



**AUGMENTING** STRATEGY  
**ADVANCING** TECHNOLOGIES  
**ACCELERATING** GROWTH



## ***Fourth Quarter 2022 Earnings***

***February 27, 2023***

Josef Matosevic – President & CEO

Tricia Fulton – EVP & Chief Financial Officer

Tania Almond – VP, IR and Corporate Communication



# Safe Harbor Statement

*This presentation and oral statements made by management in connection herewith that are not historical facts are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those expressed or implied by such statements. They include statements regarding current expectations, estimates, forecasts, projections, our beliefs, and assumptions made by Helios Technologies, Inc. (“Helios” or the “Company”), its directors or its officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company’s strategies regarding growth, including its intention to develop new products and make acquisitions; (ii) the effectiveness of creating the Center of Engineering Excellence; (iii) the Company’s financing plans; (iv) trends affecting the Company’s financial condition or results of operations; (v) the Company’s ability to continue to control costs and to meet its liquidity and other financing needs; (vi) the declaration and payment of dividends; and (vii) the Company’s ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as “may,” “expects,” “projects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives or goals also are forward-looking statements. These statements are not guaranteeing future performance and are subject to a number of risks and uncertainties. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause the actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to, (i) supply chain disruption and the potential inability to procure goods; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) inflation (including hyperinflation) or recession; (iv) changes in the competitive marketplace that could affect the Company’s revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (v) risks related to health epidemics, pandemics and similar outbreaks, including, without limitation, the current COVID-19 pandemic, particularly in China, which may among other things, adversely affect our supply chain, material costs, and work force and may have material adverse effects on our business, financial position, results of operations and/or cash flows; (vi) risks related to our international operations, including the potential impact of the ongoing conflict between Russia and Ukraine; (vii) our failure to realize the benefits expected from acquisitions, our failure to promptly and effectively integrate acquisitions and the ability of Helios to retain and hire key personnel, and maintain relationships with suppliers. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the heading Item 1. “Business” and Item 1A. “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2022 and the Company’s Form 10-K for the year ended December 31, 2022 to be filed with the Securities and Exchange Commission on February 28, 2023.*

*Helios has presented forward-looking statements regarding non-GAAP measures. These non-GAAP financial measures are derived by excluding certain amounts, expenses or income from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from these non-GAAP measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income recognized in a given period. Helios is unable to present a quantitative reconciliation of forward-looking non-GAAP measures to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict all the necessary components of such GAAP measures without unreasonable effort or expense. In addition, the Company believes that such reconciliations would imply a degree of precision that would be confusing or misleading to investors. The unavailable information could have a significant impact on Helios’ full year 2023 financial results. These non-GAAP financial measures are preliminary estimates and are subject to risks and uncertainties, including, among others, changes in connection with quarter-end and year-end adjustments. Any variation between Helios’ actual results and preliminary financial data set forth above may be material.*

*This presentation includes certain historical non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company has provided reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.*





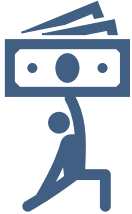
# Q4 2022 and Full Year Business Summary



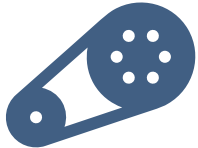
HELIOS TEAM **executed on AUGMENTED STRATEGY** through 2022 and **PROTECTED** the business, **THOUGHT** and **ACTED** globally, **DIVERSIFIED** markets and revenue, and **DEVELOPED** our talent



**DELIVERED TOP TIER MARGINS WITH SOLID EARNINGS** for FY2022 while navigating supply chain challenges, FX impacts, and ongoing softness in health and wellness in the fourth quarter



**FINANCIAL STRENGTH AND FLEXIBILITY** in the fourth quarter Free Cash Flow <sup>(1)</sup> was up 20% YoY; Flexible balance sheet with **NET DEBT TO ADJ. EBITDA** leverage ratio at 1.9x<sup>(2)</sup> ending the quarter



**Integrating FLYWHEEL ACQUISITIONS EFFICIENTLY** with two new North American Hydraulic Centers of Excellence as part of the Helios Manufacturing and Operating strategy



**Targeting to hit ~\$1B REVENUE MILESTONE** on a run rate <sup>(3)</sup> basis ending 2023 through organic growth, new product innovations, end-market expansion, and addition of recent flywheel acquisitions

(1) Free cash flow is a non-GAAP financial measure; see supplemental slide for a reconciliation to the most comparable GAAP measure.

(2) On a pro-forma basis for Taimi and Daman Products; reflects non-GAAP measure; see supplemental slide for a reconciliation to the most comparable GAAP measure.

(3) Run rate basis defined as annualizing the anticipated fourth quarter of 2023 to equate to ~\$1 billion in revenues.





# Latest M&A Flywheel Acquisition Strategy At Work

SCHULTES  
PRECISION

## Schultes Precision Manufacturing

highly trusted, high-precision specialist in CNC milling, lathe turning, prototyping, Swiss machining and engineering assembly.

- Founded 1946 – headquartered in Buffalo Grove, Illinois
- **EXTENDING DIVERSIFIED END MARKETS:** Schultes currently serves the Hydraulic, Aerospace, Communication, Food Services, Medical Device, and Dental industries.
- **STRONG BRAND RECOGNITION:** highly trusted specialist in manufacturing precision machined components and assemblies for customers requiring very tight tolerances, superior quality, and exceptional value-added manufacturing processes as well as a strong reputation of being a technologically advanced manufacturer.
- **BOLT ON TO HELIOS' HYDRAULICS PLATFORM:** augments our manufacturing strategy with their state of the art 110,000 square foot facility and will be a strategic partner in our manufacturing processes as we build out our 'in the region for the region' strategy.
- With approximately \$30 million in full-year revenue for 2022 and a healthy margin profile - announced transaction close on January 30, 2023.

## Capabilities & Facilities:







**Great  
Place  
To  
Work.®**



**Forbes 2022**  
**AMERICA'S**  
**BEST MID-SIZE**  
**COMPANIES**

***Notable Highlights from FY2022***



# Q4 2022 Financial Results Highlights

(\$ in millions, except per share data)

**\$196.0**

Sales

(\$7.1)

Impact of FX

**\$203.1**

Adjusted for FX<sup>(1)</sup>

-10%

YoY

-7%

YoY  
adjusted

## Sales

- Sales were mixed due to ongoing macroeconomic factors during the fourth quarter of 2022. As a result, recreational, mobile equipment and industrial grew, offset by the continued large contraction of the health and wellness market.
- Supply chain constraints delayed an estimated \$12.3 million in sales
- Sales declined in the Americas, in Europe the Middle East and Africa ("EMEA"), and the Asia Pacific ("APAC") regions compared with the fourth quarter of 2021 impacted by the softening demand for electronics products in the health and wellness market.

**32.2%**

Gross Margin

-200 bps

YoY

-120 bps

QoQ

## Gross Profit & Margin

- Gross profit and margin drivers: gross profit was down \$11.1 million compared with the prior-year period. Changes in foreign currency exchange rates (FX) compared with the fourth quarter of 2021 reduced gross profit by \$1.8 million.
- Gross margin declined by 200 basis points, driven by lower volume, higher raw material costs partially offset by the impact of price increases.



(1) Reflects a non-GAAP financial measure; see supplemental slide for reconciliation of estimated FX and Acquisition impacts and other important information regarding Helios' use of non-GAAP financial measures.  
Note: YoY = year-over-year QoQ = sequential quarter-over-quarter



# Q4 2022 Financial Results Highlights

(\$ in millions, except per share data)

**10.6%**  
Operating Margin

**-400 bps**

YoY

**-420 bps**

QoQ

## Operating Expenses

- SEA dollars were comparable with the prior-year period
- Amortization of intangible assets remained constant

**16.7%**  
Adj. Operating Margin<sup>(1)</sup>

**-310 bps**

YoY

**-370 bps**

QoQ

## Operating Income and Margin

- Operating income reflecting reduced revenues, headwinds of FX, and decline in discretionary consumer spending in health and wellness market



(1) Reflects a non-GAAP financial measure; see supplemental slides for reconciliation, Adjusted Operating Margin and other important information regarding Helios' use of non-GAAP financial measures.

Note: YoY = year-over-year QoQ = sequential quarter-over-quarter



# Q4 2022 Financial Results Highlights

(\$ in millions, except per share data)

**\$17.5**

Net Income

-26%

YoY

-14%

QoQ

**20.0%**

Adj. EBITDA Margin<sup>(1)</sup>

-270 bps

YoY

-320 bps

QoQ

**\$0.54**

Diluted GAAP EPS

-25%

YoY

-14%

QoQ

**\$0.78**

Diluted Non-GAAP Cash EPS<sup>(1)</sup>

-23%

YoY

-13%

QoQ

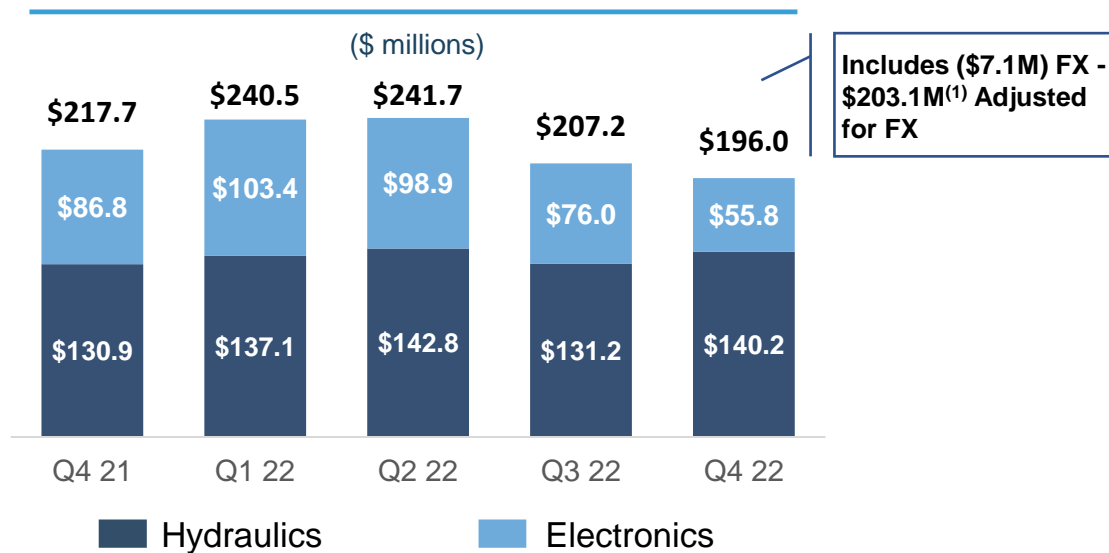


(1) Reflects a non-GAAP financial measure; see supplemental slides for reconciliation of Adjusted EBITDA, Non-GAAP Cash Net Income and other important information regarding Helios' use of non-GAAP financial measures.  
Note: YoY = year-over-year QoQ = sequential quarter-over-quarter

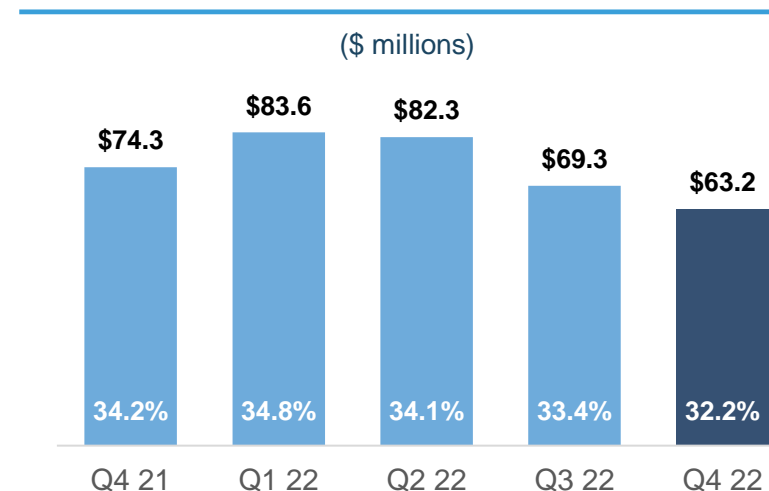


# Q4 2022 – Consolidated Results

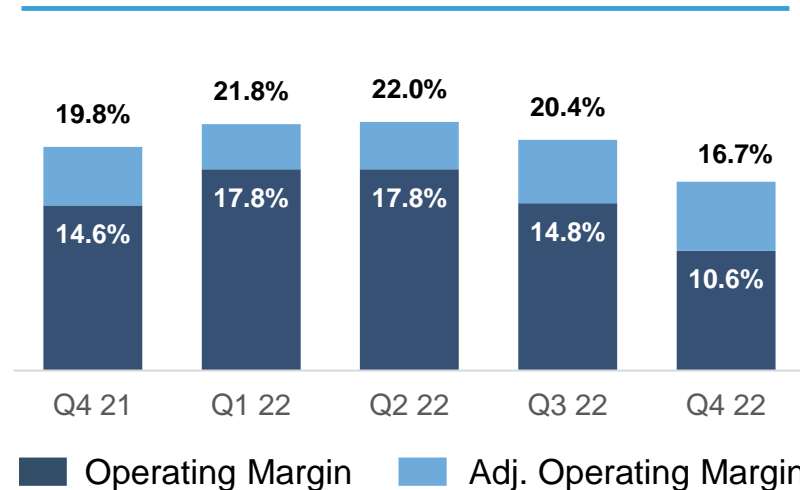
## Sales



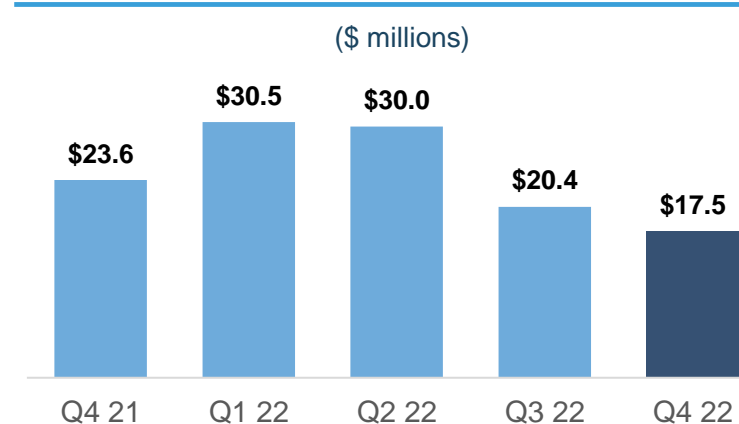
## Gross Profit & Margin



## Operating / Adj. Op. Margin<sup>(2)</sup>



## Net Income

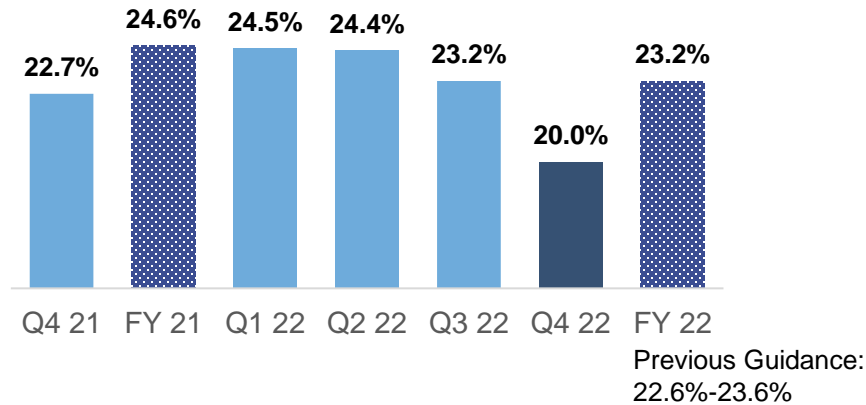


(1) Reflects a non-GAAP financial measure; see supplemental slide for reconciliation and other important information regarding Helios' use of non-GAAP financial measures.  
 (2) See Supplemental Information for definition of Adjusted Operating Margin, and reconciliation from GAAP and other disclaimers regarding non-GAAP information.

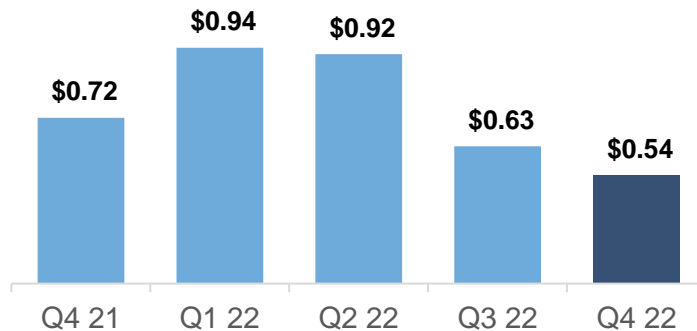


# Q4 2022 – Consolidated Results

## Adj. EBITDA Margin<sup>(1)</sup>



## Diluted GAAP EPS



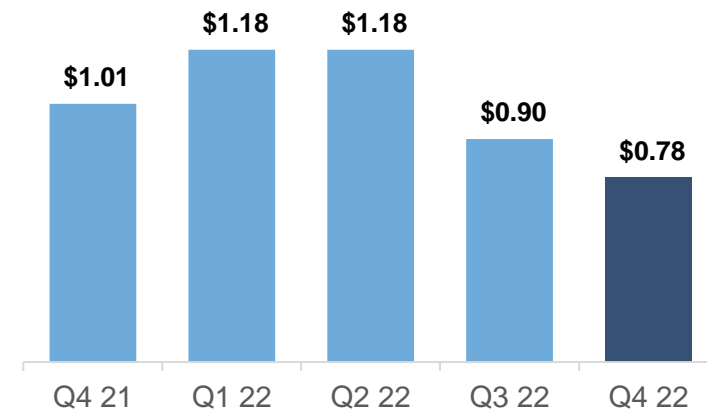
## Adjusted EBITDA Margin Drivers

- Adjusted EBITDA margin: despite macro headwinds, and FX impacts maintaining healthy level at 20% in Q4 and top-tier level at 23.2% for FY22 during rapid inflationary environment

## Diluted Earnings Drivers

- Tailwinds: manufacturing and operating strategy efficiencies, price improvements, acquisition integration
- Headwinds: Health and wellness contraction, supply chain constraints, FX, prolonged European war, inflation

## Diluted Non-GAAP Cash EPS<sup>(1)</sup>

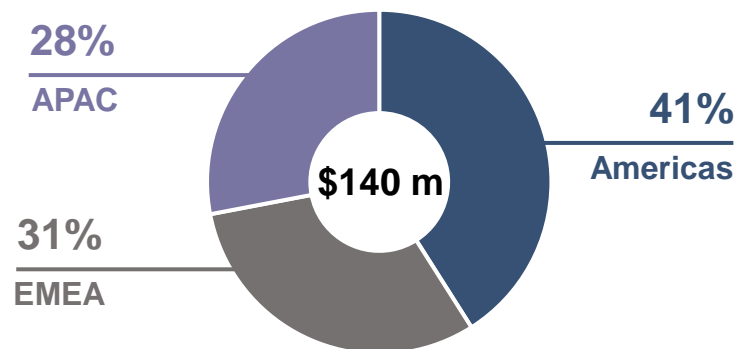


(1) See Supplemental Information for definition of Adjusted EBITDA Margin and Diluted non-GAAP Cash EPS, and reconciliation from GAAP and other disclaimers regarding non-GAAP information.



# Q4 2022 – Hydraulics Segment

## Q4 Sales by Region

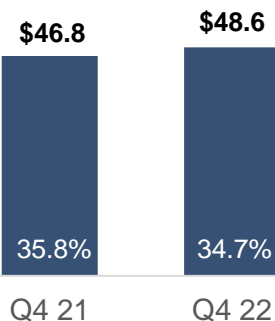


(\$ in millions)

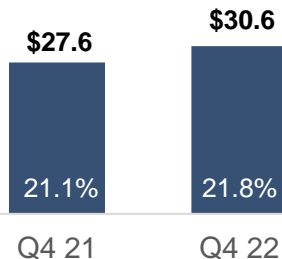
### Sales



### Gross Profit



### Operating Income



## Fourth Quarter Highlights

### Sales Drivers

- Sales, on a constant currency<sup>(1)</sup> basis were up 12%; driven by end market demand in mobile, industrial, and mining markets
- Acquisitions added \$8.2 million; Organic constant currency<sup>(1)</sup> revenue growth YoY was 6%
- FX impact of (\$6.8) million; supply chain constraints delayed an estimated \$7.1 million in sales

### Gross Profit and Margin Drivers

- Gross profit increase driven primarily by price increases as well as acquisitions partially offset by impact of FX of (\$1.7) million + inflation
- Gross margin reflects modest impact from higher material and energy costs

### Operating Income and Margin Drivers

- SEA expenses decreased \$1.2 million, 6% YoY, as a percent of sales decreased 190 basis points to 12.8%
- 70 basis point impact on margin reflects gross margin drivers offset by cost discipline

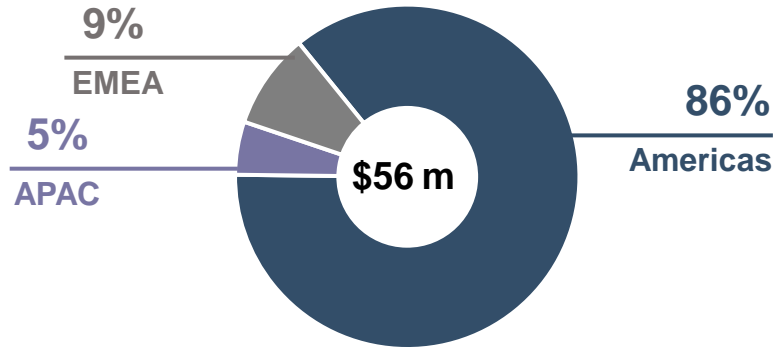
(1) Constant currency is a non-GAAP financial measure; see supplemental slide for reconciliation



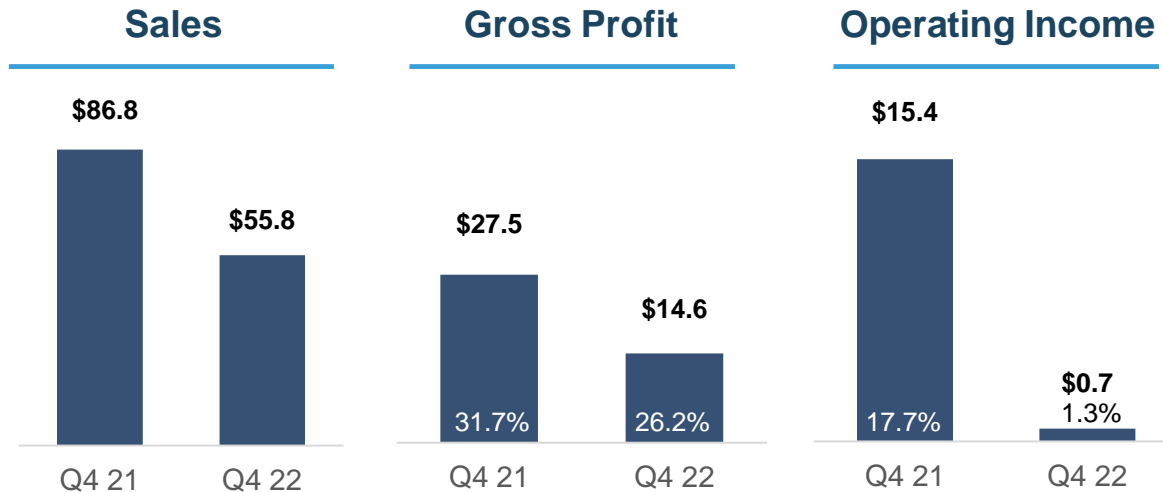


# Q4 2022 – Electronics Segment

## Q4 Sales by Region



(\$ in millions)



## Fourth Quarter Highlights

### Sales Drivers

- End market demand in recreational, industrial machinery, and specialty vehicles partially offset supply chain constraints and decline in health & wellness market
- FX impact was (\$0.3) million; supply chain constraints delayed an estimated \$5.2 million in sales

### Gross Profit and Margin Drivers

- Gross profit declined \$12.9 million due to lower volumes in health and wellness and material cost increases. Gross margin declined reflecting increases in raw material, labor inefficiencies, reduced fixed cost leverage on lower sales and one-time restructuring costs

### Operating Income and Margin Drivers

- SEA expenses increased by \$1.8 million driven by competitive labor market, wages, IT, marketing





# Strong Cash Flow

(\$ in millions)

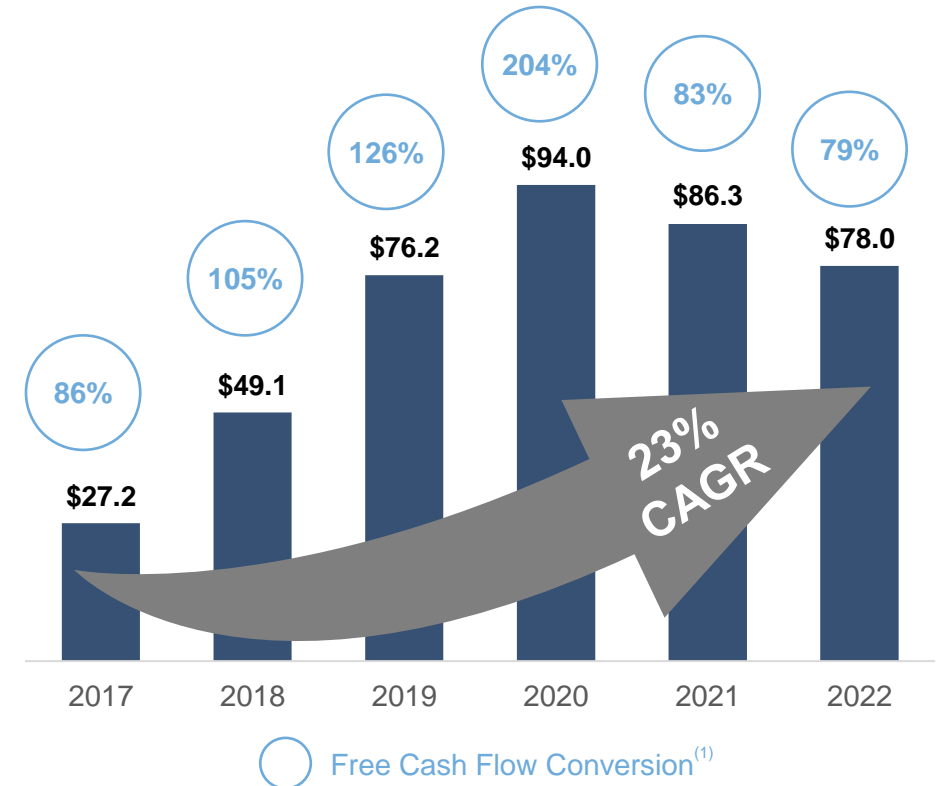
	Three Months Ended		Twelve Months Ended	
	<u>12/31/22</u>	<u>1/1/22</u>	<u>12/31/22</u>	<u>1/1/22</u>
Net cash provided by operating activities	\$35.7	\$31.1	\$109.9	113.1
CapEx	(10.0)	(9.7)	(31.9)	(26.8)
<b>Free cash flow (FCF)<sup>(1)</sup></b>	<b>\$25.7</b>	<b>\$21.4</b>	<b>\$78.0</b>	<b>\$86.3</b>

## Consistent cash generation and free cash flow

- Solid cash generation even with strategic inventory investments to combat supply chain challenges
- Cash and cash equivalents at 12/31/22 \$43.7M up 53% YoY
- Q4 2022 Free cash flow conversion<sup>(2)</sup> was 147%

## Free Cash Flow<sup>(1)</sup>

(\$ millions)



(1) Free cash flow and free cash flow conversion are non-GAAP financial measures; see supplemental slide for a reconciliation to the most comparable GAAP measure



# Capital Structure

(\$ in millions)

Capitalization		
	<u>12/31/22</u>	<u>1/1/22</u>
Cash and cash equivalents	\$43.7	\$28.5
<b>Total debt</b>	446.1	445.0
<b>Total net debt<sup>(1)</sup></b>	402.4	416.5
Shareholders' equity	794.9	709.0
<b>Total capitalization</b>	\$1,241.0	\$1,154.0
Debt/total capitalization	35.9%	38.6%

## Financial Flexibility

- Achieved net debt/pro forma Adjusted EBITDA of 1.9x<sup>(2)</sup>:
  - Reflects acquisitions of Taimi and Daman
  - Below target leverage ratio of 2.0x providing flexibility
- Company invested \$31.9 million or approximately 4% of sales in capital expenditures in 2022
- Ended the quarter with total liquidity of \$183 million
- Paid dividends consistently for 104 sequential quarters or over 25 years!

(1) Net debt is a non-GAAP financial measure and is defined as total debt less cash and cash equivalents; see supplemental slides for a reconciliation to the most comparable GAAP measure.

(2) Pro Forma for the Taimi and Daman acquisitions. See supplemental slide for net debt-to-Pro Forma Adjusted EBITDA reconciliation and other important information regarding Helios' use of net debt-to-Pro Forma Adjusted EBITDA.





# 2023 Outlook

## Path to Hit 22% Three-Year Earnings\* CAGR

	2020 Actual	2021 Actual	2022 Actual	2023 Outlook	Implied 3-Year CAGR at 2023 range mid-point	Exiting 2023 Run-Rate
Consolidated revenue	\$523 million	\$869 million	\$885 million	\$910 - \$940 million	21%	~\$1 billion
Net income	\$14 million	\$105 million	\$98 million	\$99 - \$104 million		
Adjusted EBITDA	\$121 million	\$214 million	\$205 million	\$214 - \$226 million	22%	
Adjusted EBITDA margin	23.2%	24.6%	23.2%	23.5% - 24.0%	+55 bps	~25%
Interest expense	\$13 million	\$17 million	\$17 million	\$23 - \$24 million		
Effective tax rate	18%	20%	19%	21% - 23%		
Depreciation	\$18 million	\$21 million	\$23 million	\$27 - \$29 million		
Amortization	\$22 million	\$33 million	\$29 million	\$30 - \$32 million		
Capital expenditures % total revenue	3%	3%	4%	3% - 5% of sales		
Diluted EPS	\$0.44	\$3.22	\$3.02	\$3.03 - \$3.18		
Diluted Non-GAAP Cash EPS	\$2.24	\$4.25	\$4.03	\$3.95 - \$4.10	22%	

The following provides the Company's expectations for 2023 as of February 27, 2023. This does not include any potential future flywheel acquisitions it may make through the course of the year. This assumes constant currency, using quarter end rates, and that markets served are not further impacted by the global pandemic or the geo-political environment. On a run-rate basis ending 2023, the Company expects to reach approximately \$1 billion in revenue and approximately 25% Adjusted EBITDA margins.

Adjusted EBITDA, Adjusted EBITDA margin and Diluted Non-GAAP Cash EPS represent non-GAAP financial measures. The Company has also presented the related GAAP measures. For 2023, Adjusted EBITDA excludes an estimated \$7-\$8 million of costs for restructuring activities and acquisition related cost including integration. For 2023, Diluted non-GAAP Cash EPS excludes an estimated \$0.88 to \$0.95 per diluted share of costs for amortization, restructuring activities, acquisition related costs including integration and the related tax impact on these items.

\* Implied three-year Earnings Compound Annual Growth Rate (CAGR) = Diluted Non-GAAP Cash EPS growth calculated between 2020A to the mid-point of 2023 Outlook issued February 27, 2023.

### Non-GAAP Financial Measures and Non-GAAP Forward-looking Financial Measures:

The Company does not provide a reconciliation of forward-looking non-GAAP financial measures, such as adjusted EBITDA, adjusted EBITDA margin and cash net income and cash net income per diluted share disclosed above in our 2023 Outlook, to their comparable GAAP financial measures because it could not do so without unreasonable effort due to the unavailability of the information needed to calculate reconciling items and due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP financial measures in future periods.



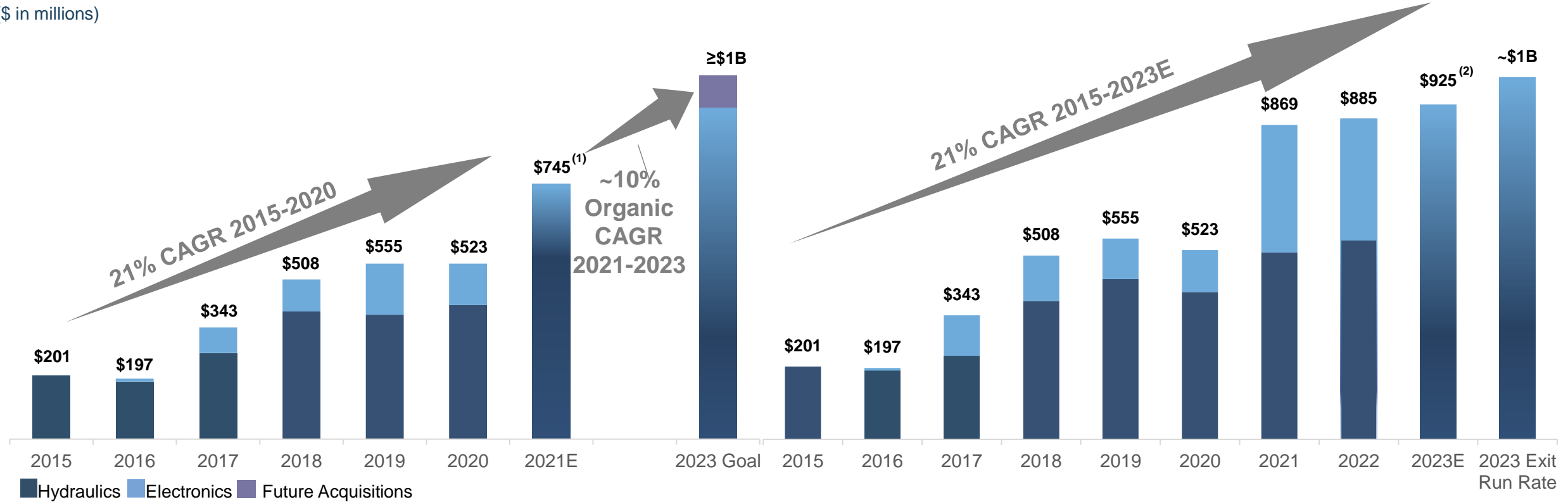


# Path for Long Term Growth Plans

As Outlined at June 2021 Investor Day

Our Performance & Current View

(\$ in millions)



## Acquisitions Completed Since June 2021 Investor Day:

- **July 2021** – NEM S.r.l. (Italy/Hydraulics)
- **October 2021** – Joyonway (China/Electronics)
- **July 2022** – Taimi (Canada/Hydraulics)
- **September 2022** – Daman Products Company (U.S./Hydraulics)
- **January 2023** – Schultes Precision Manufacturing (U.S./Hydraulics)

(1) 2021E Mid-Point of FY2021 Outlook provided on May 10, 2021

(2) 2023E Mid-Point of FY2023 Outlook provided February 27, 2023





# Path to Hit Accelerated Targets

## Hitting \$1B Milestone on a Run Rate (RR) Basis by YE23

~\$1B in RR <sup>(1)</sup>  
Sales by  
YE 2023

Organic Sales  
Growth<sup>(2)</sup> ~2x  
Market Rates

~25% Adj.  
EBITDA Margin<sup>(2)</sup>  
by RR YE 2023

Non-GAAP  
Cash EPS  
CAGR<sup>(2,3)</sup> ~22%

## With Enhanced Margin Profile

- (1) Run rate basis defined as annualizing the anticipated fourth quarter of 2023 to equate to ~\$1 billion in revenues
- (2) Reflects non-GAAP measure; reference supplemental slides for definitions of each measure.
- (3) CAGR is calculated between 2020A to the mid-point of 2023 Outlook issued February 27, 2023





# ***Supplemental Information***





# Segment Data

(Unaudited)

(\$ in millions)

	For the Three Months Ended		For the Year Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
<i>Sales:</i>				
Hydraulics	\$ 140.2	\$ 130.9	\$ 551.3	\$ 516.4
Electronics	55.8	86.8	334.1	352.7
Consolidated	\$ 196.0	\$ 217.7	\$ 885.4	\$ 869.2
<i>Gross profit and margin:</i>				
Hydraulics	\$ 48.6	\$ 46.8	\$ 195.5	\$ 193.4
	34.7%	35.8%	35.5%	37.5%
Electronics	14.6	27.5	103.0	120.0
	26.2%	31.7%	30.8%	34.0%
Corporate and other	-	-	-	(0.6)
Consolidated	\$ 63.2	\$ 74.3	\$ 298.5	\$ 312.8
	32.2%	34.2%	33.7%	36.0%
<i>Operating income (loss) and margin:</i>				
Hydraulics	\$ 30.6	\$ 27.6	\$ 122.7	\$ 119.8
	21.8%	21.1%	22.3%	23.2%
Electronics	0.7	15.4	52.5	71.7
	1.3%	17.7%	15.7%	20.3%
Corporate and other	(10.6)	(11.1)	(37.9)	(42.2)
Consolidated	\$ 20.7	\$ 31.9	\$ 137.3	\$ 149.3
	10.6%	14.6%	15.5%	17.2%





# Organic and Acquired Sales

(Unaudited)

(\$ in millions)

	Three Months Ended				Full Year Ended
	April 3, 2021	July 3, 2021	October 2, 2021	January 1, 2022	January 1, 2022
<b>Hydraulics</b>					
Organic	\$ 119.1	\$ 133.0	\$ 128.7	\$ 125.2	\$ 506.0
Acquisition	-	-	4.7	5.7	10.4
Total	\$ 119.1	\$ 133.0	\$ 133.4	\$ 130.9	\$ 516.4
<b>Electronics</b>					
Organic	\$ 29.5	\$ 30.2	\$ 30.8	\$ 66.1	\$ 156.6
Acquisition	56.3	60.2	59.0	20.7	196.2
Total	\$ 85.8	\$ 90.4	\$ 89.8	\$ 86.8	\$ 352.7
<b>Consolidated</b>					
Organic	\$ 148.6	\$ 163.2	\$ 159.5	\$ 191.3	\$ 662.6
Acquisition	56.3	60.2	63.8	26.4	206.6
Total	\$ 204.9	\$ 223.4	\$ 223.3	\$ 217.7	\$ 869.2

	Three Months Ended				Full Year Ended
	April 2, 2022	July 2, 2022	October 1, 2022	December 31, 2022	December 31, 2022
	\$ 130.7	\$ 137.1	\$ 129.1	\$ 132.0	\$ 528.9
	6.4	5.7	2.1	8.2	22.4
	\$ 137.1	\$ 142.8	\$ 131.2	\$ 140.2	\$ 551.3
	\$ 102.7	\$ 97.9	\$ 75.2	\$ 55.8	\$ 331.6
	0.8	1.0	0.7	-	2.5
	\$ 103.4	\$ 98.9	\$ 75.9	\$ 55.8	\$ 334.1
	\$ 233.4	\$ 235.0	\$ 204.3	\$ 187.8	\$ 860.5
	7.2	6.6	2.9	8.2	24.9
	\$ 240.5	\$ 241.7	\$ 207.2	\$ 196.0	\$ 885.4





# Sales by Geographic Region & Segment

(Unaudited)

## 2021 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y	Q2	% Change y/y	Q3	% Change y/y	Q4	% Change y/y	YTD 2021	% Change y/y
<b>Americas:</b>										
Hydraulics	\$ 34.3	(8%)	\$ 41.7	22%	\$ 45.2	63%	\$ 46.5	49%	\$ 167.7	29%
Electronics	65.0	201%	64.1	378%	64.2	200%	64.5	72%	257.8	175%
<b>Consol. Americas</b>	<b>99.3</b>	<b>69%</b>	<b>105.8</b>	<b>122%</b>	<b>109.4</b>	<b>123%</b>	<b>111.0</b>	<b>61%</b>	<b>425.5</b>	<b>90%</b>
% of total	48%		47%		49%		51%		49%	
<b>EMEA:</b>										
Hydraulics	\$ 43.3	29%	\$ 46.6	49%	\$ 44.8	40%	\$ 45.3	32%	\$ 180.0	37%
Electronics	9.3	272%	11.0	479%	11.1	640%	10.6	116%	42.0	289%
<b>Consol. EMEA</b>	<b>52.6</b>	<b>46%</b>	<b>57.6</b>	<b>74%</b>	<b>55.9</b>	<b>66%</b>	<b>55.9</b>	<b>42%</b>	<b>222.0</b>	<b>56%</b>
% of total	26%		26%		25%		26%		26%	
<b>APAC:</b>										
Hydraulics	\$ 41.5	26%	\$ 44.7	22%	\$ 43.4	13%	\$ 39.1	5%	\$ 168.7	16%
Electronics	11.4	613%	15.3	705%	14.5	867%	11.7	92%	52.9	377%
<b>Consol. APAC</b>	<b>52.9</b>	<b>53%</b>	<b>60.0</b>	<b>55%</b>	<b>57.9</b>	<b>45%</b>	<b>50.8</b>	<b>17%</b>	<b>221.7</b>	<b>42%</b>
% of total	26%		27%		26%		23%		26%	
<b>Total</b>	<b>\$ 204.8</b>	<b>58%</b>	<b>\$ 223.4</b>	<b>87%</b>	<b>\$ 223.2</b>	<b>82%</b>	<b>\$ 217.7</b>	<b>44%</b>	<b>\$ 869.2</b>	<b>66%</b>

## 2022 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y	Q2	% Change y/y	Q3	% Change y/y	Q4	% Change y/y	YTD 2022	% Change y/y
<b>Americas:</b>										
Hydraulics	\$ 43.1	26%	\$ 49.9	20%	\$ 49.7	10%	\$ 56.8	22%	\$ 199.5	19%
Electronics	77.7	20%	80.2	25%	65.0	1%	48.0	(26%)	270.9	5%
<b>Consol. Americas</b>	<b>120.8</b>	<b>22%</b>	<b>130.1</b>	<b>23%</b>	<b>114.7</b>	<b>5%</b>	<b>104.8</b>	<b>(6%)</b>	<b>470.4</b>	<b>11%</b>
% of total	50%		54%		55%		53%		53%	
<b>EMEA:</b>										
Hydraulics	\$ 52.9	22%	\$ 49.0	5%	\$ 41.3	(8%)	\$ 43.3	(4%)	\$ 186.5	4%
Electronics	11.8	27%	12.3	12%	7.7	(31%)	5.3	(50%)	37.1	(12%)
<b>Consol. EMEA</b>	<b>64.7</b>	<b>23%</b>	<b>61.3</b>	<b>6%</b>	<b>49.0</b>	<b>(12%)</b>	<b>48.6</b>	<b>(13%)</b>	<b>223.6</b>	<b>1%</b>
% of total	27%		25%		24%		25%		25%	
<b>APAC:</b>										
Hydraulics	\$ 41.1	(1%)	\$ 43.9	(2%)	\$ 40.2	(7%)	\$ 40.1	3%	\$ 165.3	(2%)
Electronics	13.9	22%	6.4	(58%)	3.3	(77%)	2.5	(79%)	26.1	(51%)
<b>Consol. APAC</b>	<b>55.0</b>	<b>4%</b>	<b>50.3</b>	<b>(16%)</b>	<b>43.5</b>	<b>(25%)</b>	<b>42.6</b>	<b>(16%)</b>	<b>191.4</b>	<b>(14%)</b>
% of total	23%		21%		21%		22%		22%	
<b>Total</b>	<b>\$ 240.5</b>	<b>17%</b>	<b>\$ 241.7</b>	<b>8%</b>	<b>\$ 207.2</b>	<b>(7%)</b>	<b>\$ 196.0</b>	<b>(10%)</b>	<b>\$ 885.4</b>	<b>2%</b>





# Adjusted Operating Income Reconciliation

(Unaudited)  
(\$ in millions)

	Three Months Ended		For the Year Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
<b>GAAP operating income</b>	<b>\$ 20.7</b>	<b>\$ 31.9</b>	<b>\$ 137.3</b>	<b>\$ 149.3</b>
Acquisition-related amortization of intangible assets	7.5	7.5	28.1	32.8
Acquisition and financing-related expenses <sup>(1)</sup>	1.9	2.8	5.9	5.7
Restructuring charges <sup>(2)</sup>	1.4	-	5.2	0.5
Officer transition costs	-	(0.3)	0.3	0.3
Inventory step-up amortization	-	-	-	0.6
Acquisition integration costs <sup>(3)</sup>	1.3	1.1	3.7	2.9
Other	-	-	0.2	(0.1)
<b>Non-GAAP adjusted operating income</b>	<b>\$ 32.8</b>	<b>\$ 43.1</b>	<b>\$ 180.7</b>	<b>\$ 192.0</b>
GAAP operating margin	10.6%	14.6%	15.5%	17.2%
Non-GAAP adjusted operating margin	16.7%	19.8%	20.4%	22.1%

## Non-GAAP Financial Measure:

Adjusted operating margin is adjusted operating income divided by sales. Adjusted operating income and adjusted operating margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as adjusted operating income and adjusted operating margin are important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand operating performance. Because adjusted operating income and adjusted operating margin are non-GAAP measures and are thus susceptible to varying calculations, adjusted operating income and adjusted operating income margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.





# Non-GAAP Cash Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended		For the Year Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
<b>Net income</b>	<b>\$ 17.5</b>	<b>\$ 23.6</b>	<b>\$ 98.4</b>	<b>\$ 104.6</b>
Amortization of intangible assets	7.7	7.6	28.7	33.0
Acquisition and financing-related expenses <sup>(1)</sup>	1.9	2.8	5.9	5.7
Restructuring charges <sup>(2)</sup>	(0.3)	-	3.5	0.5
Officer transition costs	-	(0.3)	0.3	0.3
Inventory step-up amortization	-	-	-	0.6
Acquisition integration costs <sup>(3)</sup>	1.3	1.1	3.7	2.9
Change in fair value of contingent consideration	0.1	1.1	1.7	1.1
Other	(0.1)	0.1	0.1	0.6
Tax effect of above	(2.7)	(3.1)	(11.0)	(11.2)
<b>Non-GAAP cash net income</b>	<b>\$ 25.4</b>	<b>\$ 32.9</b>	<b>\$ 131.3</b>	<b>\$ 138.1</b>
<b>Non-GAAP cash net income per diluted share</b>	<b>\$ 0.78</b>	<b>\$ 1.01</b>	<b>\$ 4.03</b>	<b>\$ 4.25</b>

## Non-GAAP Financial Measure:

Adjusted net income per diluted share is adjusted net income divided by diluted weighted average common shares outstanding. Cash net income per share is cash net income divided by diluted weighted average common shares outstanding. Adjusted net income, adjusted net income per diluted share, cash net income and cash net income per diluted share are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as adjusted net income, adjusted net income per diluted share, cash net income and cash net income per diluted share is important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand operating performance. Because adjusted net income, adjusted net income per diluted share, cash net income and cash net income per diluted share are non-GAAP measures and are thus susceptible to varying calculations, adjusted net income, adjusted net income per diluted share, cash net income, and cash net income per diluted share, as presented, may not be directly comparable to other similarly titled measures used by other companies





# Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended		For the Year Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
Net income	\$ 17.5	\$ 23.6	\$ 98.4	\$ 104.6
Interest expense, net	5.0	3.9	16.7	16.9
Income tax (benefit) provision	(0.4)	3.7	23.4	26.6
Depreciation and amortization	14.2	13.3	51.6	54.4
<b>EBITDA</b>	<b>36.3</b>	<b>44.5</b>	<b>190.1</b>	<b>202.5</b>
Acquisition and financing-related expenses <sup>(1)</sup>	1.9	2.8	5.9	5.7
Restructuring charges <sup>(2)</sup>	(0.3)	-	3.5	0.5
Officer transition costs	-	(0.3)	0.3	0.3
Inventory step-up amortization	-	-	-	0.6
Acquisition integration costs <sup>(3)</sup>	1.3	1.1	3.7	2.9
Change in fair value of contingent consideration	0.1	1.1	1.7	1.1
Other	(0.1)	0.1	0.1	0.6
<b>Adjusted EBITDA</b>	<b>\$ 39.2</b>	<b>\$ 49.3</b>	<b>\$ 205.3</b>	<b>\$ 214.1</b>
Adjusted EBITDA margin	20.0%	22.7%	23.2%	24.6%
Pre-acquisition adjusted EBITDA, 2022 Taimi and Daman, 2021 NEM and Joyonway			5.0	6.3
<b>TTM Pro forma adjusted EBITDA</b>			<b>\$ 210.3</b>	<b>\$ 220.4</b>

(1) Acquisition and financing-related expenses include costs associated with our M&A activities. These activities include all phases of the M&A process from analyzing targets, to raising funding, to due diligence and transaction costs at closing. We utilize internal resources for a significant amount of time spent on our acquisition activities and have chosen not to staff a full M&A department or use significant outside services. We believe these costs are not representative of the Company's operational performance and it is therefore more meaningful to analyze results with the costs excluded. For the three months and year ended Dec 31, 2022, the charges include recurring labor costs of \$0.4 million and \$2.3 million, professional fees of \$0.9 million and \$2.0 million, travel costs of \$0.2 million and \$0.7 million and other M&A related costs of \$0.4 million and \$0.9 million, respectively.

(2) Restructuring activities include costs associated with our actions to improve operating efficiencies and rationalize our cost structure. The 2022 costs relate to an operational restructuring that combined the manufacturing operations at two of our locations into one location as well as organizational restructures among several locations, which aligned employee talent with the strategic operational goals of the company. For the three months and year ended Dec 31, 2022, the charges include recurring labor costs of \$0.4 million and \$2.2 million, severance-related costs of \$0.6 million and \$2.3 million and manufacturing relocation and other costs of \$0.4 million and \$0.7 million, respectively. Additionally, in the fourth quarter of 2022, we realized a gain on the sale of property, plant and equipment related to our restructuring activities totaling \$1.8 million.

(3) Acquisition integration activities include costs associated with integrating our acquired businesses, which can occur up to 18 months after acquisition date. We believe these costs are not representative of the Company's operational performance and it is therefore more meaningful to analyze results with the costs excluded. For the three months and year ended Dec 31, 2022, the charges include recurring labor costs of \$0.8 million and \$2.5 million, professional fees of \$0.2 million and \$0.8 million and travel and other costs of \$0.3 million and \$0.4 million, respectively.

## Non-GAAP Financial Measure:

Adjusted EBITDA margin is Adjusted EBITDA divided by sales. Adjusted EBITDA and Adjusted EBITDA margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as Adjusted EBITDA and Adjusted EBITDA margin are important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand operating performance. Because Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures and are thus susceptible to varying calculations, Adjusted EBITDA and Adjusted EBITDA margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.





# Free Cash Flow Reconciliation

(Unaudited)

(\$ in millions)

	2017	2018	2019	2020	2021	2022
<b>Net cash provided by operating activities</b>	\$ 49.4	\$ 77.5	\$ 90.5	\$ 108.6	\$ 113.1	109.9
Contingent consideration payment in excess of acquisition date fair value	-	-	10.7	-	-	-
<b>Adjusted net cash provided by operating activities</b>	<b>49.4</b>	<b>77.5</b>	<b>101.2</b>	<b>108.6</b>	<b>113.1</b>	<b>109.9</b>
Capital expenditures	22.2	28.4	25	14.6	26.8	31.9
<b>Adjusted Free cash flow</b>	<b>\$ 27.2</b>	<b>\$ 49.1</b>	<b>\$ 76.2</b>	<b>\$ 94.0</b>	<b>\$ 86.3</b>	<b>78.0</b>
<b>Net income</b>	31.6	46.7	60.3	14.2	104.6	98.4
Goodwill impairment	-	-	-	31.9	-	-
<b>Net income, less goodwill impairment</b>	<b>\$ 31.6</b>	<b>\$ 46.7</b>	<b>\$ 60.3</b>	<b>\$ 46.1</b>	<b>\$ 104.6</b>	<b>98.4</b>
<b>Free cash flow conversion</b>	<b>86%</b>	<b>105%</b>	<b>126%</b>	<b>204%</b>	<b>83%</b>	<b>79%</b>

	Three Months Ended	
	January 1, 2022	December 31, 2022
<b>Net cash provided by operating activities</b>	\$ 31.1	\$ 35.7
Capital expenditures	(9.7)	(10.0)
<b>Free cash flow</b>	<b>\$ 21.4</b>	<b>\$ 25.7</b>
<b>Net income</b>	<b>\$ 23.6</b>	<b>\$ 17.5</b>
<b>Free cash flow conversion</b>	<b>91%</b>	<b>147%</b>

## Non-GAAP Financial Measure:

Adjusted net cash provided by operating activities is net cash provided by operating activities less contingent consideration payment in excess of acquisition date fair value. Free cash flow is net cash provided by operating activities less capital expenditures. Adjusted free cash flow is adjusted net cash provided by operating activities less capital expenditures. Free cash flow conversion is a non-GAAP financial measure and defined as free cash flow divided by net income. Each of these measures has not been determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing this non-GAAP information is important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand our liquidity. Because these are non-GAAP measures, they are susceptible to varying calculations, and as presented, may not be directly comparable to other similarly titled measures used by other companies.





# Non-GAAP Sales Growth Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended			For the Year Ended		
	Hydraulics	Electronics	Consolidated	Hydraulics	Electronics	Consolidated
Q4 2022 Net Sales	\$ 140.2	\$ 55.8	\$ 196.0	\$ 551.3	\$ 334.1	\$ 885.4
Impact of foreign currency translation <sup>(1)</sup>	6.8	0.3	7.1	26.2	1.4	27.6
Net Sales in constant currency	147.0	56.1	203.1	577.5	335.5	913.0
Less: Acquisition related sales	(8.2)	-	(8.2)	(22.4)	(2.5)	(24.9)
Organic sales in constant currency	\$ 138.8	\$ 56.1	\$ 194.9	\$ 555.1	\$ 333.0	\$ 888.1
Q4 2021 Net Sales	\$ 130.9	\$ 86.8	\$ 217.7	\$ 516.4	\$ 352.7	\$ 869.2
Net sales growth	7%	-36%	-10%	7%	-5%	2%
Net sales growth in constant currency	12%	-35%	-7%	12%	-5%	5%
Organic net sales growth in constant currency	6%	-35%	-10%	7%	-6%	2%

<sup>(1)</sup> The impact from foreign currency translation is calculated by translating current period activity at average prior period exchange rates.

## Non-GAAP Financial Measure:

Adjusted net cash provided by operating activities is net cash provided by operating activities less contingent consideration payment in excess of acquisition date fair value. Free cash flow is net cash provided by operating activities less capital expenditures. Adjusted free cash flow is adjusted net cash provided by operating activities less capital expenditures. Each of these measures has not been determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing this non-GAAP information is important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand our liquidity. Because these are non-GAAP measures, they are susceptible to varying calculations, and as presented, may not be directly comparable to other similarly titled measures used by other companies.





# Net Debt to Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in millions)

	As of December 31, 2022
Current portion of long-term non-revolving debt, net	19.0
Revolving lines of credit	262.9
Long-term non-revolving debt, net	164.2
<b>Total debt</b>	<b>446.1</b>
Less: Cash and cash equivalents	43.7
<b>Net debt</b>	<b>402.4</b>
TTM Pro forma adjusted EBITDA*	210.3
<b>Ratio of net debt to TTM pro forma adjusted EBITDA</b>	<b>1.91</b>

\*On a pro-forma basis for Taimi and Daman

## Non-GAAP Financial Measure:

Net debt is total debt minus cash and cash equivalents. Net debt-to-Adjusted EBITDA is net debt divided by Adjusted EBITDA. Net debt and net debt-to-Adjusted EBITDA are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as net debt and net debt-to-Adjusted EBITDA are important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand operating performance. Because net debt and net debt-to-Adjusted EBITDA are non-GAAP measures and are thus susceptible to varying calculations, net debt and net debt-to-Adjusted EBITDA, as presented, may not be directly comparable to other similarly titled measures used by other companies.





The background is a collage of three images, all with a blue tint. The left image shows a close-up of a large industrial machine, possibly a pump or motor. The middle image shows a construction site with a large crane and a truck. The right image shows a construction site with a large crane and a truck.

# ***AUGMENTING STRATEGY ADVANCING TECHNOLOGIES ACCELERATING GROWTH***

