents at beginning of period28,2349,937Cash and cash equivalents at end of period\$ 16,953\$ 10,659Supplemental disclosure of cash flow information:Interest paid on junior subordinated debentures, net\$ 6,115\$ 6,115Interest paid54,07224,364	Repayments of revolving credit loans		(20,200)		(54,500)	
Net cash (used for) provided by financing activities(15,939 )25,125Effect of exchange rate changes on cash44 (208 )Net (decrease) increase in cash and cash equivalents(11,281 )722Cash and cash equivalents at beginning of period28,234 9,937Cash and cash equivalents at end of period\$ 16,953 \$ 10,659Supplemental disclosure of cash flow information:Interest paid on junior subordinated debentures, net\$ 6,115 \$ 6,115Interest paid54,072 24,364	Principal payments under finance and capitalized lease obligations		(283)		(73)	
Effect of exchange rate changes on cash  Net (decrease) increase in cash and cash equivalents  Cash and cash equivalents at beginning of period  Cash and cash equivalents at end of period  Supplemental disclosure of cash flow information:  Interest paid on junior subordinated debentures, net  Interest paid  Interest paid  (208)  (11,281)  722  28,234  9,937  \$ 16,953  \$ 10,659  \$ 10,659  \$ 10,659  \$ 10,659  \$ 10,659  \$ 10,659  \$ 10,659	Proceeds from exercise of stock options		_		200	
Net (decrease) increase in cash and cash equivalents  Cash and cash equivalents at beginning of period  Cash and cash equivalents at end of period  Supplemental disclosure of cash flow information:  Interest paid on junior subordinated debentures, net  Interest paid  Interest	Net cash (used for) provided by financing activities		(15,939)		25,125	
Cash and cash equivalents at beginning of period28,2349,937Cash and cash equivalents at end of period\$ 16,953\$ 10,659Supplemental disclosure of cash flow information:Interest paid on junior subordinated debentures, net\$ 6,115\$ 6,115Interest paid54,07224,364	Effect of exchange rate changes on cash		44		(208 )	
Cash and cash equivalents at end of period \$ 16,953 \$ 10,659  Supplemental disclosure of cash flow information:  Interest paid on junior subordinated debentures, net Interest paid 54,072 24,364	Net (decrease) increase in cash and cash equivalents		(11,281)		722	
Supplemental disclosure of cash flow information: Interest paid on junior subordinated debentures, net Interest paid  \$ 6,115 \$ 6,115  \$ 54,072 24,364	Cash and cash equivalents at beginning of period		28,234		9,937	
Interest paid on junior subordinated debentures, net \$ 6,115 \$ 6,115 Interest paid \$ 54,072 \$ 24,364	Cash and cash equivalents at end of period	\$	16,953	\$	10,659	
Interest paid on junior subordinated debentures, net \$ 6,115 \$ 6,115 Interest paid \$ 54,072 \$ 24,364	Supplemental disclosure of cash flow information:					
Interest paid 54,072 24,364	•••	\$	6,115	\$	6,115	
		•		•	,	
	·		•		*	

## THE HILLMAN COMPANIES, INC. AND SUBSIDIARIES RECONCILIATION OF ADJUSTED EBITDA (Unaudited) (dollars in thousands)

EBITDA and Adjusted EBITDA are not measures made in accordance with U.S. generally accepted accounting principles ("GAAP"), and as such, should not be considered a measure of financial performance or condition, liquidity, or profitability. It should not be considered an alternative to GAAP-based net income or income from operations or operating cash flows. Further, because not all companies use identical calculations, amounts reflected by Hillman as EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is included to satisfy a reporting obligation under our

indenture. Adjusted EBITDA as presented herein does not include certain adjustments and pro forma run rate measures contemplated by our senior secured credit facilities and our indenture and may also include additional adjustments that were not applicable at the time of the offering of the senior notes governed by our indenture. Adjusted EBITDA is also one of the performance criteria for the Company's annual performance-based bonus plan. The reconciliation of Net loss to Adjusted EBITDA is presented below.

	Thirteen Weeks Ended				Twenty-six Weeks Ended			
	June 29,			June 30,	June 29,	June 30,		
		2019		2018	2019		2018	
Net loss	\$	(19,496)	\$	(13,531 ) \$	5 (54,764 )	\$	(23,848 )	
Income tax provision (benefit)		(2,869)		941	1,931		3,747	
Interest expense, net		26,064		14,361	52,627		27,932	
Interest expense on junior subordinated debentures		3,152		3,152	6,304		6,304	
Investment income on trust common securities		(94)		(94)	(189)		(189)	
Depreciation		16,655		9,535	32,471		18,477	
Amortization		14,684		9,712	29,449		19,435	
EBITDA		38,096		24,076	67,829		51,858	
Stock compensation expense		301		505	662		992	
Management fees		125		134	256		262	
Acquisition and integration expense		1,370		2,368	2,468		2,462	
Retention and long term incentive bonuses		2,030			4,059		_	
Canada Restructuring (1)		1,301		_	1,237		_	
Restructuring and other costs (2)		5,396		3,667	10,122		6,513	
Asset impairment costs <sup>(3)</sup>		6,800		_	6,800		_	
Refinancing costs				8,542	_		8,542	
Anti-dumping duties		_			_		(4,128)	
Mark-to-market adjustment on interest rate swaps		1,789		(361)	2,902		(1,418)	
Adjusted EBITDA	\$	57,208	\$	38,931	96,335	\$	65,083	

- Includes charges related to a restructuring plan announced in our Canada segment in 2018, including facility consolidation and charges relating to exiting certain lines of business.
- 2. Includes restructuring and other costs associated with the implementation of a new pricing program, cost associated with implementing our ERP system in Canada, costs to relocate our distribution center in Edmonton, Canada, costs associated with relocating our distribution center in Dallas, Texas, and one time charges associated with new business wins.
- 3. Impairment losses for the disposal of FastKey self-service key duplicating kiosks and related assets.



Source: The Hillman Group