



**HELIOS<sup>®</sup>**  
TECHNOLOGIES

# Investor Presentation

## March 23, 2021

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President & CEO

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Chief Financial Officer

Tania Almond  
VP, IR and Corp. Comm.

*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 timing of completion of the proposed acquisition of Balboa Water Group (the “Acquisition”) and the expected benefits and synergies from the Acquisition; (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) conditions in the capital markets, including the interest rate environment and the availability of capital; (ii) the risk that the Acquisition will not be consummated in a timely manner or at all, our failure to realize the benefits expected from the Acquisition, our failure to promptly and effectively integrate the Acquisition and the ability of Helios to retain and hire key personnel, and maintain relationships with suppliers; (iii) changes in the competitive marketplace that could affect the Company’s revenue and/or costs, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; and (iv) 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”, Part I, Item 1A. “Risk Factors” in the Company’s Form 10-K for the year ended December 28, 2019 and Part II, Item 1A. “Risk Factors” in the Company’s Form 10-Q for the quarter ended March 28, 2020.*

*Helios has presented forward-looking statements regarding 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’s full year 2020 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’s 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.*

# Growing, Global Industrial Technology Leader

Founded: 1970

Helios Technologies (NASDAQ: HLIO)

IPO: 1997

TTM Revenue: \$523M

Adj. EBITDA Margin: 23.2%

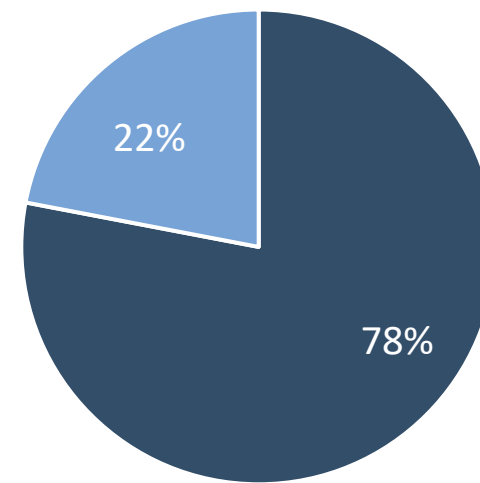
Market Cap: ~\$2.4B

Cash Dividend Yield: 0.5%

*Cash Dividend Paid for 98 Consecutive Quarters*

*Helios Technologies is a global leader in highly engineered motion control and electronic controls technology for diverse end markets.*

2020 Revenue by Segment  
\$523 million



■ Hydraulics

■ Electronics

Note: Market data as of March 19, 2021; Financial data represents the full year ended January 2, 2021

## *Executing to Plan*

A large, dark blue arrow pointing upwards, positioned to the left of the central text.

Achieve global **technology leadership**  
in the **industrial goods sector**  
by 2025 **with critical mass**  
exceeding **\$1 BILLION** in sales  
while maintaining **superior profitability**  
and **financial strength**.

A large, grey arrow pointing upwards, positioned to the right of the central text.

# Three Megatrends Impacting Our Markets

**Globalization**

**Sophistication of Safe  
Machinery & Equipment**

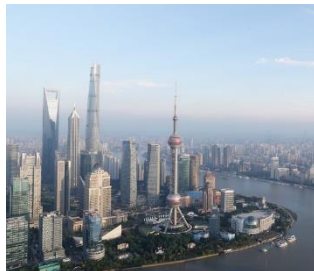
**Computing Power**

**GLOBAL NEEDS WILL DRIVE THESE TRENDS**

Population  
Growth



Urbanization &  
Environment



Productivity &  
Efficiencies



Automation



Electrification &  
Digitalization



Energy Saving



**LEVERAGE GLOBAL EXPANSION OPPORTUNITIES**

## Business Goals:

**\$1B**

REVENUE

**>20%**

ADJUSTED OPERATING MARGIN FLOOR

**>24%**

ADJUSTED EBITDA MARGIN FLOOR

**2x**

SALES GROWTH RATE  
EXCEEDING MARKET

**6%**

CAPEX AS % OF SALES

**6%**

ENGINEERING LABOR  
AS % OF SALES

## Strategies:

Differentiation

Leadership

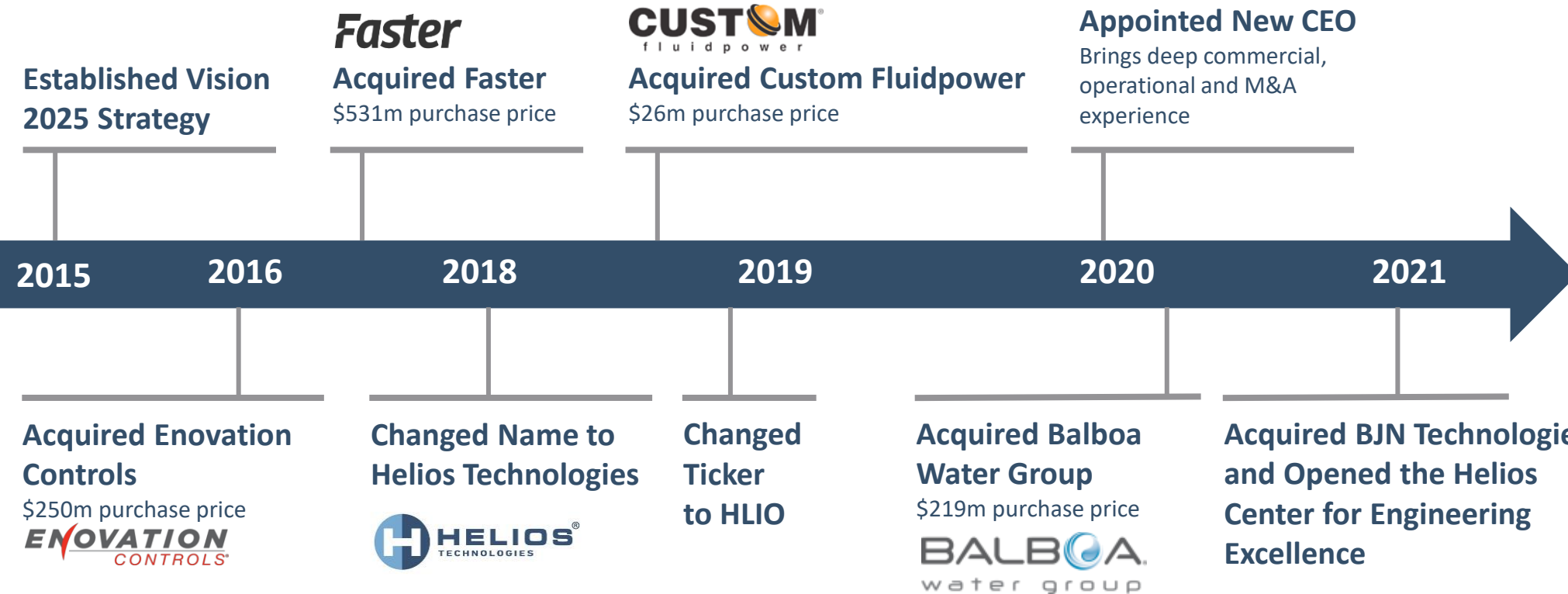
Customer Centricity

## Tactics:

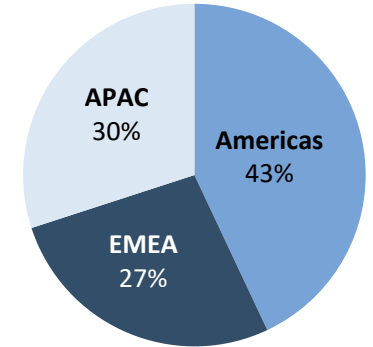
Operational Efficiency  
Organic Market Expansion  
Superior Liquidity  
Targeted Acquisitions

High Performing &  
Learning  
Organization

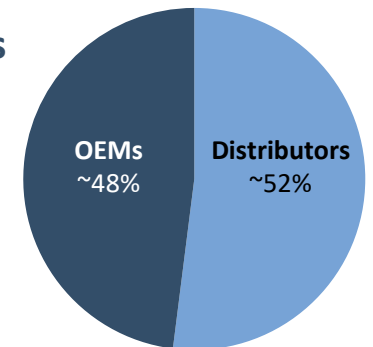
Unique & Deeply  
Rooted Values



**FY 2020 Revenue by Geography**



**FY 2020 Revenue by Channel to Market**



**HELIOS TECHNOLOGIES' EVOLUTION TO GLOBAL TECHNOLOGY LEADERSHIP**

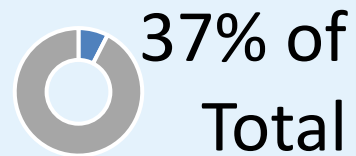


2020  
Revenue

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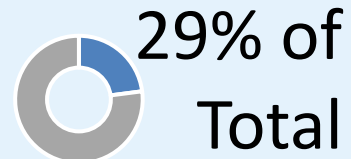
\$523  
Million

## Mobile



■ Electronics  
■ Hydraulics

## Industrial



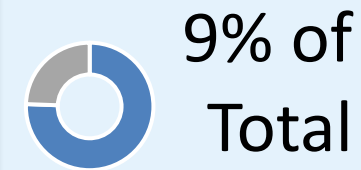
■ Electronics  
■ Hydraulics

## Agriculture



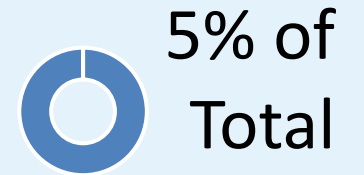
■ Electronics  
■ Hydraulics

## Recreational



■ Electronics  
■ Hydraulics

## Health & Wellness



■ Electronics  
■ Hydraulics





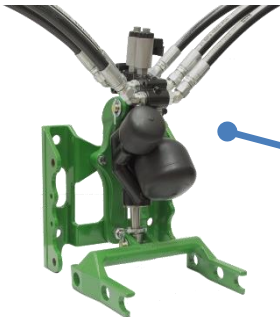
# Leadership in Niche Markets: Hydraulics

## Leading market position in global cartridge valve market

Complex, dense Integrated packages



FLeX solenoid-operated directional valves



## Leading market position in global quick release couplings market



Quick Release Coupling Manifold



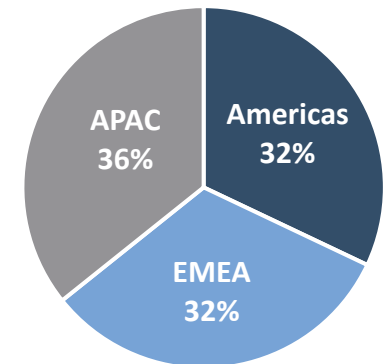
MultiFaster Couplings

## Focused on expanding addressable market

### FY 2020

Revenue	\$407 million
Gross Profit	\$150 million
Gross Margin	36.9%
Operating Income	\$82 million
Operating Margin	20.1%

### Sales by Region



# Leadership in Niche Markets: Electronics

## Leading market position in recreational vehicle market



## Growing market share in construction market

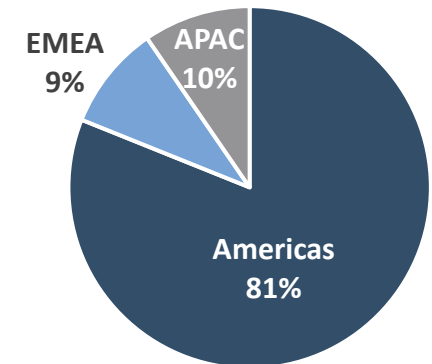


## Increasing addressable market

### FY 2020

Revenue	\$116 million
Gross Profit	\$48 million
Gross Margin	41.3%
Operating Income	\$19 million
Operating Margin	16.7%

### Sales by Region





# Strategic Vision

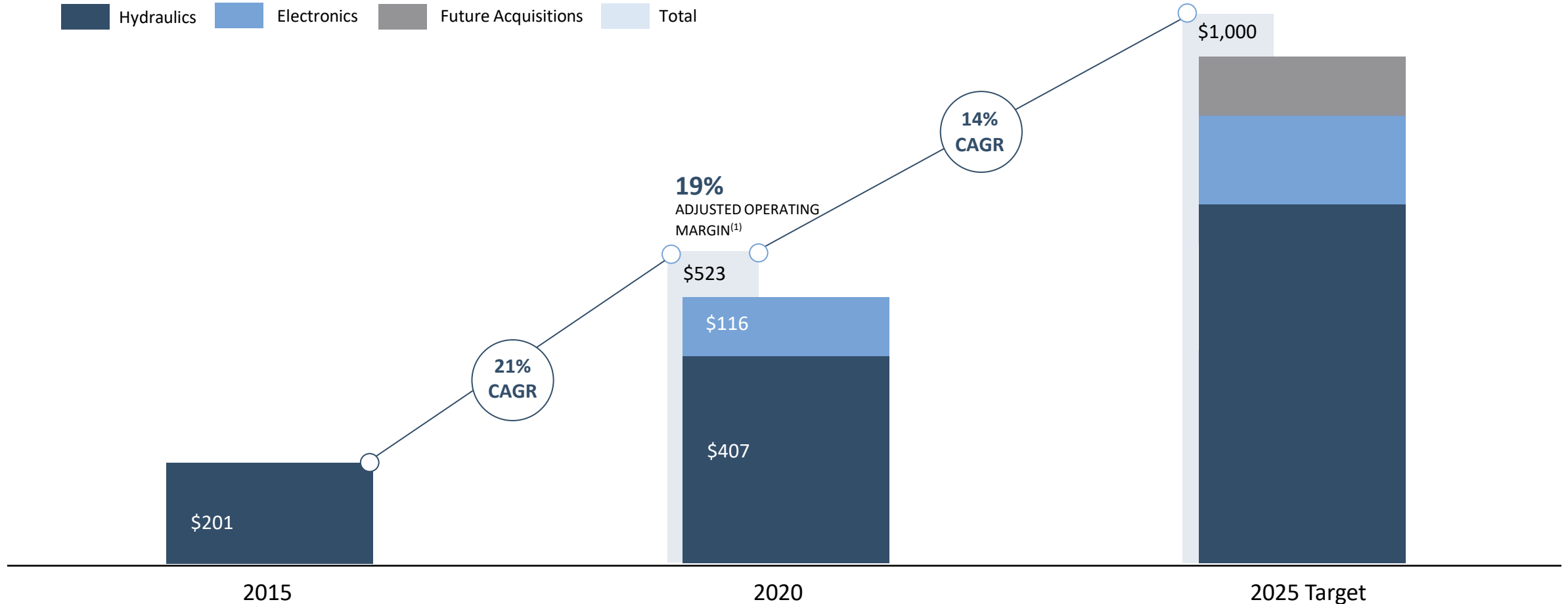


# Pathway to Superior Profitability



## REVENUE AND ADJUSTED OPERATING MARGIN

(IN MILLIONS) *Assumption: Includes COVID -19 pandemic impact in 2020*



Note: Components may not add to totals due to rounding

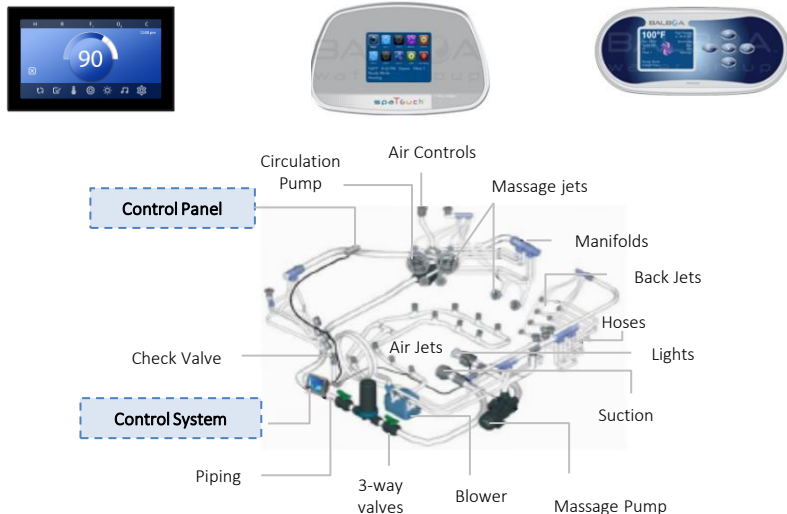
(1) See Supplemental Information for definition of Adjusted Operating Margin and reconciliation from GAAP and other disclaimers regarding non-GAAP information

# Balboa Water: Provider of Complementary Proprietary Controls Technology Adding Scale and Diversification

## Global leader in spa and bath electronic controls for health and wellness industry

- 1 Global provider of leading control solutions complemented by a full suite of integrated components
- 2 New state-of-the-art manufacturing facility with low-cost footprint
- 3 Robust historical organic growth of 4%+

### Electronic Controls Provides Foundation for an End-to-End OEM Solution



## Complementary AC technology accelerates ability to grow

### Expands TAM

- Immediate access to AC technology
- Enables growth in wallet share and end market expansion

### Diversifies Electronics Offerings

- Proven product design to enable lower price point offerings for new applications
- Pipeline of innovative new products

### Select End Markets



Wind Energy



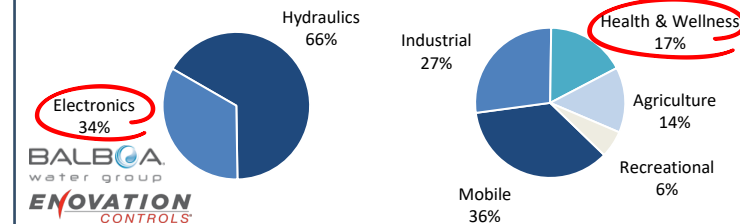
HVAC



Commercial Food Service Equipment

## Strengthens Helios and creates shareholder value

### Pro Forma<sup>(1)</sup> Product and End Market Mix



**\$218.5 million**  
purchase price



























**9.3x 2020E Adj. EBTIDA**  
excluding synergies

- ✓ Adj. EPS accretive day one onward
- ✓ Cash ROIC > Helios's WACC in year one

<sup>(1)</sup> Pro Forma as anticipated at transaction close



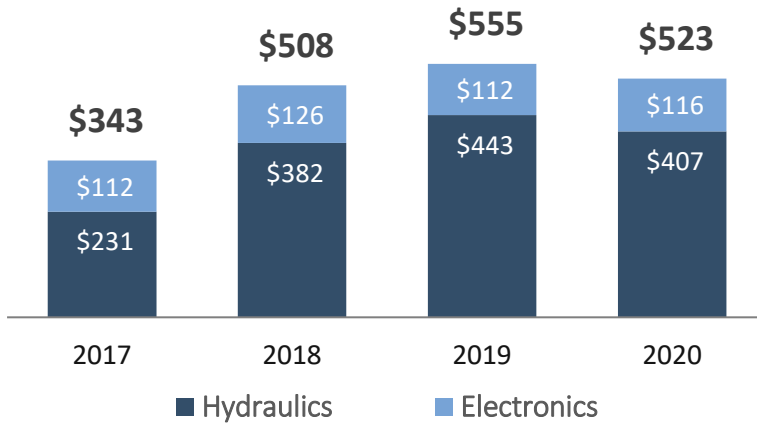
Acquisition Type:	 Transformational	<i>Faster</i> Transformational	 Flywheel	 Transformational	 Flywheel
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Meets Growth & Profitability Goals					
Enhances Technology/IP					
Expands Vertical Markets					
Deepens Geographic Reach					
Accretive to EPS					
Cost Synergies					
Technology/Market Integration					

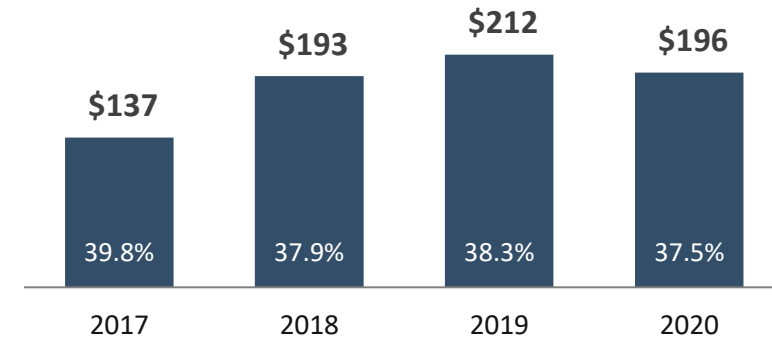
# Solid Financial Performance

(\$ in millions, except per share data)

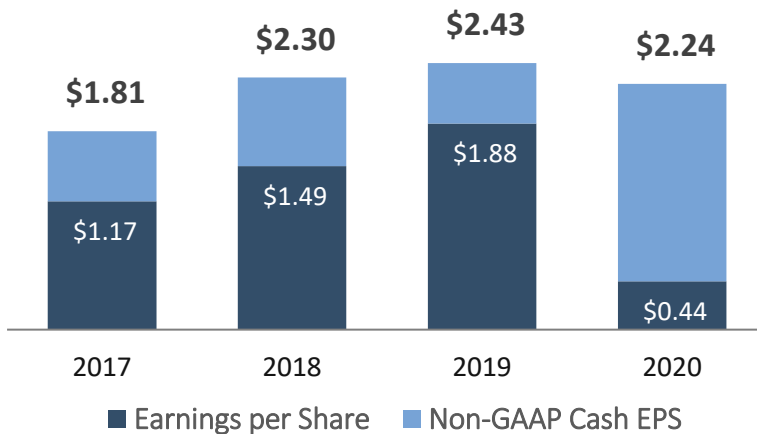
## Revenue



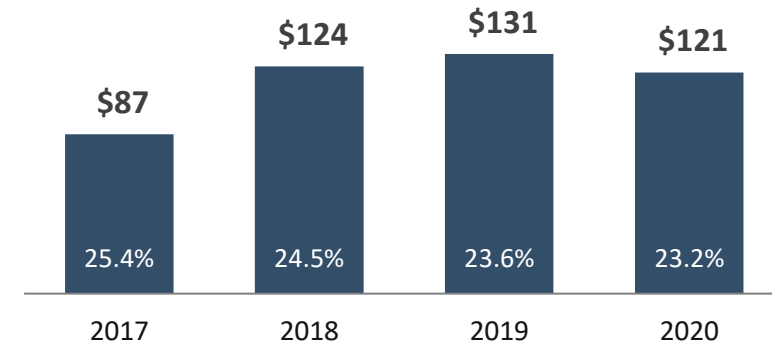
## Gross Profit & Margin



## EPS & Non-GAAP Cash EPS



## Adjusted EBITDA & Margin

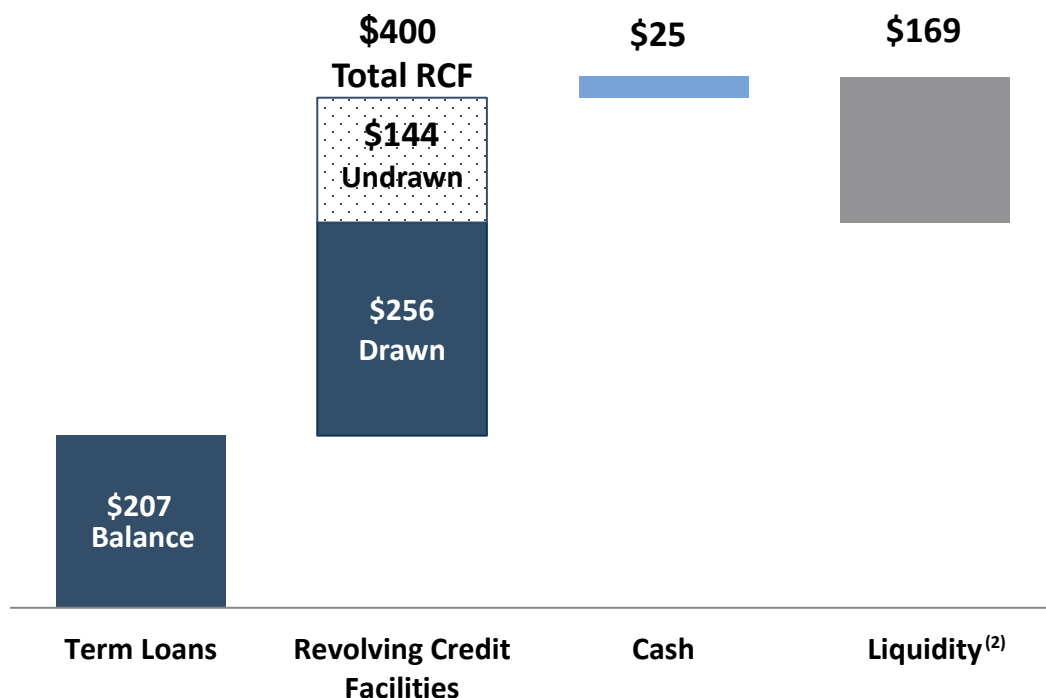


Note: Components may not add to totals due to rounding

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

(\$ in millions)

## Capital Structure Ending Q4 2020



- Net Debt / Adj. EBITDA<sup>(1)</sup>: 3.0x - Goal: Net Debt / Adj. EBITDA below 2.0x
- Maintaining financial flexibility in uncertain macroeconomic environment

## Strong Liquidity Position

### Capital Allocation Priorities

- 1 Organic Growth
- 2 Debt Reduction
- 3 Acquisitive Growth
- 4 Support Dividend

Note: Components may not add to totals due to rounding

(1) Information as of January 2, 2021. Based on adjusted EBITDA on a trailing twelve months basis. See supplemental slide for net debt-to-Adjusted EBITDA reconciliation and other important information regarding Helios's use of net debt-to-Adjusted EBITDA.

(2) Liquidity is based on actual cash and borrowing capacity as of January 2, 2021; revolving credit facilities also allow for a \$300 million accordion, subject to certain pro forma compliance requirements, not reflected above.

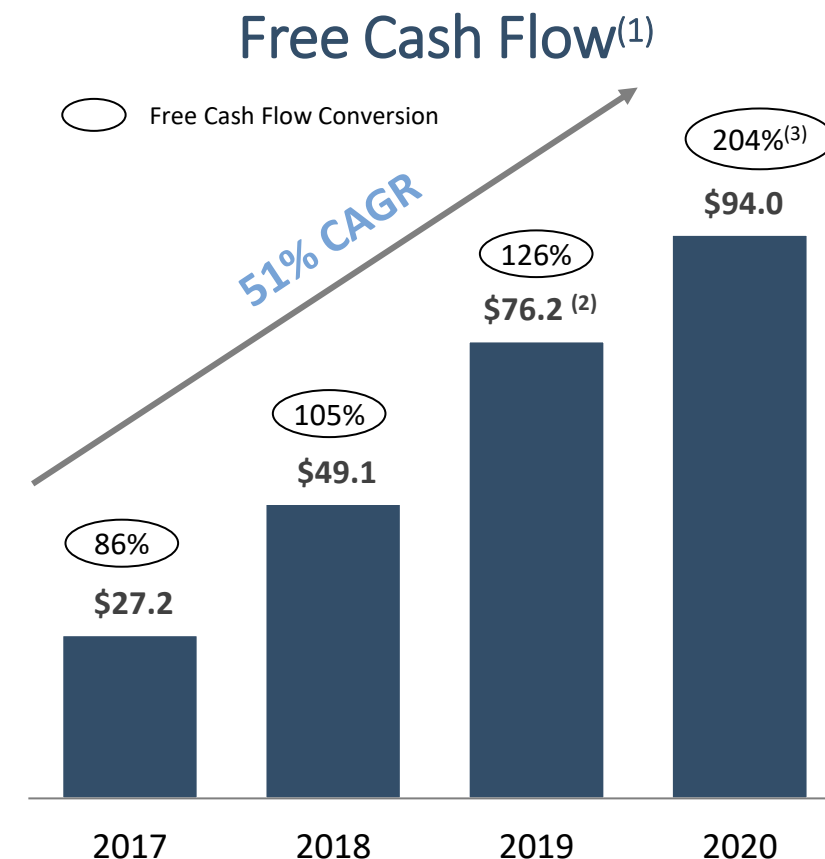
	Three Months Ended		YTD	YTD
	<u>1/2/21</u>	<u>12/28/19</u>	<u>1/2/21</u>	<u>12/28/19</u>
Net cash provided by operating activities	31.6	39.6	108.5	90.5
CapEx	(7.4)	(5.4)	(14.5)	(25.0)
<b>Free cash flow (FCF)</b>	<b>\$24.2</b>	<b>\$34.2</b>	<b>\$94.0</b>	<b>\$65.5</b>

Note: Components may not add to totals due to rounding

## Outstanding cash generation in Q4 2020

- Focus on working capital management drove free cash flow
- 2020 CapEx intentionally lower than historical rates at ~3% of sales; expect 2021 CapEx closer to growth investment level of ~5% of sales
- Sustainable changes in operational efficiency expected to continue to drive cash generation

# Solid Cash Flow



## SIGNIFICANT FREE CASH FLOW GENERATION PROVIDES FINANCIAL FLEXIBILITY

(1) Free cash flow is defined as cash provided by operating activities minus capital expenditures (2) 2019 Free cash flow adjusted for \$10.7m contingent liability that impacted operating cash flow instead of financing

(3) free cash flow conversion is defined as free cash flow divided by net income; in 2020 adjusted for a goodwill impairment of \$31.9m in Q1 2020



## OUR PURPOSE

Our trusted global brands deliver technology solutions that ensure safety, reliability, connectivity and control.

## OUR MISSION

Protect the Business

Think and Act Globally

Diversify  
Markets and Revenue

Develop Talent

## DEFINITION

Ensure that the  
cash flywheel  
continues to spin.

Drive intra- and  
inter-company initiatives  
that open global markets  
and leverage resources.

Swarm commercial  
opportunities to  
diversify global and  
end-market revenue.

Ensure team members  
are in the right seats  
and fill key skill gaps  
for future growth.

**CONTINUED CONFIDENCE IN SUCCESSFUL EXECUTION WITH AUGMENTED VALUE STREAMS**

# Commitment to Shareholder Value Creation

- 1 NICHE TECHNOLOGY** - A **global niche technology leader** in **Hydraulics and Electronics** with **highly engineered** and **comprehensive in-house value add capabilities**
- 2 SUPERIOR FINANCIAL PERFORMANCE** - Proven track record of **growing 2x faster than market** at **superior profitability levels** (>24% adjusted EBITDA margin and >10% free cash flow)
- 3 BROAD DIVERSIFICATION** by **1) technology, 2) end markets, and 3) geographies**





# Supplemental Information

(\$ in thousands)

	Three Months Ended		For the Year Ended	
	January 2, 2021	December 28, 2019	January 2, 2021	December 28, 2019
<i>Sales:</i>				
Hydraulics	\$ 103,079	\$ 102,550	\$ 407,192	\$ 442,812
Electronics	48,539	23,377	115,848	111,853
Consolidated	<u>\$ 151,618</u>	<u>\$ 125,927</u>	<u>\$ 523,040</u>	<u>\$ 554,665</u>
<i>Gross profit and margin:</i>				
Hydraulics	\$ 37,617	\$ 37,248	\$ 150,312	\$ 161,401
	36.5%	36.3%	36.9%	36.4%
Electronics	16,973	10,179	47,790	50,881
	35.0%	43.5%	41.3%	45.5%
Corporate and other	(1,874)	-	(1,874)	-
Consolidated	<u>\$ 52,716</u>	<u>\$ 47,427</u>	<u>\$ 196,228</u>	<u>\$ 212,282</u>
	34.8%	37.7%	37.5%	38.3%
<i>Operating income and margin:</i>				
Hydraulics	\$ 19,584	\$ 20,275	\$ 81,996	\$ 86,027
	19.0%	19.8%	20.1%	19.4%
Electronics	8,963	3,016	19,363	21,994
	18.5%	12.9%	16.7%	19.7%
Corporate and other	(18,147)	(4,519)	(65,947)	(17,906)
Consolidated	<u>\$ 10,400</u>	<u>\$ 18,772</u>	<u>\$ 35,412</u>	<u>\$ 90,115</u>
	6.9%	14.9%	6.8%	16.2%

# Sales by Geographic Region & Segment

## 2020 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 2020	% Change y/y
<b>Americas:</b>										
Hydraulics	\$ 37.3	(10%)	\$ 34.2	(17%)	\$ 27.7	(36%)	\$ 31.3	(14%)	\$ 130.5	(20%)
Electronics	21.6	(17%)	13.4	(50%)	21.4	(11%)	37.5	92%	93.9	(2%)
<b>Consol. Americas</b>	<b>58.9</b>	<b>(13%)</b>	<b>47.6</b>	<b>(30%)</b>	<b>49.1</b>	<b>(27%)</b>	<b>68.8</b>	<b>24%</b>	<b>224.4</b>	<b>(13%)</b>
% of total	45%		40%		40%		45%		43%	
<b>EMEA:</b>										
Hydraulics	33.5	(20%)	31.2	(15%)	32.1	1%	34.4	11%	131.2	(7%)
Electronics	2.5	0%	1.9	6%	1.5	(29%)	4.9	145%	10.8	29%
<b>Consol. EMEA</b>	<b>36.0</b>	<b>(19%)</b>	<b>33.1</b>	<b>(14%)</b>	<b>33.6</b>	<b>(1%)</b>	<b>39.3</b>	<b>19%</b>	<b>142.0</b>	<b>(5%)</b>
% of total	28%		28%		27%		26%		27%	
<b>APAC:</b>										
Hydraulics	\$ 33.0	(0%)	\$ 36.7	3%	\$ 38.4	10%	\$ 37.4	6%	\$ 145.5	5%
Electronics	1.6	(11%)	1.9	12%	1.5	(17%)	6.1	221%	11.1	54%
<b>Consol. APAC</b>	<b>34.6</b>	<b>(1%)</b>	<b>38.6</b>	<b>3%</b>	<b>39.9</b>	<b>9%</b>	<b>43.5</b>	<b>17%</b>	<b>156.6</b>	<b>7%</b>
% of total	27%		32%		33%		29%		30%	
<b>Total</b>	<b>\$ 129.5</b>	<b>(12%)</b>	<b>\$ 119.3</b>	<b>(17%)</b>	<b>\$ 122.6</b>	<b>(11%)</b>	<b>\$ 151.6</b>	<b>20%</b>	<b>\$ 523.0</b>	<b>(6%)</b>

## 2019 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 2019	% Change y/y
<b>Americas:</b>										
Hydraulics	\$ 41.6	58%	\$ 41.2	4%	\$ 43.3	13%	\$ 36.2	(18%)	\$ 162.3	9%
Electronics	26.1	(13%)	26.6	(5%)	24.0	(12%)	19.5	(17%)	96.3	(12%)
<b>Consol. Americas</b>	<b>67.7</b>	<b>20%</b>	<b>67.8</b>	<b>0%</b>	<b>67.3</b>	<b>2%</b>	<b>55.7</b>	<b>(18%)</b>	<b>258.6</b>	<b>0%</b>
% of total	46%		47%		49%		44%		47%	
<b>EMEA:</b>										
Hydraulics	41.8	113%	36.8	(9%)	31.9	(8%)	31.1	(11%)	141.6	9%
Electronics	2.5	(7%)	1.8	(33%)	2.1	(22%)	2.0	0%	8.4	(17%)
<b>Consol. EMEA</b>	<b>44.3</b>	<b>99%</b>	<b>38.6</b>	<b>(11%)</b>	<b>34.0</b>	<b>(9%)</b>	<b>33.1</b>	<b>(10%)</b>	<b>150.0</b>	<b>7%</b>
% of total	30%		27%		25%		26%		27%	
<b>APAC:</b>										
Hydraulics	33.1	99%	35.7	53%	34.9	12%	35.2	9%	138.9	34%
Electronics	1.8	(5%)	1.7	(15%)	1.8	13%	1.9	12%	7.2	0%
<b>Consol. APAC</b>	<b>34.9</b>	<b>89%</b>	<b>37.4</b>	<b>47%</b>	<b>36.7</b>	<b>12%</b>	<b>37.1</b>	<b>9%</b>	<b>146.1</b>	<b>32%</b>
% of total	24%		26%		26%		29%		26%	
<b>Total</b>	<b>\$ 146.9</b>	<b>51%</b>	<b>\$ 143.8</b>	<b>6%</b>	<b>\$ 138.0</b>	<b>2%</b>	<b>\$ 125.9</b>	<b>(9%)</b>	<b>\$ 554.7</b>	<b>9%</b>

# Adjusted Operating Income Reconciliation

(Unaudited) (\$ in thousands)	For the Year Ended	
	January 2, 2021	
<b>GAAP operating income</b>	<b>\$</b>	<b>35,412</b>
Acquisition-related amortization of intangible assets		22,114
Acquisition and financing-related expenses		7,264
Restructuring charges		361
CEO and officer transition costs		2,592
Goodwill impairment		31,871
Inventory step-up amortization		1,874
M&A integration costs		257
<b>Non-GAAP adjusted operating income</b>	<b>\$</b>	<b>101,745</b>
GAAP operating margin		6.8%
Non-GAAP Adjusted operating margin		19.5%

**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, Sun 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 Sun's 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.

# Adjusted EBITDA Reconciliation

(Unaudited) (\$ in thousands)	For the Year Ended			
	January 2, 2021	December 28, 2019	December 29, 2018	December 30, 2017
<b>Net income</b>	<b>\$ 14,218</b>	<b>\$ 60,268</b>	<b>\$ 46,730</b>	<b>\$ 31,558</b>
Interest expense, net	13,286	15,387	13,876	3,781
Income tax provision	9,829	15,039	9,665	15,986
Depreciation and amortization	39,695	35,215	39,714	19,190
<b>EBITDA</b>	<b>77,028</b>	<b>125,909</b>	<b>109,985</b>	<b>70,515</b>
Acquisition-related amortization of inventory step-up	-	-	4,441	1,774
Acquisition and financing-related expenses	7,264	11	5,685	1,019
Restructuring charges	361	1,724	170	1,462
One-time operational items	-	-	-	2,907
Change in fair value of contingent consideration	(47)	652	1,482	9,476
Foreign currency forward contract loss	-	-	2,535	-
Loss on disposal of intangible asset	-	2,713	-	-
CEO and officer transition costs	2,592	-	-	-
Goodwill impairment	31,871	-	-	-
Other	-	127	-	-
Inventory step-up amortization	1,874	-	-	-
M&A integration costs	257	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 121,200</b>	<b>\$ 131,136</b>	<b>\$ 124,298</b>	<b>\$ 87,153</b>
<i>Adjusted EBITDA margin</i>	<i>23.2%</i>	<i>23.6%</i>	<i>24.5%</i>	<i>25.4%</i>
Balboa Water Group pre-acquisition adjusted EBITDA	22,589			
<b>TTM Pro forma adjusted EBITDA</b>	<b>\$ 143,789</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's financial statements, as they are used as analytical indicators by Helios's 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.

# Non-GAAP Cash Net Income Reconciliation

(Unaudited) (\$ in thousands)	For the Year Ended			
	January 2, 2021	December 28, 2019	December 29, 2018	December 30, 2017
<b>Net income</b>	<b>\$ 14,218</b>	<b>\$ 60,268</b>	<b>\$ 46,730</b>	<b>\$ 31,558</b>
Acquisition-related amortization of inventory step-up	-	-	4,441	1,774
Acquisition and financing-related expenses	7,264	11	5,685	1,019
Restructuring charges	361	1,724	170	1,462
One-time operational items	-	-	-	2,907
Change in fair value of contingent consideration	(47)	652	1,482	9,476
Amortization of intangible assets	22,114	18,065	23,262	8,423
Impact of tax reform	-	-	(1,400)	463
Foreign currency forward contract loss	-	-	2,535	-
Loss on disposal of intangible asset	-	2,713	-	-
Other one-time tax-related items	-	-	(1,920)	-
Other	-	127	-	-
CEO and officer transition costs	2,592	-	-	-
Goodwill impairment	31,871	-	-	-
Inventory step-up amortization	1,874	-	-	-
M&A integration costs	257	-	-	-
Tax effect of above	(8,604)	(5,823)	(8,850)	(8,271)
<b>Non-GAAP cash net income</b>	<b>\$ 71,900</b>	<b>\$ 77,737</b>	<b>\$ 72,135</b>	<b>\$ 48,811</b>
<b>Non-GAAP cash net income per diluted share</b>	<b>\$ 2.24</b>	<b>\$ 2.43</b>	<b>\$ 2.30</b>	<b>\$ 1.81</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's financial statements, as they are used as analytical indicators by Helios's 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.



# Free Cash Flow Reconciliation

(Unaudited)

(\$ in thousands)

	2017	2018	2019	2020
<b>Net cash provided by operating activities</b>	<b>\$ 49,382</b>	<b>\$ 77,450</b>	<b>\$ 90,480</b>	<b>\$ 108,556</b>
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>
Capital expenditures and software development costs	22,205	28,380	25,025	15,445
<b>Adjusted free cash flow</b>	<b>\$ 27,177</b>	<b>\$ 49,070</b>	<b>\$ 76,186</b>	<b>\$ 93,111</b>
<b>Net Income</b>	<b>31,558</b>	<b>46,730</b>	<b>60,268</b>	<b>14,218</b>
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>Free cash flow conversion</b>	<b>86%</b>	<b>105%</b>	<b>126%</b>	<b>202%</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's financial statements, as they are used as analytical indicators by Helios's 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

<i>(Unaudited)</i>	<u>As of</u>
<i>(\$ in thousands)</i>	<u>January 2,</u>
	<u>2021</u>
Current portion of long-term non-revolving debt, net	\$ 16,229
Revolving lines of credit	256,224
Long-term non-revolving debt, net	189,932
<b>Total debt</b>	<b>462,385</b>
Less: Cash and cash equivalents	25,216
<b>Net debt</b>	<b>\$ 437,169</b>
Pro forma adjusted EBITDA*	\$ 143,789
<b>Ratio of net debt to TTM adjusted EBITDA</b>	<b>3.0</b>

\*On a pro-forma basis for Balboa Water Group

**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's financial statements, as they are used as analytical indicators by Helios's 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.



# Investor Presentation

## March 23, 2021