

# HILLMAN

HLMN | Nasdaq Listed

Quarterly Earnings  
Presentation

Q2 2024

August 6, 2024



All statements made in this presentation that are considered to be forward-looking are made in good faith by the Company and are intended to qualify for the safe harbor from liability established by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "target", "goal", "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company's expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) the ability to continue to innovate with new products and services; (5) direct and indirect costs associated with the May 2023 ransomware attack, and our receipt of expected insurance receivables associated with that cyber security incident; (6) seasonality; (7) large customer concentration; (8) the ability to recruit and retain qualified employees; (9) the outcome of any legal proceedings that may be instituted against the Company; (10) adverse changes in currency exchange rates; or (11) regulatory changes and potential legislation that could adversely impact financial results. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company's filings with the Securities and Exchange Commission ("SEC"), including the Annual Report on Form 10-K filed on February 22, 2024. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward looking statements.

Except as required by applicable law, the Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this communication to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

## **Presentation of Non-GAAP Financial Measures**

In addition to the results provided in accordance with U.S. generally accepted accounting principles ("GAAP") throughout this presentation the company has provided non-GAAP financial measures, which present results on a basis adjusted for certain items. The company uses these non-GAAP financial measures for business planning purposes and in measuring its performance relative to that of its competitors. The company believes that these non-GAAP financial measures are useful financial metrics to assess its operating performance from period-to-period by excluding certain items that the company believes are not representative of its core business. These non-GAAP financial measures are not intended to replace, and should not be considered superior to, the presentation of the company's financial results in accordance with GAAP. The use of the non-GAAP financial measures terms may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures. These non-GAAP financial measures are reconciled from the respective measures under GAAP in the appendix below.

The company is not able to provide a reconciliation of the company's non-GAAP financial guidance to the corresponding GAAP measures without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation such as certain non-cash, nonrecurring or other items that are included in net income and EBITDA as well as the related tax impacts of these items and asset dispositions / acquisitions and changes in foreign currency exchange rates that are included in cash flow, due to the uncertainty and variability of the nature and amount of these future charges and costs.

## Highlights for the 13 Weeks Ended June 29, 2024

- Net sales decreased (0.2)% to \$379.4 million versus Q2 2023
  - Hardware Solutions increased +2.7%
  - Protective Solution increased +7.7%
  - Robotics and Digital Solutions ("RDS") decreased (8.0)%
  - Canada decreased (10.1)%
- GAAP net income totaled \$12.5 million, or \$0.06 per diluted share, compared to \$4.5 million, or \$0.02 per diluted share, in Q2 2023
- Adjusted Gross Margins improved to 48.7% compared to 43.0% in Q2 2023
- Adjusted EBITDA totaled \$68.4 million compared to \$58.0 million in Q2 2023
- Adjusted EBITDA margins were 18.0% compared to 15.3% in Q2 2023
- Net Debt / Adjusted EBITDA (ttm): 2.9x at quarter end, improved from 3.3x on December 30, 2023, and 4.0x on July 1, 2023

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

## Highlights for the 13 Weeks Ended June 29, 2024

- Continued taking great care of customers:
  - Fill rates averaged 95% during Q2 2024
  - Fill rates averaged 94% for the year to date period
- Secured \$10 million new business with Koch in the newly acquired rope and chain category
  - Will begin shipping in 2H 2024 and rollout over 2025 and 2026
- Continued pursuing accretive, low-risk, tuck-in M&A opportunities that leverage the Hillman moat
- Updated full year 2024 guidance

## Highlights for the 26 Weeks Ended June 29, 2024

- Net sales were comparable at \$729.7 million versus \$729.7 million in the first half of 2023
  - Hardware Solutions increased +3.6%
  - Protective Solution decreased (0.1)%
  - Robotics and Digital Solutions ("RDS") decreased (8.6)%
  - Canada decreased (5.7)%
- GAAP net income totaled \$11.0 million, or \$0.06 per diluted share, compared to GAAP net loss of \$(4.6) million, or \$(0.02) per diluted share in the first half of 2023
- Adjusted Gross Margins were 48.2% compared to 42.3% in the first half of 2023
- Adjusted EBITDA totaled \$120.7 million compared to \$98.2 million in the first half of 2023
- Adjusted EBITDA margins were 16.5% compared to 13.5% in the first half of 2023
- Free Cash Flow totaled \$36.4 million compared to \$78.0 million in the first half of 2023

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

## Top & Bottom Line (vs Q2 2023)

Net Sales  
*(millions \$)*

\$380.0      \$379.4

Q2 2023      Q2 2024

Adjusted Gross Margin  
*(millions \$ and % of Net Sales)*

\$163.5      \$184.8

43.0%      48.7%

Q2 2023      Q2 2024

Adjusted EBITDA  
*(millions \$ and % of Net Sales)*

\$58.0      \$68.4

15.3%      18.0%

Q2 2023      Q2 2024

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

# Performance by Segment (Q2)

<b>Hardware &amp; Protective</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Thirteen Weeks Ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		<b>Comments</b>
Revenues	\$278,130	\$268,794	3.5%	Driven by Koch acquisition and new business
Adjusted EBITDA	\$43,635	\$27,847	56.7%	Margin expansion from price/cost dynamic
Margin (Adj. EBITDA/Net Sales)	15.7%	10.4%	530 bps	

<b>Robotics &amp; Digital</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Thirteen Weeks Ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		<b>Comments</b>
Revenues	\$57,483	\$62,456	(8.0)%	Soft volumes across RDS
Adjusted EBITDA	\$18,266	\$22,518	(18.9)%	Mix of product sales
Margin (Adj. EBITDA/Net Sales)	31.8%	36.1%	(430) bps	

<b>Canada</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Thirteen Weeks Ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		<b>Comments</b>
Revenues	\$43,819	\$48,769	(10.1)%	Soft market and economy more than offset new wins
Adjusted EBITDA	\$6,456	\$7,617	(15.2)%	
Margin (Adj. EBITDA/Net Sales)	14.7%	15.6%	(90) bps	

<b>Consolidated</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Thirteen Weeks Ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		
Revenues	\$379,432	\$380,019	(0.2)%	
Adjusted EBITDA	\$68,357	\$57,982	17.9%	
Margin (Adj. EBITDA/Net Sales)	18.0%	15.3%	270 bps	

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

# Performance by Segment (Q2 YTD)

<b>Hardware &amp; Protective</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Twenty-six weeks ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		<b>Comments</b>
Revenues	\$538,004	\$522,645	2.9%	Driven by Koch acquisition and new business
Adjusted EBITDA	\$75,901	\$46,726	62.4%	Margin expansion from price/cost dynamic
Margin (Adj. EBITDA/Net Sales)	14.1%	8.9%	520 bps	

<b>Robotics &amp; Digital</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Twenty-six weeks ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		<b>Comments</b>
Revenues	\$112,955	\$123,522	(8.6)%	Soft volumes across RDS
Adjusted EBITDA	\$35,279	\$42,043	(16.1)%	Mix of product sales
Margin (Adj. EBITDA/Net Sales)	31.2%	34.0%	(280) bps	

<b>Canada</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Twenty-six weeks ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		<b>Comments</b>
Revenues	\$78,778	\$83,559	(5.7)%	Soft market and economy in Canada
Adjusted EBITDA	\$9,499	\$9,399	1.1%	Margin expansion from operations
Margin (Adj. EBITDA/Net Sales)	12.1%	11.2%	90 bps	

<b>Consolidated</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>Δ</b>	
<i>Twenty-six weeks ended</i>	<i>6/29/2024</i>	<i>7/1/2023</i>		
Revenues	\$729,737	\$729,726	—%	
Adjusted EBITDA	\$120,679	\$98,168	22.9%	
Margin (Adj. EBITDA/Net Sales)	16.5%	13.5%	300 bps	

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



# Revenue by Product Category (Q2)

	Hardware & Protective	Robotics & Digital	Canada	Total Revenue
<b>Thirteen Weeks Ended June 29, 2024</b>				
Fastening and Hardware	\$231,128	\$—	\$40,603	\$271,731
Personal Protective	47,002	—	1,195	48,197
Keys and Key Accessories	—	45,164	2,008	47,172
Engraving and Resharp	—	12,319	13	12,332
<b>Total Revenue</b>	<b>\$278,130</b>	<b>\$57,483</b>	<b>\$43,819</b>	<b>\$379,432</b>

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

Figures in Thousands of USD unless otherwise noted.

# Revenue by Product Category (Q2 YTD)

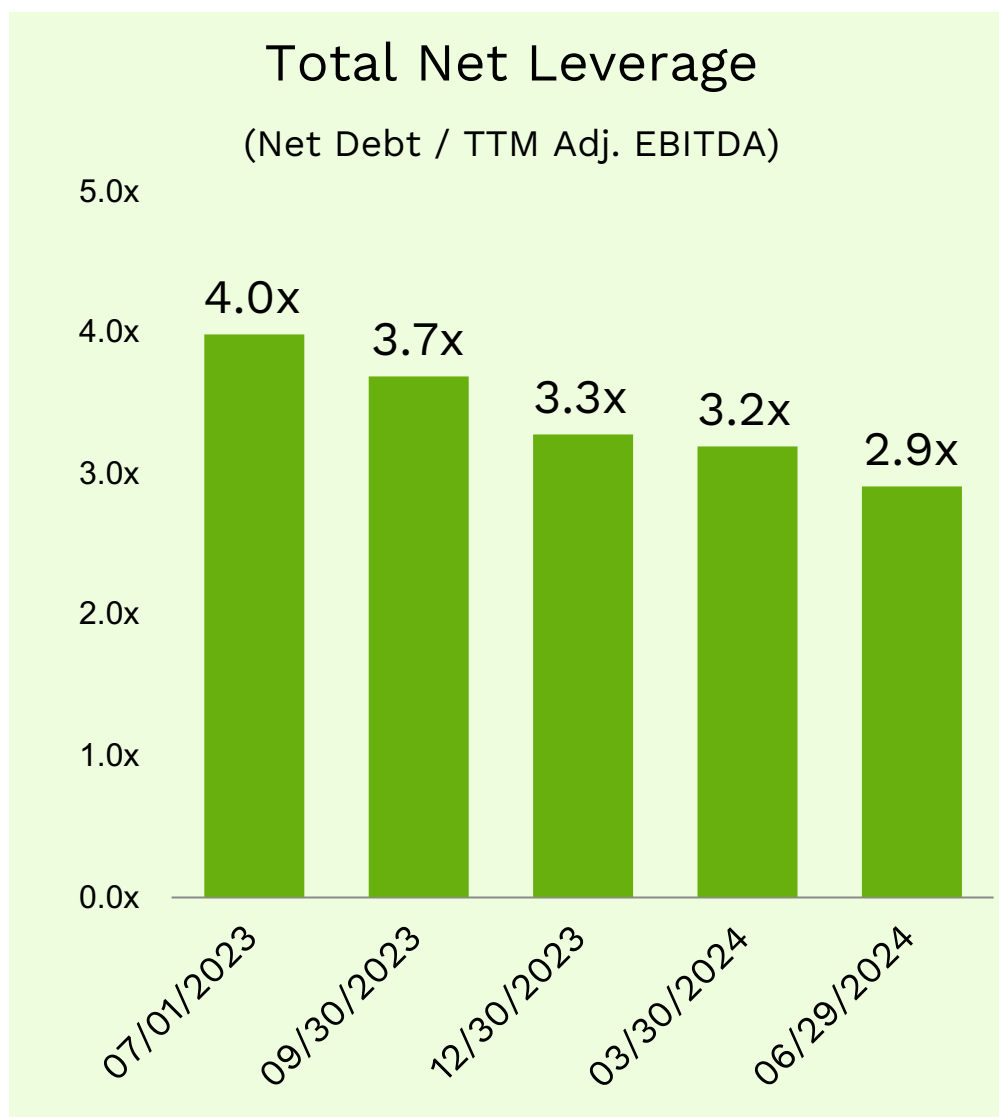
	Hardware & Protective	Robotics & Digital	Canada	Total Revenue
<b>Twenty-six weeks ended June 29, 2024</b>				
Fastening and Hardware	\$445,518	\$—	\$72,192	\$517,710
Personal Protective	92,486	—	2,603	95,089
Keys and Key Accessories	—	88,801	3,960	92,761
Engraving and Resharp	—	24,154	23	24,177
<b>Total Revenue</b>	<b>\$538,004</b>	<b>\$112,955</b>	<b>\$78,778</b>	<b>\$729,737</b>

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

Figures in Thousands of USD unless otherwise noted.

## Leverage Continues to Improve

	June 29, 2024
ABL Revolver (\$251.2 million capacity)	\$—
Term Note	\$747.6
Finance Leases and Other Obligations	\$11.8
<b>Total Debt</b>	<b>\$759.4</b>
Cash	\$54.0
<b>Net Debt</b>	<b>\$705.3</b>
<b>TTM Adjusted EBITDA</b>	<b>\$241.9</b>
<b>Net Debt/ TTM Adjusted EBITDA</b>	<b>2.9x</b>



Please see reconciliation of Non-GAAP metrics Adjusted EBITDA and Net Debt in the Appendix of this presentation. Figures in Millions of USD unless otherwise noted.

## 2024 Full Year Guidance - Update

On August 6, 2024, Hillman provided an update to its full year guidance, originally provided on February 22, 2024.

<i>(in millions USD)</i>	<b>Original FY 2024 Guidance</b>	<b>Full Year 2024 Guidance Range</b>	<b>FY 2024 Guidance Midpoint</b>
Revenues	\$1.475 to \$1.555 billion	\$1.44 to \$1.48 billion	\$1.46 billion
Adjusted EBITDA	\$230 to \$240 million	\$240 to \$250 million	\$245 million
Free Cash Flow	\$100 to \$120 million	\$100 to \$120 million	\$110 million

### Assumptions

- Net Debt / Adj. EBITDA leverage ratio expected to be around 2.7x at the end of 2024
- Interest expense: \$55-\$65 million
- Cash interest: \$50-\$60 million
- Cash tax expense: \$5-\$15 million
- Capital expenditures: \$70-\$80 million
- Restructuring / Other: Approx. \$10 million
- Working Capital Benefit: \$5 - \$15 million
- Fully diluted shares outstanding: ~199 million

*Please see reconciliation of Non-GAAP metrics Adjusted EBITDA and Free Cash Flow in the Appendix of this presentation.*

## **Actively Executing M&A; Winning New Business; Strong Margin Profile**

- Business has 60-year track record of success; proven to be resilient through multiple economic cycles
- Repair, Remodel and Maintenance industry has meaningful long-term tailwinds; expected increase in future home spending as 90% of homes pass 20 years of age during 2024 and 2025.<sup>1</sup>
- 1,100-member distribution (sales and service) team and direct-to-store fulfillment continue to provide competitive advantages and strengthen competitive moat - drives new business wins
- Cost of goods peaked in May 2023, margins have since expanded and are expected to remain strong
- Now that leverage has come down, executing tuck-in M&A that leverage the Hillman moat in order to fuel long-term growth

### **Historical Long-term Annual Growth Targets (Organic):**

Revenue Growth: +6% & Adj. EBITDA Growth: +10%

### **Historical Long-term Annual Growth Targets (incl. Acquisitions):**

Revenue Growth: +10% & Adj. EBITDA Growth: +15%

<sup>1</sup>) Jefferies Research Services: July 10, 2023

# Appendix





Indispensable partner embedded with winning retailers



Customers love us, trust us and rely on us



Market and innovation leader across multiple categories



Large, predictable, growing and resilient end markets



Significant runway for incremental growth: Organic + M&A



Management team with proven operational and M&A expertise



Strong financial profile with 60-year track record



## Who We Are

- We are a leading North American provider of hardware products and solutions, including;
  - Hardware and home improvement products
  - Protective and job site gear – including work gloves and job site storage
  - Robotic kiosk technologies (“RDS”): Key duplication, engraving & knife sharpening
- Our differentiated service model provides direct to-store shipping, in-store service, and category management solutions
- We have long-standing strategic partnerships with leading retailers across North America:
  - Home Depot, Lowes, Walmart, Tractor Supply, and ACE Hardware
- Founded in 1964; HQ in Cincinnati, Ohio

## 2023: By The Numbers

<b>~20 billion</b> Fasteners Sold	<b>~245 million</b> Pairs of Work Gloves Sold	<b>~115+ million</b> Keys Duplicated
<b>~114,000</b> SKUs Managed	<b>~46,000</b> Direct Shipping Locations	<b>~31,000</b> Kiosks in Retail Locations
<b>#1</b> Position Across Core Categories*	<b>8.0%</b> Sales CAGR over past 10 years	<b>60-Year</b> Track record of success
<b>\$1.5 billion</b> 2023 Sales	<b>9.4% CAGR</b> 2018-2023 Adj. EBITDA Growth	<b>14.9%</b> 2023 Adj. EBITDA Margin

*\*Management Estimates  
Adjusted EBITDA is a non-GAAP measure. Please see Appendix for a reconciliation of Adjusted EBITDA to Net loss*



# Primary Product Categories

# HILLMAN

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## Hardware Solutions

#1 in Segment

Fasteners & Specialty

**HILLMAN**

**DECK+PLUS**  
LIFETIME GUARANTEE



Picture Hanging

**OOK**

**HILLMAN**



Construction Fasteners

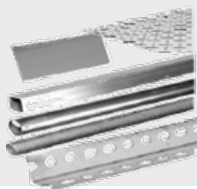
**POWERPRO**



Builders Hardware & Metal Shapes

**THE STEELWORKS**  
BY HILLMAN

**HILLMAN**



## Protective Solutions

#1 in Segment

Work Gear

**AWP**



**McGuire-Nicholas**  
EST. 1932



Gloves



**FIRM GRIP**

**TRUEGRIP**



Safety / PPE

**FIRM GRIP**

**AWP**



**PREMIUM DEFENSE**

## Robotics & Digital Solutions

#1 in Segment

Key and Fob Duplication

**HILLMAN**

**minuteKey**



Personalized Tags

Knife Sharpening



**TagWorks**



**resharp**



Hillman has been selling its top customers for 25 years on average



Source: Third party industry report.

# Adjusted EBITDA Reconciliation

<i>Thirteen weeks ended</i>	<b>June 29, 2024</b>	<b>July 1, 2023</b>
<b>Net income</b>	<b>\$12,535</b>	<b>\$4,545</b>
Income tax expense (benefit)	5,114	(1,823)
Interest expense, net	13,937	18,075
Depreciation	16,297	13,800
Amortization	15,249	15,578
<b>EBITDA</b>	<b>\$63,132</b>	<b>\$50,175</b>
Stock compensation expense	3,656	3,405
Restructuring and other <sup>(1)</sup>	879	1,440
Transaction and integration expense <sup>(2)</sup>	242	510
Change in fair value of contingent consideration	448	2,452
<b>Adjusted EBITDA</b>	<b>\$68,357</b>	<b>\$57,982</b>

**Footnotes:**

1. Includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities.
2. Transaction and integration expense includes professional fees and other costs related to the Koch Industries, Inc acquisition and the CCMP secondary offerings in 2023.

# Adjusted EBITDA Reconciliation

<i>Twenty-six weeks ended</i>	<b>June 29, 2024</b>	<b>July 1, 2023</b>
<b>Net income (loss)</b>	<b>\$11,043</b>	<b>\$(4,587)</b>
Income tax benefit	4,631	(9,679)
Interest expense, net	29,208	36,152
Depreciation	32,635	30,505
Amortization	30,503	31,150
<b>EBITDA</b>	<b>\$108,020</b>	<b>\$83,541</b>
Stock compensation expense	6,485	6,042
Restructuring and other <sup>(1)</sup>	1,870	2,848
Litigation expense <sup>(2)</sup>	—	260
Transaction and integration expense <sup>(3)</sup>	516	1,310
Change in fair value of contingent consideration	780	4,167
Refinancing costs <sup>(4)</sup>	3,008	—
<b>Adjusted EBITDA</b>	<b>\$120,679</b>	<b>\$98,168</b>

**Footnotes:**

1. Includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities.
2. Litigation expense includes legal fees associated with our litigation with Hy-Ko Products Company LLC
3. Transaction and integration expense includes professional fees and other costs related to the Koch Industries, Inc acquisition and the CCMP secondary offerings in 2023.
4. In the first quarter of 2024, we entered into a Repricing Amendment on our existing Senior Term Loan due July 14, 2028.

# Adjusted Gross Margin Reconciliation

<i>Thirteen weeks ended</i>	June 29, 2024	July 1, 2023
Net Sales	\$379,432	\$380,019
Cost of sales (exclusive of depreciation and amortization)	194,672	216,499
<b>Gross margin exclusive of depreciation and amortization</b>	<b>\$184,760</b>	<b>\$163,520</b>
<b>Gross margin exclusive of depreciation and amortization %</b>	<b>48.7 %</b>	<b>43.0 %</b>

<i>Twenty-six weeks ended</i>	June 29, 2024	July 1, 2023
Net Sales	\$729,737	\$729,726
Cost of sales (exclusive of depreciation and amortization)	378,106	421,008
<b>Gross margin exclusive of depreciation and amortization</b>	<b>\$351,631</b>	<b>\$308,718</b>
<b>Gross margin exclusive of depreciation and amortization %</b>	<b>48.2 %</b>	<b>42.3 %</b>

# Adjusted SG&A Expense Reconciliation

<i>Thirteen weeks ended</i>	June 29, 2024	July 1, 2023
Selling, general and administrative expenses	\$121,154	\$111,452
SG&A Adjusting Items <sup>(1)</sup> :		
Stock compensation expense	3,656	3,405
Restructuring	879	1,440
Litigation expense	—	—
Acquisition and integration expense	242	510
Adjusted SG&A	\$116,377	\$106,097
Adjusted SG&A as a % of Net Sales	30.7 %	27.9 %

<i>Twenty-six weeks ended</i>	June 29, 2024	July 1, 2023
Selling, general and administrative expenses	\$239,719	\$222,517
SG&A Adjusting Items <sup>(1)</sup> :		
Stock compensation expense	6,485	6,042
Restructuring	1,870	2,848
Litigation expense	—	260
Acquisition and integration expense	516	1,310
Adjusted SG&A	\$230,848	\$212,057
Adjusted SG&A as a % of Net Sales	31.6 %	29.1 %

1. See adjusted EBITDA Reconciliation for details of adjusting items

# Net Debt & Free Cash Flow Reconciliations

## Reconciliation of Net Debt

<i>As of</i>	June 29, 2024	December 30, 2023
Revolving loans	\$0	\$0
Senior term loan	747,597	751,852
Finance leases and other obligations	11,759	9,097
<b>Gross debt</b>	<b>\$759,356</b>	<b>\$760,949</b>
Less cash	54,016	38,553
<b>Net debt</b>	<b>\$705,340</b>	<b>\$722,396</b>

## Reconciliation of Free Cash Flow

<i>Twenty-six Weeks Ended</i>	June 29, 2024	July 1, 2023
Net cash provided by operating activities	\$76,476	\$115,046
Capital expenditures	(40,078)	(37,029)
<b>Free cash flow</b>	<b>\$36,398</b>	<b>\$78,017</b>

# Segment Adjusted EBITDA Reconciliations

<i>Thirteen weeks ended June 29, 2024</i>	HPS	RDS	Canada	Consolidated
Operating income	\$20,043	\$7,310	\$4,233	\$31,586
Depreciation & amortization	20,244	10,066	1,236	31,546
Stock compensation expense	3,052	333	271	3,656
Restructuring and other	63	100	716	879
Transaction and integration expense	233	9	—	242
Change in fair value of contingent consideration	—	448	—	448
<b>Adjusted EBITDA</b>	<b>\$43,635</b>	<b>\$18,266</b>	<b>\$6,456</b>	<b>\$68,357</b>

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

# Segment Adjusted EBITDA Reconciliations

<i>Twenty-six weeks ended June 29, 2024</i>	HPS	RDS	Canada	Consolidated
Operating income	\$29,291	\$13,067	\$5,532	\$47,890
Depreciation & amortization	40,113	20,442	2,583	63,138
Stock compensation expense	5,389	613	483	6,485
Restructuring and other	612	357	901	1,870
Litigation expense	—	—	—	—
Transaction and integration expense	496	20	—	516
Change in fair value of contingent consideration	—	780	—	780
<b>Adjusted EBITDA</b>	<b>\$75,901</b>	<b>\$35,279</b>	<b>\$9,499</b>	<b>\$120,679</b>

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