



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



## ***Second Quarter 2022 Earnings***

***Aug 9, 2022***

Josef Matosevic – President & CEO

Tricia Fulton – Chief Financial Officer

Tania Almond – VP of IR, Corp. Comm., & Risk Mgmt.

# 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 and similar outbreaks, including, without limitation, the current COVID-19 pandemic, 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; and (vii) new product introductions, product sales mix and the geographic mix of sales nationally and internationally. 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 January 1, 2022.*

*Helios has presented forward-looking statements regarding Diluted Non-GAAP cash EPS and Adjusted EBITDA margin. 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 cash EPS and Adjusted EBITDA margin 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 2022 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.*

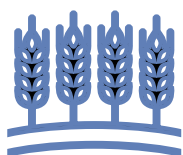
*This presentation includes certain historical non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company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



# Q2 2022 Business Summary



Executing **AUGMENTED STRATEGY** to deliver **SALES GROWTH OF 8% in the quarter and 13% YTD GROWTH** despite macroeconomic headwinds



Achieved **5% ORGANIC GROWTH in the quarter and 9% YTD GROWTH through** **END MARKET AND GEOGRAPHIC DIVERSITY** provides greater stability; **Strength in INDUSTRIAL, MOBILE AND RECREATIONAL markets**



Further advancing **MANUFACTURING AND OPERATIONS STRATEGY** to reduce costs, improve efficiencies and leverage operating footprint



Delivering **TOP-TIER MARGINS in tough conditions; EARNINGS REMAIN STABLE** sequentially despite rampant inflation



**FINANCIAL STRENGTH AND FLEXIBILITY** to face ongoing global challenges while **INVESTING IN GROWTH: net-debt-to-adjusted EBITDA leverage ratio of 1.68x<sup>(1)</sup>**



Delivering accelerated **GROWTH AND PROFITS in 2022; on course to \$1B MILESTONE by 2023**



(1) On a pro-forma basis NEM S.r.l. and Joyonway; reflects non-GAAP measure; see supplemental slide for a reconciliation to the most comparable GAAP measure.

# Manufacturing and Operating Strategy at Work

Objectives are Driven by the Helios Business System (HBS) and its Missions



**Leverage the global manufacturing footprint across businesses to:**

- Optimize overhead utilization
- Engage global talent and resources



**Drive 'in the region for the region' production and strategic vertical integration to:**

- Reduce logistics costs & supply chain risks
- Hedge currency risks



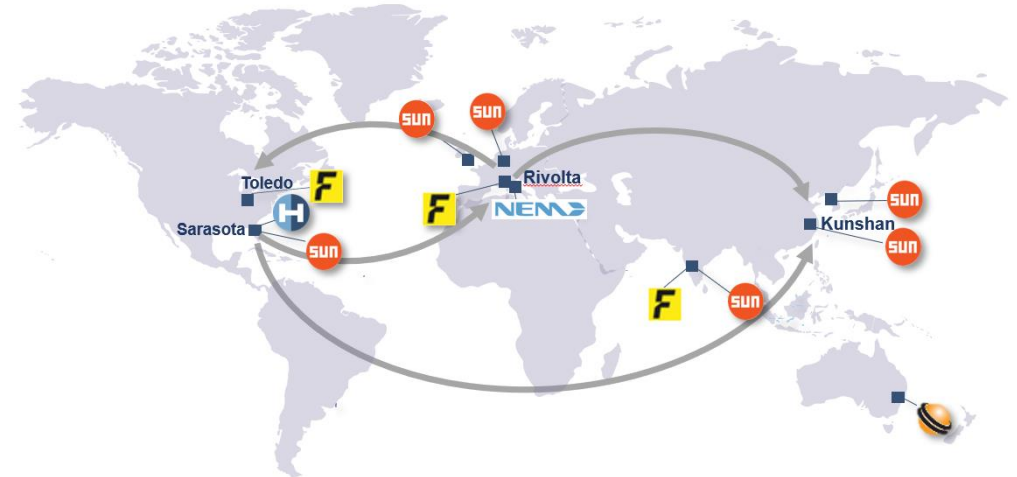
**Align value streams and regional footprints to support system solutions in order to:**

- Accelerate commercial growth
- Enable commercial opportunities globally

Active Project Flows for Electronics Segment



Active Project Flows for Hydraulics Segment



# Q2 2022 Financial Results Highlights

(\$ in millions, except per share data)

**\$241.7**

Sales

8%

YoY

<1%

QoQ

## Sales

- Successful execution drove 8% increased revenue growth or 12% on constant currency basis<sup>(1)</sup>; Operational flexibility enabled growth even as supply chain continues to create challenges
- Strength in industrial, mobile and recreational more than offset softening in European agriculture and health & wellness

**34.1%**

Gross Margin

270 bps

YoY

70 bps

QoQ

## Gross Profit & Margin

- Gross profit and margin reflect inflation and FX which were somewhat offset by price improvements
- FX had \$2.2 million negative impact on gross profit



(1) Reflects a non-GAAP financial measure; see supplemental slide for Non-GAAP sales growth reconciliation.  
Note: YoY = year-over-year | QoQ = quarter-over-quarter

# Q2 2022 Financial Results Highlights

(\$ in millions, except per share data)

**17.8%**  
Operating Margin

100 bps

YoY

Unch.

QoQ

**22.0%**  
Adj. Operating Margin<sup>(1)</sup>

120 bps

YoY

20 bps

QoQ

## Operating Expenses

- SEA as a % of sales decreased 100 bps to 13.5% of sales reflecting operating leverage and cost management initiatives
- \$1.7 million in restructuring costs for EMEA consolidation and APAC realignment
- Amortization of intangible assets was down \$0.9 million to \$6.8 million

## Operating Income and Margin

- \$0.9 million year-over-year growth in operating income boosted by higher volume and solid operating leverage
- Adjusted operating margin up 20 basis points sequentially reflecting cost discipline



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

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



# Q2 2022 Financial Results Highlights

(\$ in millions, except per share data)

**\$30.0**

Net Income

2%

YoY

2%

QoQ

**24.4%**

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

130 bps

YoY

10 bps

QoQ

**\$0.92**

Diluted GAAP  
EPS

3%

YoY

2%

QoQ

**\$1.18**

Diluted Non-GAAP  
Cash EPS<sup>(2)</sup>

2%

YoY

Unch.

QoQ

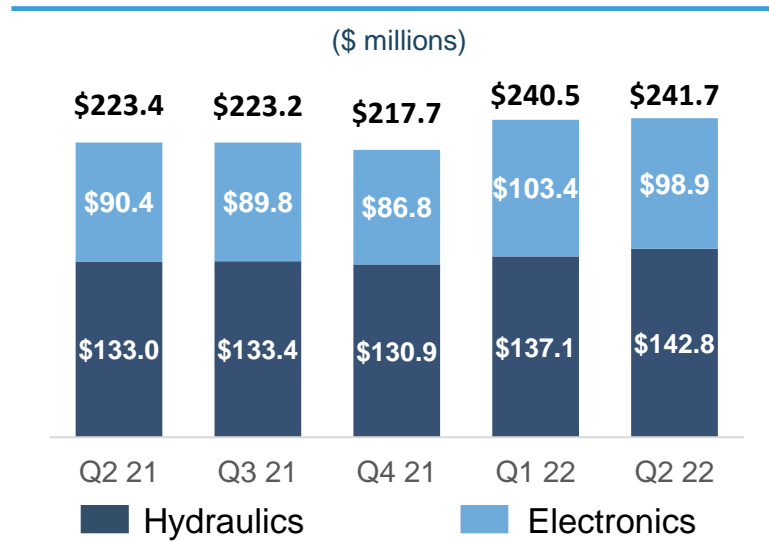


(1) Reflects a non-GAAP financial measure; see supplemental slide for Adjusted EBITDA reconciliation and other important information regarding Helios' use of Adjusted EBITDA.

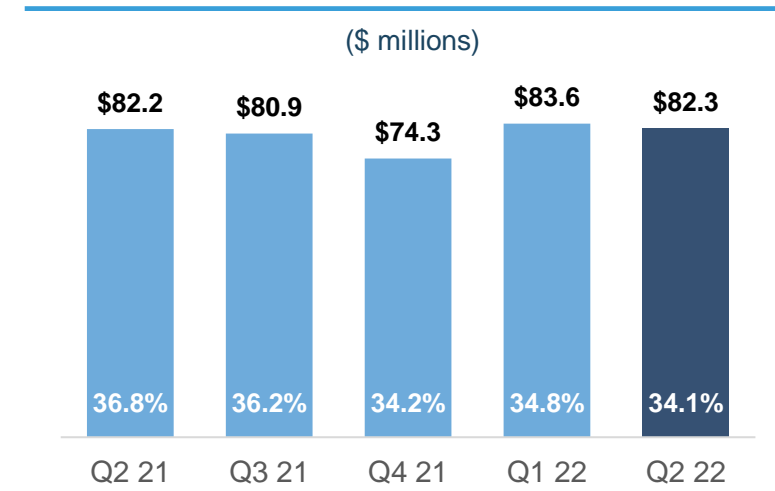
(2) Reflects a non-GAAP financial measure; see supplemental slide for Non-GAAP Cash Net Income reconciliation and other important information regarding Helios' use of Non-GAAP Cash Net Income and EPS.

# Q2 2022 – Consolidated Results

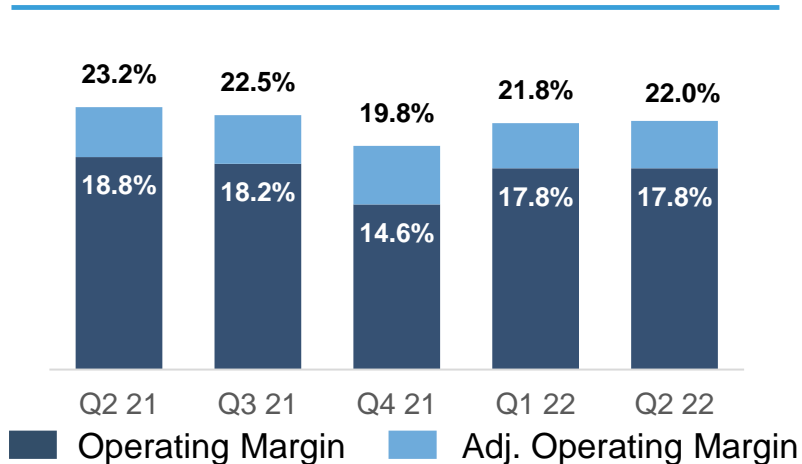
## Sales



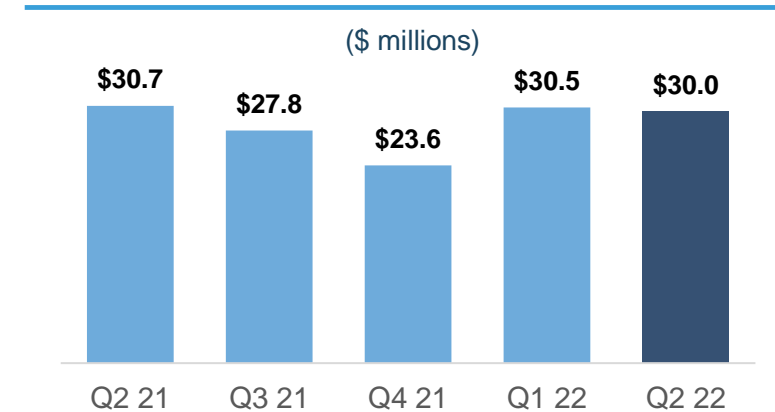
## Gross Profit & Margin



## Operating / Adj. Op. Margin<sup>(1)</sup>



## Net Income

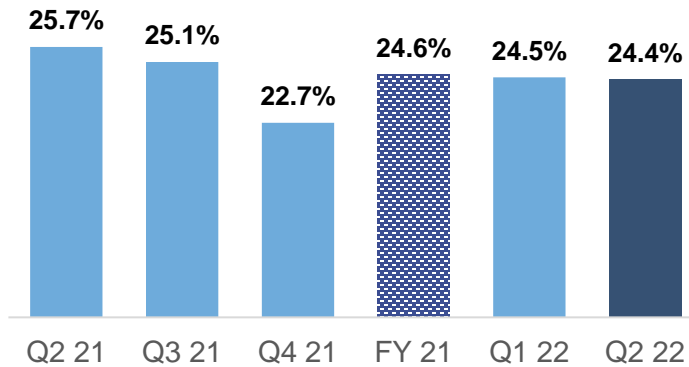


(1) See Supplemental Information for definition of Adjusted Operating Margin, and reconciliation from GAAP and other disclaimers regarding non-GAAP information.

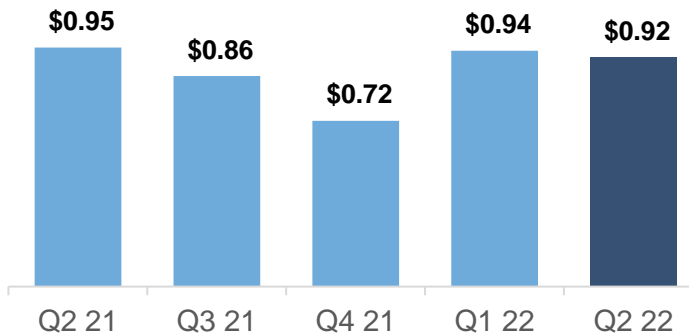


# Q2 2022 – Consolidated Results

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



## Diluted GAAP EPS



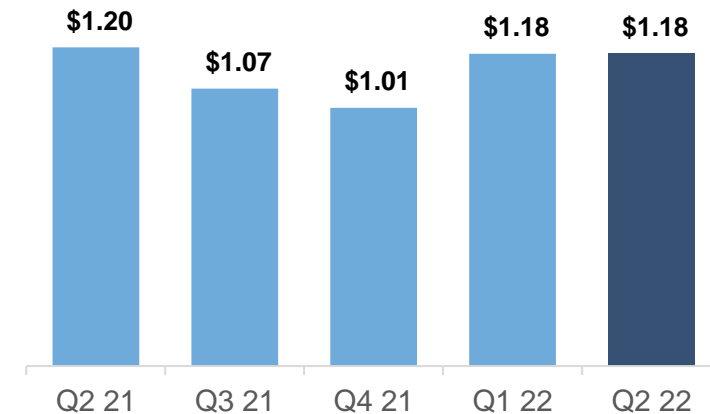
## Adjusted EBITDA Margin Drivers

- Delivering top-tier industry performance in the face of inflationary headwinds and supply chain constraints

## Diluted Earnings Drivers

- Tailwinds: operating efficiencies, leverage and price improvements; Headwinds: FX, inflation and higher tax rate

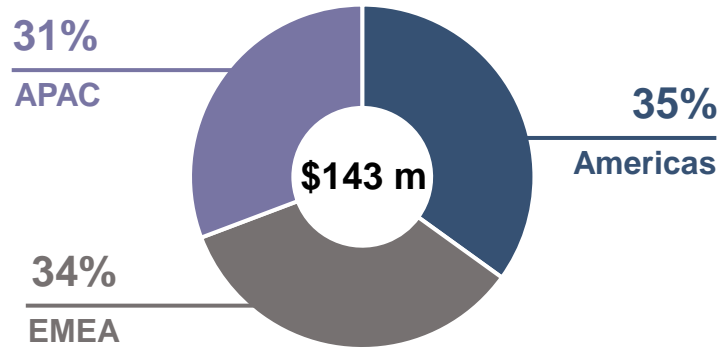
## Diluted Non-GAAP Cash EPS<sup>(1)</sup>



(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.

# Q2 2022 – Hydraulics Segment

## Q2 Sales by Region

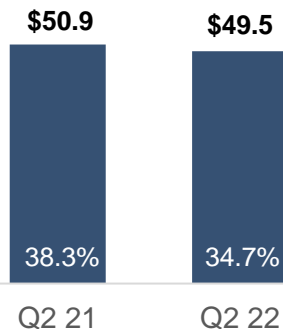


(\$ in millions)

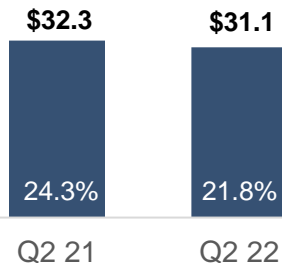
### Sales



### Gross Profit



### Operating Income



## Second Quarter Highlights

### Sales Drivers

- Continued strength in industrial machinery, renewable energy, power generation, oil & gas, material handling, construction, forestry equipment, and specialty vehicles
- Sales growth 7% YoY (13% in constant currency<sup>(1)</sup>); Organic revenue growth of 8% YoY (in constant currency<sup>(1)</sup>); Acquisition added \$5.7 million
- Unfavorable FX impact of \$7.0 million; supply chain constraints delayed an estimated \$6.0 million in sales

### Gross Profit and Margin Drivers

- Gross profit decreased \$1.4 million due primarily to unfavorable FX of \$1.9 million
- Gross margin reflects increases in material costs, product mix and labor cost increases from higher wages and overtime

### Operating Income and Margin

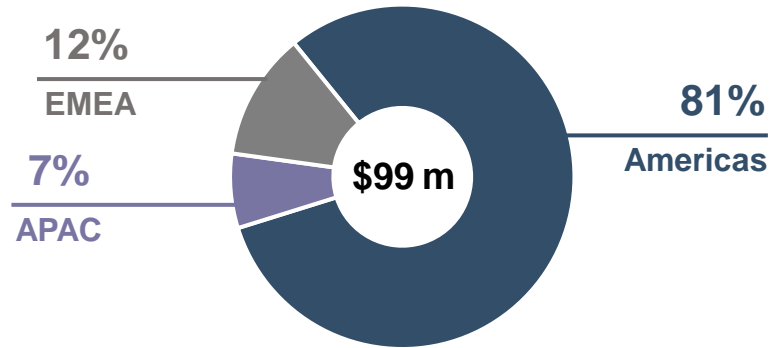
- Operating income down \$1.2 million with SEA as a % of sales improving by 110 basis points to 12.9% of revenue
- 250 basis point impact on margin reflects gross margin drivers offset by fixed cost leverage on higher sales and cost management



(1) Reflects a non-GAAP financial measure; see supplemental slide for Non-GAAP sales growth reconciliation.

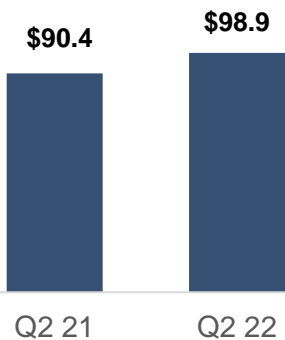
# Q2 2022 – Electronics Segment

## Q2 Sales by Region

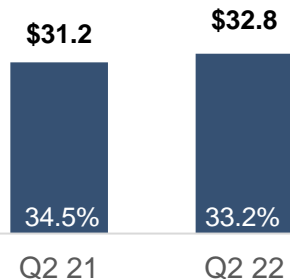


(\$ in millions)

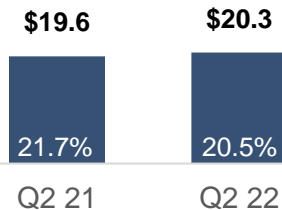
### Sales



### Gross Profit



### Operating Income



## Second Quarter Highlights

### Sales Drivers

- Continued strength in industrial machinery, oil & gas, construction, specialty vehicles, marine, and off-road vehicles
- Sales growth 9% YoY (10% in constant currency<sup>(1)</sup>); Organic revenue growth of 9% YoY (in constant currency<sup>(1)</sup>); Acquisitions added \$1.0 million in sales
- Unfavorable FX impact was \$0.5 million; supply chain constraints delayed an estimated \$9.1 million in sales

### Gross Profit and Margin Drivers

- Gross profit increased \$1.6 million, or 5% due to higher volume and pricing
- Gross margin reflects increases in raw material costs

### Operating Income and Margin

- Operating income up \$0.7 million with SEA as a % of sales improving by 20 basis points to 12.6% of revenue
- 120 basis point impact on margin reflects flow through of gross margin offset by fixed cost leverage on higher sales and cost management



(1) Reflects a non-GAAP financial measure; see supplemental slide for Non-GAAP sales growth reconciliation.

# Strong Cash Flow

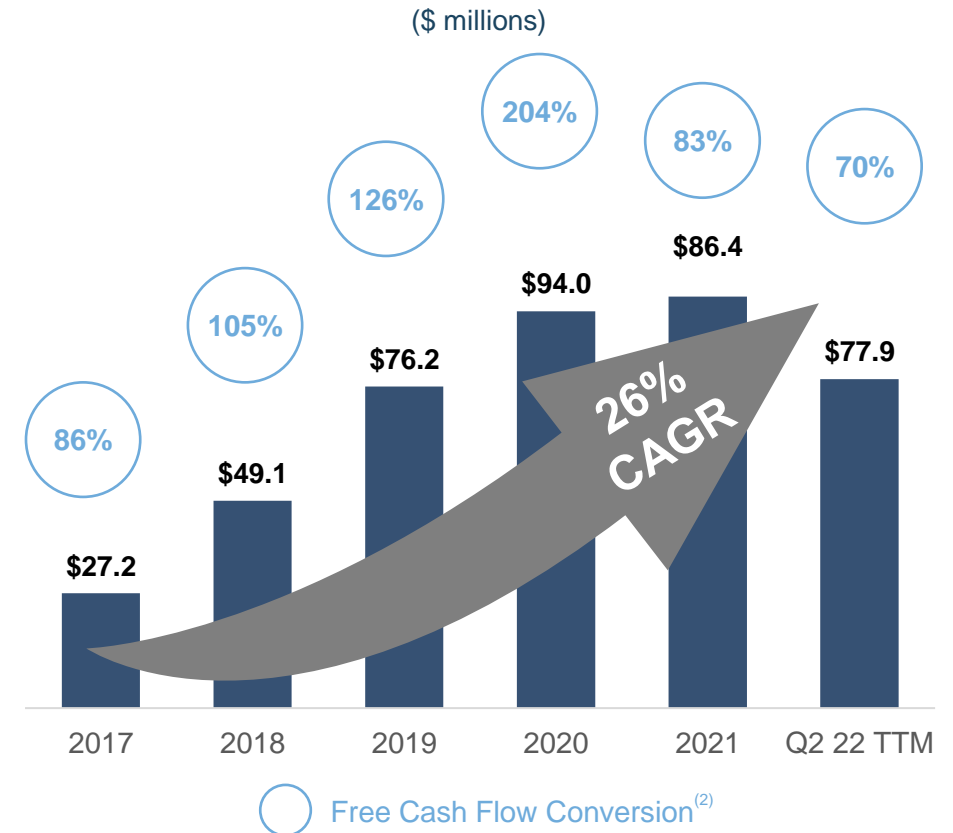
	Three Months Ended	
	<u>7/2/22</u>	<u>7/3/21</u>
Net cash provided by operating activities	\$29.5	\$34.5
CapEx	(7.9)	(5.3)
<b>Free cash flow (FCF)<sup>(1)</sup></b>	<b>\$21.6</b>	<b>\$29.1</b>

Note: Components may not add to totals due to rounding

## Consistent cash generation and free cash flow

- Solid cash generation even with strategic inventory investments to combat supply chain challenges; DOH up 27% over prior year
- Q2 2022 CapEx of \$7.9 million, or 3% of sales
- Inventory modestly lower from the end of Q1 2022 as operations deliver on past due backlog

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



(1) Free cash flow is a non-GAAP financial measure and defined as cash provided by operating activities minus capital expenditures.

(2) Free cash flow conversion is a non-GAAP financial measure and defined as free cash flow divided by net income

# Capital Structure

Capitalization		
	<u>7/2/22</u>	<u>7/3/21</u>
Cash and cash equivalents	\$41.3	\$34.3
<b>Total debt</b>	<b>419.1</b>	<b>437.1</b>
<b>Total net debt<sup>(1)</sup></b>	<b>377.7</b>	<b>402.8</b>
Shareholders' equity	747.0	658.3
<b>Total capitalization</b>	<b>\$1,166.1</b>	<b>\$1,095.4</b>
Debt/total capitalization	<b>36.0%</b>	39.9%

Note: Components may not add to totals due to rounding

## Financial Flexibility

- Cash and cash equivalents up \$8.3 million, or 25%, from the end of Q1 2022
- Generated \$29.5 million of operating cash flow in Q2, up 101% sequentially over Q1 2022
- Achieved net debt/pro forma Adjusted EBITDA of 1.68x<sup>(2)</sup>:
  - Maintained long-term target level of below 2.0x down from 1.89x<sup>(3)</sup> at the end of 2021
- Company expects to invest approximately 3% to 5% of sales in capital expenditures in 2022; expecting lower end of range
- Ended the quarter with total liquidity of \$216 million
- Paid dividends consistently for 102 sequential quarters or over twenty-five 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 NEM and Joyonway acquisitions.

(3) Pro Forma for the NEM and Balboa 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.



# 2022 Outlook Reaffirmed

	2021 Actual	2022 Outlook
Consolidated revenue	\$869.2 million	\$930 - \$950 million
Adjusted EBITDA	\$214.1 million	\$219 - \$238 million
Adjusted EBITDA margin	24.6%	23.5% - 25.0%
Interest expense	\$16.9 million	\$14 - \$15 million
Effective tax rate	20.3%	21% - 23%
Depreciation	\$21.4 million	\$24.5 - \$26.5 million
Amortization	\$33.0 million	\$28 - \$29 million
Capital expenditures % total revenue	3%	3% - 5% of sales
Diluted Non-GAAP Cash EPS	\$4.25	\$4.35 - \$4.60

The Company reaffirms its expectations for 2022, which assumes constant currency using quarter end rates. Factoring in foreign currency exchange rates and macroeconomic conditions, expecting lower end of revenue, adjusted EBITDA, earnings, and capex ranges and higher end of effective tax rate range based on expected regional mix. Guidance is based on organic growth only and assumes that markets served are not further impacted by the global pandemic or the geo-political environment.

## **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 2022 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.



# ***Supplemental Information***





# Segment Data

(Unaudited)  
(\$ in thousands)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
<b>Sales:</b>				
Hydraulics	\$ 142,807	\$ 133,039	\$ 279,913	\$ 252,145
Electronics	98,861	90,374	202,302	176,113
Consolidated	<u>\$ 241,668</u>	<u>\$ 223,413</u>	<u>\$ 482,215</u>	<u>\$ 428,258</u>
<b>Gross profit and margin:</b>				
Hydraulics	\$ 49,483	\$ 50,915	\$ 100,321	\$ 96,325
	34.7%	38.3%	35.8%	38.2%
Electronics	32,827	31,237	65,632	61,195
	33.2%	34.5%	32.4%	34.8%
Consolidated	<u>\$ 82,310</u>	<u>\$ 82,152</u>	<u>\$ 165,953</u>	<u>\$ 157,520</u>
	34.1%	36.8%	34.4%	36.8%
<b>Operating income (loss) and margin:</b>				
Hydraulics	\$ 31,053	\$ 32,328	\$ 62,686	\$ 60,401
	21.8%	24.3%	22.4%	24.0%
Electronics	20,292	19,599	40,815	37,879
	20.5%	21.7%	20.2%	21.5%
Corporate and other	(8,368)	(9,865)	(17,638)	(21,609)
Consolidated	<u>\$ 42,977</u>	<u>\$ 42,062</u>	<u>\$ 85,863</u>	<u>\$ 76,671</u>
	17.8%	18.8%	17.8%	17.9%



# Organic and Acquired Sales

(Unaudited)

(\$ in thousands)

	Three Months Ended					Full Year Ended	Three Months Ended		Six Months Ended
	April 3, 2021	July 3, 2021	October 2, 2021	January 1, 2022	January 1, 2022	January 1, 2022	April 2, 2022	July 2, 2022	July 2, 2022
<b>Hydraulics</b>									
Organic	\$ 119,106	\$ 133,039	\$ 128,672	\$ 125,200	\$ 506,017	\$ 130,691	\$ 137,140	\$ 267,831	
Acquisition	-	-	4,732	5,700	10,432	6,415	5,667	12,082	
Total	\$ 119,106	\$ 133,039	\$ 133,404	\$ 130,900	\$ 516,449	\$ 137,106	\$ 142,807	\$ 279,913	
<b>Electronics</b>									
Organic	\$ 29,459	\$ 30,191	\$ 30,808	\$ 66,107	\$ 156,565	\$ 102,663	\$ 97,909	\$ 200,572	
Acquisition	56,279	60,183	59,029	20,680	196,171	778	952	1,730	
Total	\$ 85,738	\$ 90,374	\$ 89,837	\$ 86,787	\$ 352,736	\$ 103,441	\$ 98,861	\$ 202,302	
<b>Consolidated</b>									
Organic	\$ 148,565	\$ 163,230	\$ 159,480	\$ 191,307	\$ 662,582	\$ 233,354	\$ 235,049	\$ 468,403	
Acquisition	56,279	60,183	63,761	26,380	206,603	7,193	6,619	13,812	
Total	\$ 204,844	\$ 223,413	\$ 223,241	\$ 217,687	\$ 869,185	\$ 240,547	\$ 241,668	\$ 482,215	



# 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	YTD 2022	% Change y/y
<b>Americas:</b>						
Hydraulics	\$ 43.1	26%	\$ 49.9	20%	\$ 93.1	23%
Electronics	77.7	20%	80.2	25%	157.9	22%
<b>Consol. Americas</b>	<b>120.8</b>	<b>22%</b>	<b>130.1</b>	<b>23%</b>	<b>251.0</b>	<b>22%</b>
% of total	50%		54%		52%	
<b>EMEA:</b>						
Hydraulics	\$ 52.9	22%	\$ 49.0	5%	\$ 101.9	13%
Electronics	11.8	27%	12.3	12%	24.1	18%
<b>Consol. EMEA</b>	<b>64.7</b>	<b>23%</b>	<b>61.3</b>	<b>6%</b>	<b>126.0</b>	<b>14%</b>
% of total	27%		25%		26%	
<b>APAC:</b>						
Hydraulics	\$ 41.1	(1%)	\$ 43.9	(2%)	\$ 84.9	(2%)
Electronics	13.9	22%	6.4	(58%)	20.3	(24%)
<b>Consol. APAC</b>	<b>55.0</b>	<b>4%</b>	<b>50.3</b>	<b>(16%)</b>	<b>105.2</b>	<b>(7%)</b>
% of total	23%		21%		22%	
<b>Total</b>	<b>\$ 240.5</b>	<b>17%</b>	<b>\$ 241.7</b>	<b>8%</b>	<b>\$ 482.2</b>	<b>13%</b>



# Adjusted Operating Income Reconciliation

(Unaudited)

(\$ in thousands)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
<b>GAAP operating income</b>	<b>\$ 42,977</b>	<b>\$ 42,062</b>	<b>\$ 85,863</b>	<b>\$ 76,671</b>
Acquisition-related amortization of intangible assets	6,799	7,680	13,780	17,878
Acquisition and financing-related expenses	942	1,325	1,801	2,247
Restructuring charges	1,681	-	1,950	418
Officer transition costs	-	569	301	569
Acquisition integration costs	609	289	1,728	884
Other	191	-	191	-
<b>Non-GAAP adjusted operating income</b>	<b>\$ 53,199</b>	<b>\$ 51,925</b>	<b>\$ 105,614</b>	<b>\$ 98,667</b>
<i>GAAP operating margin</i>	<i>17.8%</i>	<i>18.8%</i>	<i>17.8%</i>	<i>17.9%</i>
<i>Non-GAAP adjusted operating margin</i>	<i>22.0%</i>	<i>23.2%</i>	<i>21.9%</i>	<i>23.0%</i>

## 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 thousands)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net income	\$ 30,036	\$ 30,694	\$ 60,514	\$ 53,282
Amortization of intangible assets	6,926	7,713	14,031	17,944
Acquisition and financing-related expenses	942	1,325	1,801	2,247
Restructuring charges	1,681	-	1,950	418
Officer transition costs	-	569	301	569
Acquisition integration costs	609	289	1,728	884
Change in fair value of contingent consideration	632	-	1,469	-
Other	191	698	191	698
Tax effect of above	(2,745)	(2,649)	(5,368)	(5,690)
Non-GAAP cash net income	\$ 38,272	\$ 38,639	\$ 76,617	\$ 70,352
Non-GAAP cash net income per diluted share	\$ 1.18	\$ 1.20	\$ 2.35	\$ 2.18

## 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 thousands)

	Three Months Ended		Six Months Ended		Twelve Months Ended
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021	July 2, 2022
<b>Net income</b>	<b>\$ 30,036</b>	<b>\$ 30,694</b>	<b>\$ 60,514</b>	<b>\$ 53,282</b>	<b>\$ 111,829</b>
Interest expense, net	3,813	4,400	7,621	9,151	15,342
Income tax provision	8,720	6,575	17,494	13,382	30,695
Depreciation and amortization	12,423	12,905	24,977	28,142	51,236
<b>EBITDA</b>	<b>54,992</b>	<b>54,574</b>	<b>110,606</b>	<b>103,957</b>	<b>209,102</b>
Acquisition and financing-related expenses	942	1,325	1,801	2,247	5,295
Restructuring charges	1,681	-	1,950	418	2,004
Officer transition costs	-	569	301	569	50
Inventory step-up amortization	-	-	-	-	558
Acquisition integration costs	609	289	1,728	884	3,694
Change in fair value of contingent consideration	632	-	1,469	-	2,518
Other	191	698	191	698	119
<b>Adjusted EBITDA</b>	<b>\$ 59,047</b>	<b>\$ 57,455</b>	<b>\$ 118,046</b>	<b>\$ 108,773</b>	<b>\$ 223,340</b>
<i>Adjusted EBITDA margin</i>	<i>24.4%</i>	<i>25.7%</i>	<i>24.5%</i>	<i>25.4%</i>	<i>24.2%</i>
Pre-acquisition adjusted EBITDA, NEM and Joyonway					1,793
<b>TTM Pro forma adjusted EBITDA</b>					<b>\$ 225,133</b>

## 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 thousands)

	2017	2018	2019	2020	2021	Q2 2022 TTM
<b>Net cash provided by operating activities</b>	\$ 49,382	\$ 77,450	\$ 90,480	\$ 108,556	\$ 113,202	\$ 107,873
Contingent consideration payment in excess of acquisition date fair value	-	-	10,731	-	-	-
<b>Adjusted net cash provided by operating activities</b>	<b>49,382</b>	<b>77,450</b>	<b>101,211</b>	<b>108,556</b>	<b>113,202</b>	<b>107,873</b>
Capital expenditures	22,205	28,380	25,025	14,580	26,794	29,956
<b>Adjusted Free cash flow</b>	<b>\$ 27,177</b>	<b>\$ 49,070</b>	<b>\$ 76,186</b>	<b>\$ 93,976</b>	<b>\$ 86,408</b>	<b>\$ 77,917</b>
<b>Net income</b>	31,558	46,730	60,268	14,218	104,596	111,828
Goodwill impairment	-	-	-	31,871	-	-
<b>Net income, less goodwill impairment</b>	<b>\$ 31,558</b>	<b>\$ 46,730</b>	<b>\$ 60,268</b>	<b>\$ 46,089</b>	<b>\$ 104,596</b>	<b>\$ 111,828</b>
<b>Free cash flow conversion</b>	<b>86%</b>	<b>105%</b>	<b>126%</b>	<b>204%</b>	<b>83%</b>	<b>70%</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. 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		
	Hydraulics	Electronics	Consolidated
Q2 2022 Net Sales	\$ 142.8	\$ 98.9	\$ 241.7
Impact of foreign currency translation <sup>(1)</sup>	7.0	0.5	7.5
Net Sales in constant currency	149.8	99.4	249.2
Less: Acquisition related sales	(5.7)	(1.0)	(6.6)
Organic sales in constant currency	\$ 144.1	\$ 98.4	\$ 242.6
Q2 2021 Net Sales	\$ 133.0	\$ 90.4	\$ 223.4
Net sales growth	7%	9%	8%
Net sales growth in constant currency	13%	10%	12%
Organic net sales growth in constant currency	8%	9%	9%

<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 thousands)

	As of
	July 2, 2022
Current portion of long-term non-revolving debt, net	\$ 19,157
Revolving lines of credit	226,092
Long-term non-revolving debt, net	173,807
<b>Total debt</b>	<b>419,056</b>
Less: Cash and cash equivalents	41,315
<b>Net debt</b>	<b>\$ 377,741</b>
TTM Pro forma adjusted EBITDA*	\$ 225,133
<b>Ratio of net debt to TTM pro forma adjusted EBITDA</b>	<b>1.68</b>

\*On a pro-forma basis for NEM and Joyonway

## 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***

