



AUGMENTING STRATEGY
ADVANCING TECHNOLOGIES
ACCELERATING GROWTH



Investor Presentation

September 2021

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Tania Almond – VP, 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) conditions in the capital markets, including the interest rate environment and the availability of capital; (ii) our failure to realize the benefits expected from the Balboa acquisition, our failure to promptly and effectively integrate the Balboa acquisition and the ability of Helios to retain and hire key personnel, and maintain relationships with suppliers (iii) 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 and material costs and have material adverse effects on our business, financial position, results of operations and/or cash flows; (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; and (v) 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 2, 2021.

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 2021 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

Helios Technologies (Nasdaq: HLIO)

Global leader in highly engineered motion control and electronic controls technology for diverse end markets

- Outsized growth driven by diversification and innovation
- Strong financials with pathway to grow
- Cash dividend paid for 99 consecutive quarters

Financial & Market Data⁽¹⁾

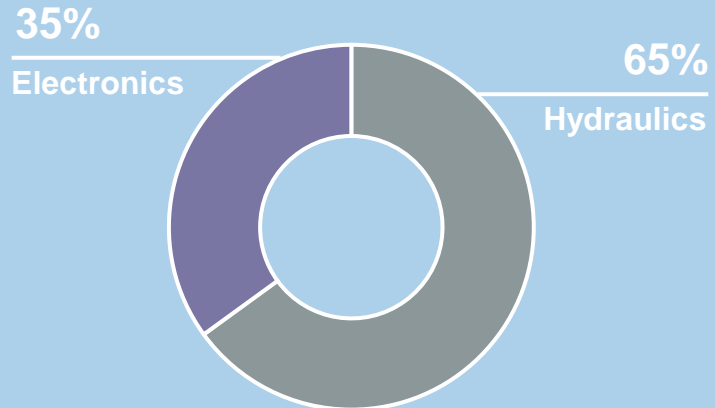
\$703M

Revenue

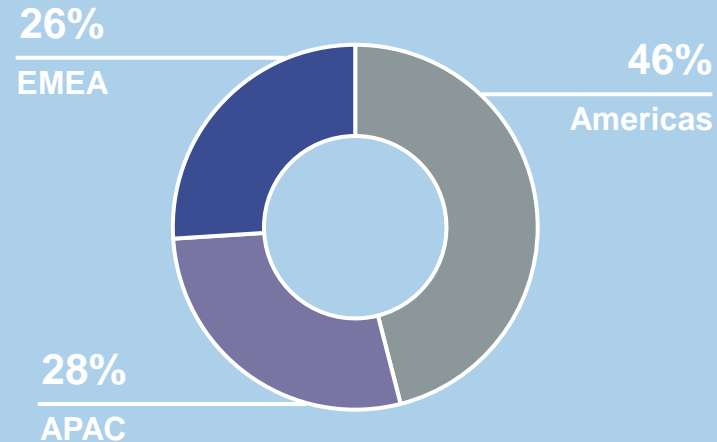
\$2.7B

Market Cap.

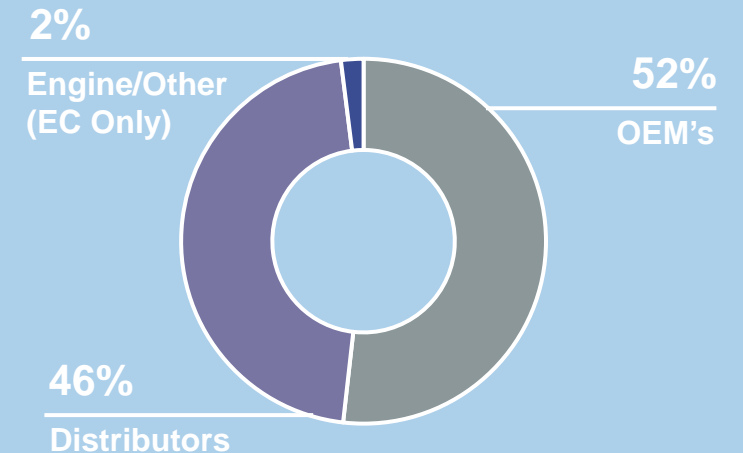
Segments



Geographies



Market Channels⁽²⁾



(1) Note: Market data as of September 14, 2021; Financial data represents TTM ended July 3, 2021.

(2) Market channels data as of TTM ended April 3, 2021.

Helios Business System



Accelerated Plans

Hitting \$1B Milestone in Sales Two Years Early

≥\$1B in Sales
by YE 2023

Organic Sales
Growth ~2x
Market Rates

~25% Adj.
EBITDA Margin⁽¹⁾
by YE 2023

Organic Non-
GAAP Cash EPS
CAGR⁽²⁾ ≥22%

With Enhanced Margin Profile

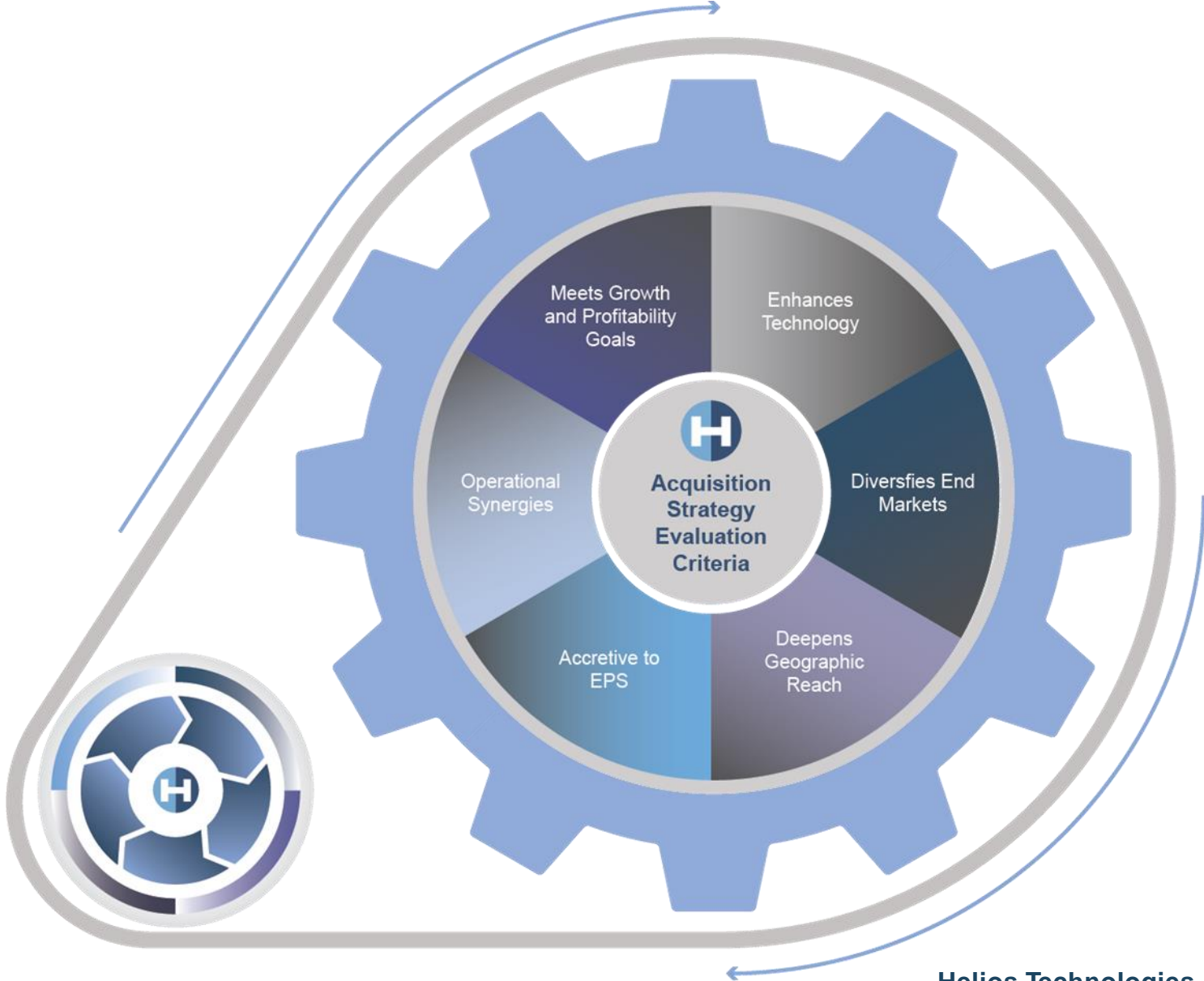
(1) Reflects a non-GAAP financial measure; see supplemental slide for Adjusted EBITDA margin reconciliation

(2) CAGR is calculated between 2020 to 2023. Tax rate assumption is 24% to 26%.

A Scalable Approach to Implementing Strategy

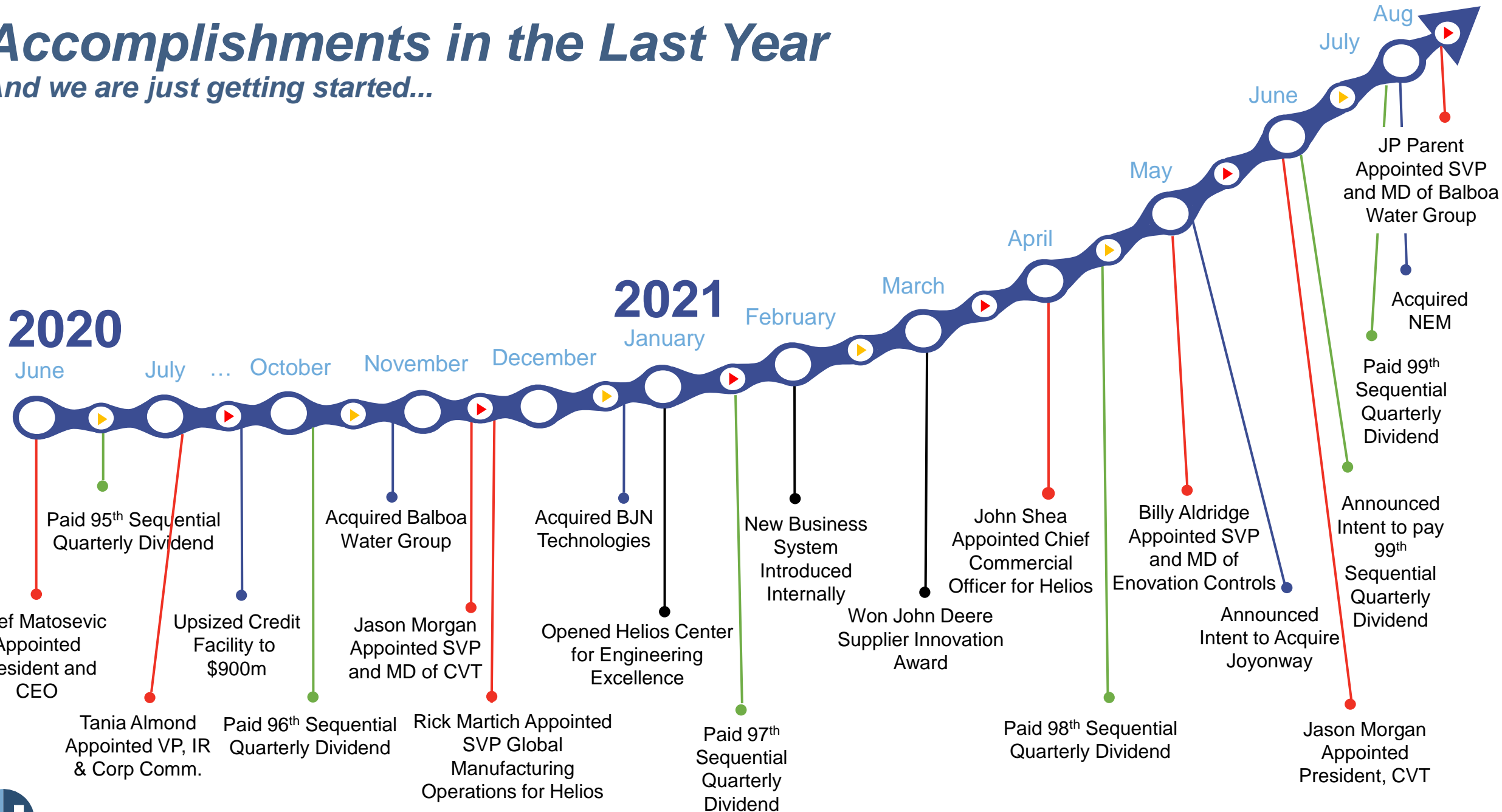


Business System Driving Acquisition Strategy



Accomplishments in the Last Year

And we are just getting started...



Existing End Markets and New Diversified Opportunities

Industrial



Mobile



Agriculture



Recreational



Health & Wellness



End Markets

Specialty Vehicle



Commercial HVAC



Commercial Food Service



Pharmaceutical Manufacturing



Off Road Vehicles



New Applications



Hydraulics Segment Overview



Screw-in hydraulic cartridge valves, electro-hydraulics, manifolds, integrated packages for the industrial & mobile hydraulics markets



Quick-release hydraulic couplings, casting solutions & multi-connection for mobile off-highway applications

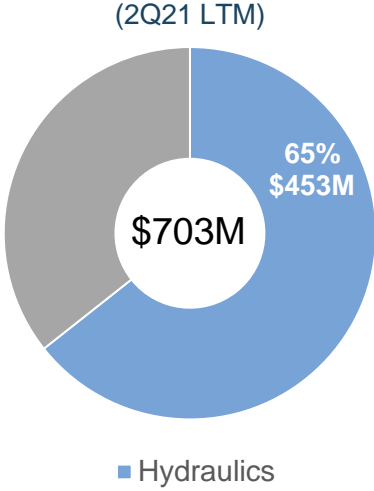


Distribution of hydraulic, pneumatic, filtration, lubrication and electronic products; system design & installation, servicing & repairs

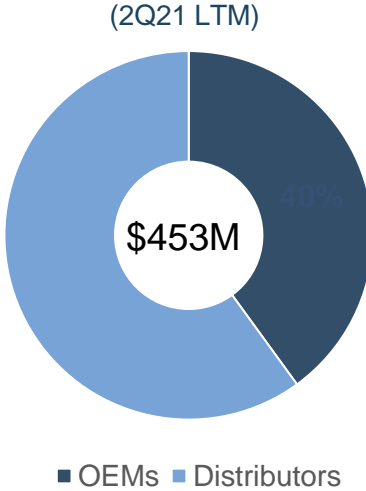


Our trusted global brands deliver technology solutions that ensure safety, reliability, connectivity & control

Segment Revenue as % of Total



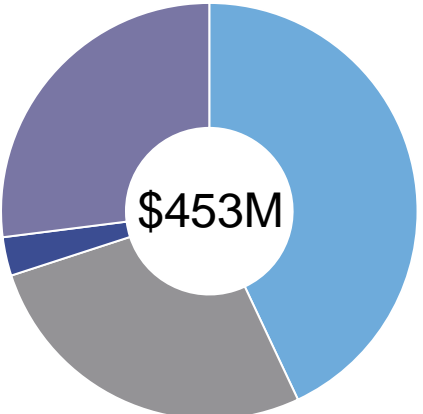
Hydraulics Revenue by Channel



Hydraulics End Markets Today

Revenue by End Market

(2Q21 LTM)

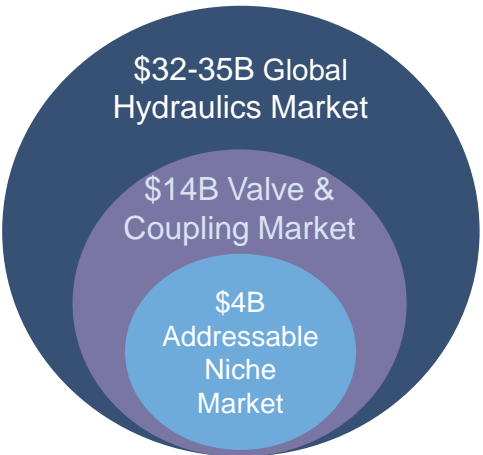


- Mobile
- Industrial
- Recreational
- Agricultural

Defining End Markets

- Channels to market are decades strong
- A material “off-balance sheet asset”
- Conduit for growth and expansion

Current Total Addressable Market⁽¹⁾



Mobile



Industrial



Agricultural



Recreational



(1) Addressable market data analyzed through a variety of industry analyst reports and management estimates.

Hydraulics Market Expansion Potential

Current Markets



Material Handling



Specialized Vehicles



Forestry Equipment



Agriculture



Renewable Energy



Mining



Marine/Offshore



Construction



Factory Automation



Packaging & Processing



Machine Tools & Presses



Exploration

Growth Markets



Recreational



Pharmaceutical



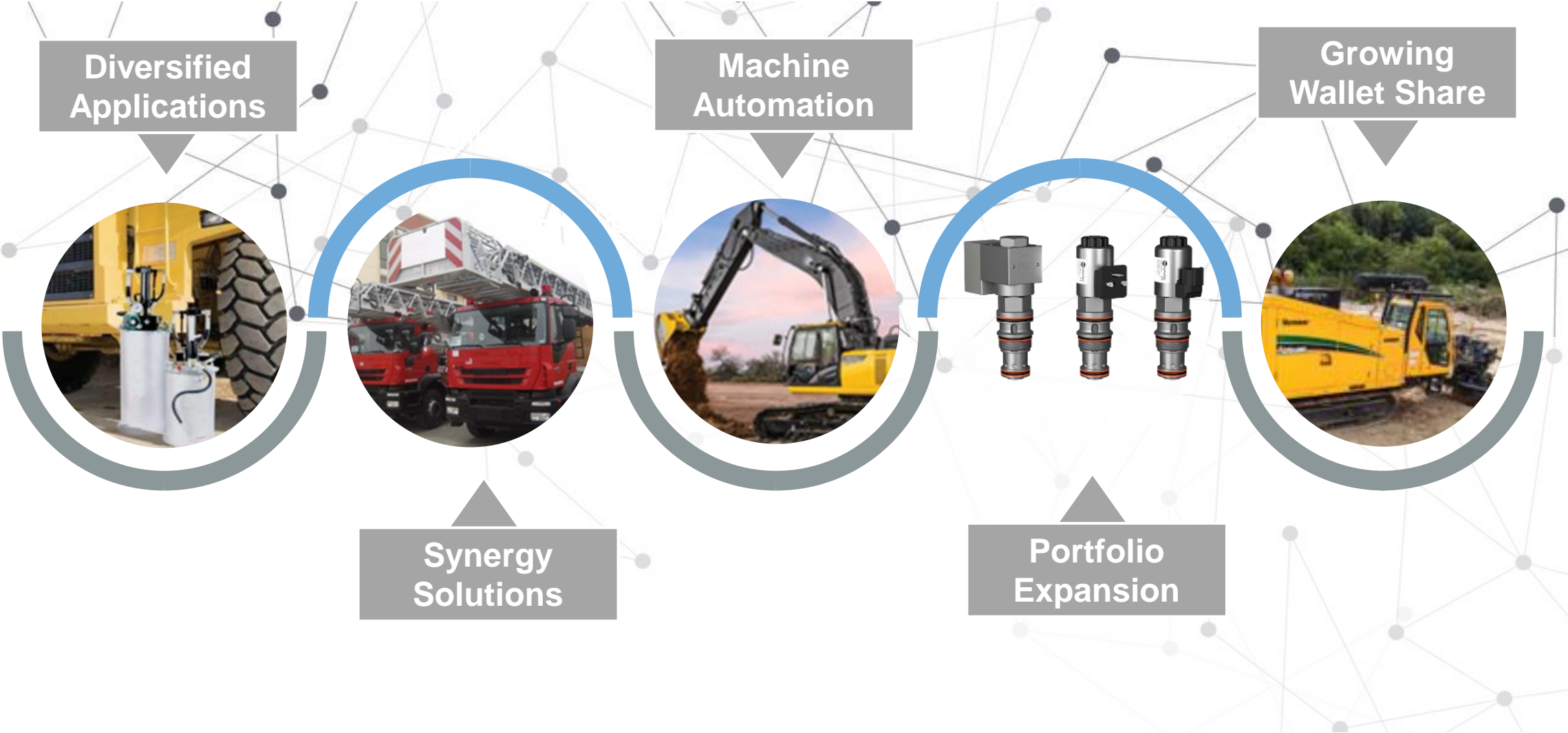
Health & Wellness



Thermo-Dynamic



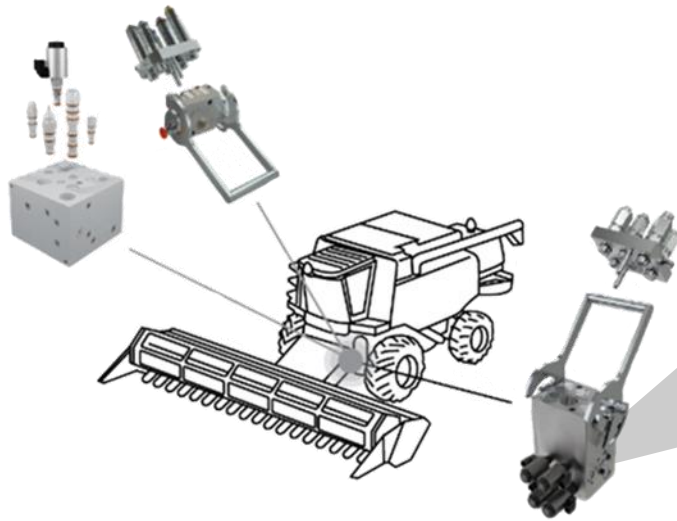
New Product Innovations in Hydraulics



John Deere Supplier Innovation Award

Combining the advantages and features of MultiFaster and Sun electrohydraulic cartridge valves into an integrated manifold - reducing complexity and increasing reliability of the hydraulic circuit as a result.

TYPICAL SOLUTION



INTEGRATED SOLUTION



Combined Technologies for Systems Solutions

Special multiconnection combined with an integrated valve system from Sun Hydraulics provides efficient operation and optimal performance.

MAIN ADVANTAGES

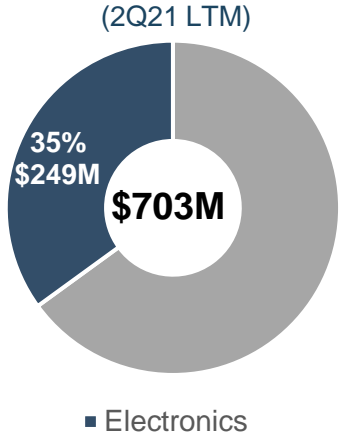
- More than 60% reduction in potential leak point vs. typical solutions
- All advantages of Sun Hydraulics valves and MultiFaster combined
- Connection Under Residual Pressure (male side)
- Current Target application HARVESTERS (Faster market share >70%)
- 1st Business with John Deere



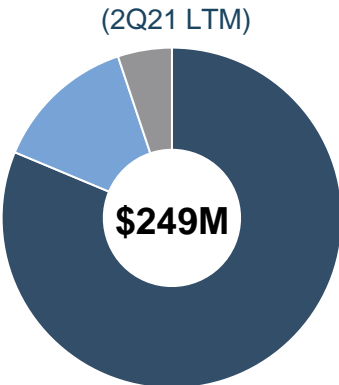
Electronics Segment Overview



Segment Revenue as % of Total



Electronics Revenue by Channel



Hydraulic Control Solutions

Electronic Controls and Accessories for Spas, Swimspas & Walk-In Baths



GPS Speed Control for Recreational Marine



Announced Intent to Acquire

■ OEMs ■ Distributors ■ Engine/Other (EC Only)

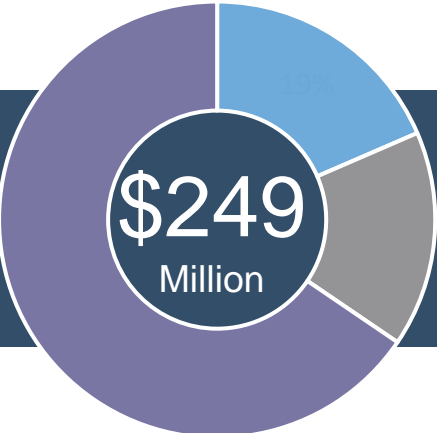
Our trusted global brands deliver technology solutions that ensure safety, reliability, connectivity & control



Electronics End Markets Today

Revenue by End Market

(2Q21 LTM)



- Industrial & Mobile
- Recreational
- Health & Wellness



Industrial & Mobile

- Off-Highway
- Material Handling
- Agriculture
- Construction
- Lawn and Garden



Recreational

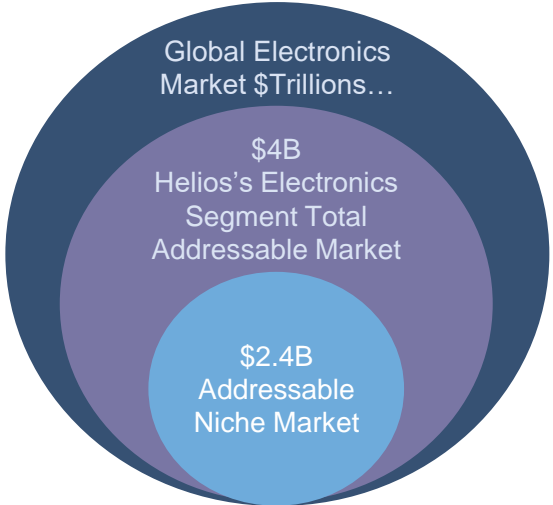
- Marine
- On/Off-Road Vehicles



Health & Wellness

- Walk-in Baths
- Spas & Swim Spas
- Whirlpool Baths

Current Addressable Market⁽¹⁾



(1) Addressable market data analyzed through a variety of industry analyst reports and management estimates. End markets include; agriculture, construction, material handling, industrial stationary, recreational marine, recreational vehicle, and lawn and garden. Product categories include; Spa & Swim Spa, Walk-in Baths, and Whirlpool Baths.



Electronics Market Expansion Potential

Current Markets



Material Handling



Specialized Vehicles



Stationary Equipment



Agriculture



Health & Wellness



Construction



Recreational



Mining

Growth Markets



On-Road Recreation



Commercial Food Service



Bus & Transportation



Commercial Lawn Equipment



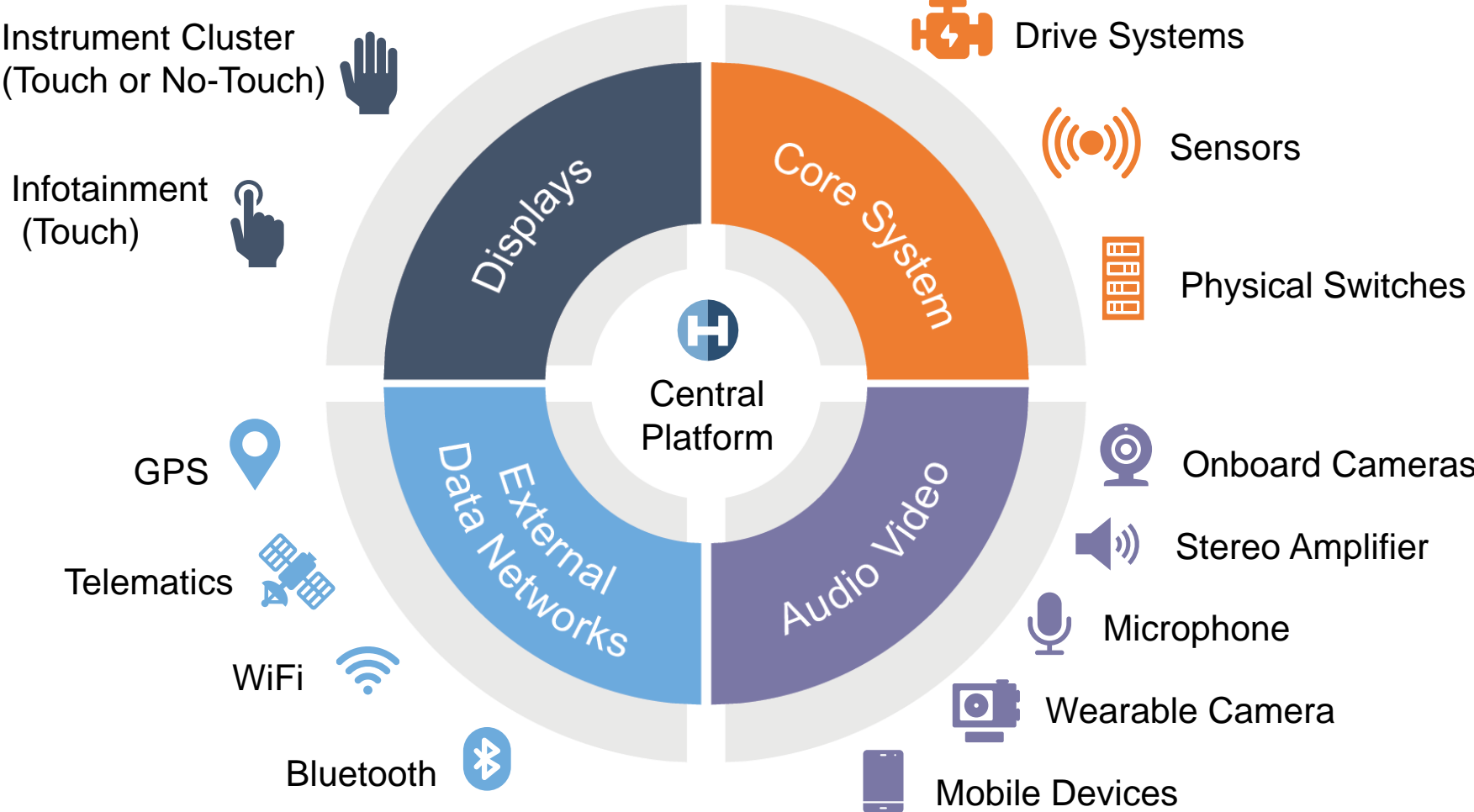
Commercial HVAC



New Electronics Product Innovations



Electronics Modular Central Platform Offerings



Think and Act Global

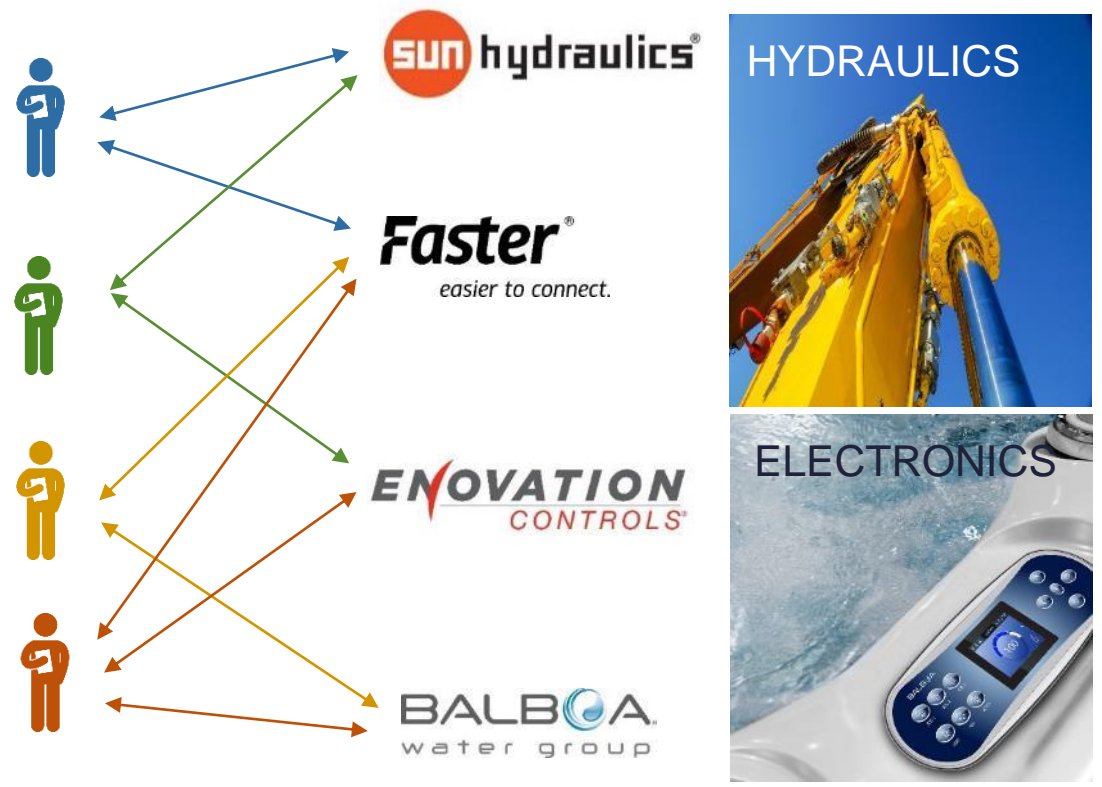
Streamlining the Customer Experience Lifecycle

CURRENT STATE

Customer

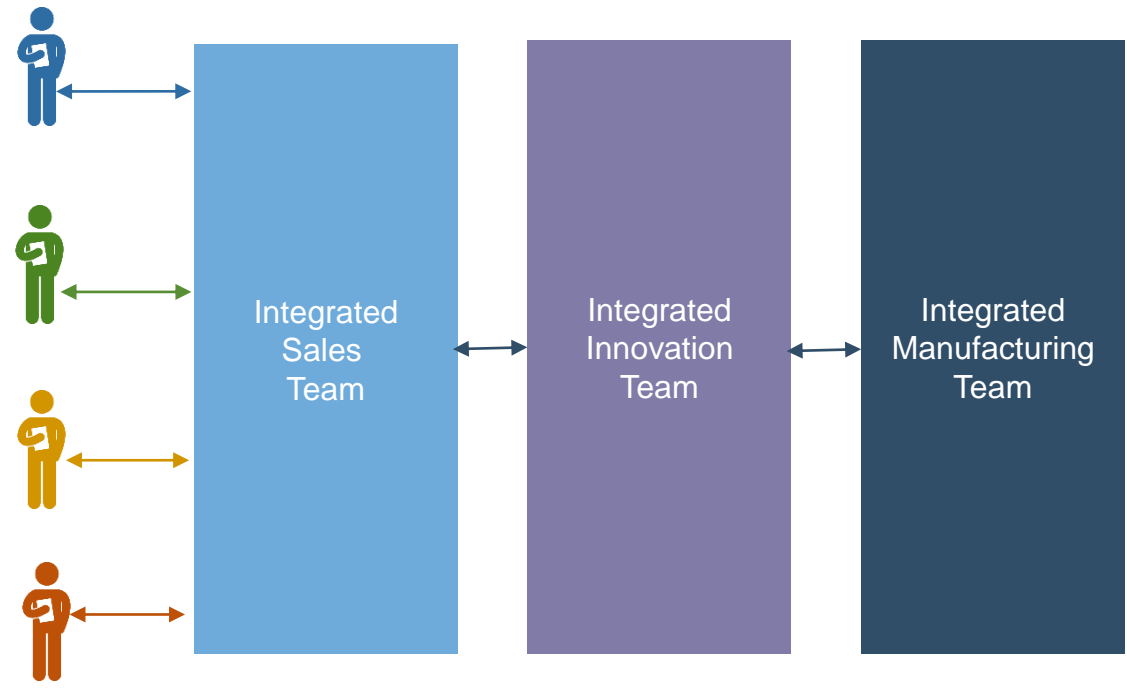
Helios Team

Business Segment



FUTURE STATE

New strategy allows for fewer customer contact points and internal efficiencies, resulting in satisfied customers, higher margins, and increased revenue



Innovating Sales and Marketing Globally

Cooperate globally – simplify the customer experience

Standardized Training

- Cross functional training of sales and application teams
- Development of Market Segment Experts
- Leverage geographic market expertise to cross sell

Internal Communication

- Companywide Customer Relationship Management (CRM)
- Standardized cadence on customer outreach
- Sharing of Voice of the Customer (VOC) and trip reports



Coordinated Marketing

- Highlight Helios as opposed to different subsidiaries
- Standardized marketing materials for trade shows, dealer meetings, etc.
- Promote System sales
- Develop mobile marketing kits
- Customer Experience Center



Helios Go-To-Market Strategy

Market Segment Leads

- Experts with commercial and technical experience in target markets
- Strategic geographic leads

Seed Customers

- Leverage existing strong relationships to gain access
- Select one or two to partner with
- Perfect the process



Partners

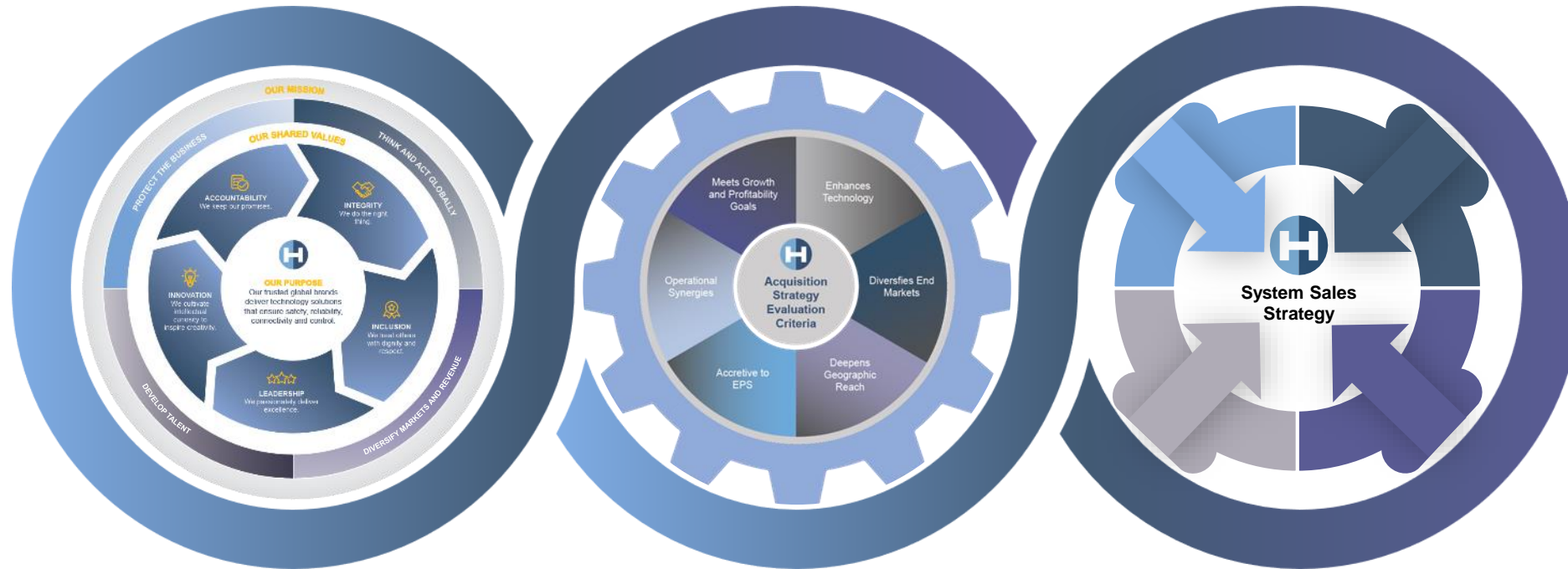
- Strategic OEMs
- Diversified markets
- Leverage channel partners

Swarm Theory

- Team of resources to help provide customer solutions
- Become the “go to” partner



Value Proposition of Augmented Strategy

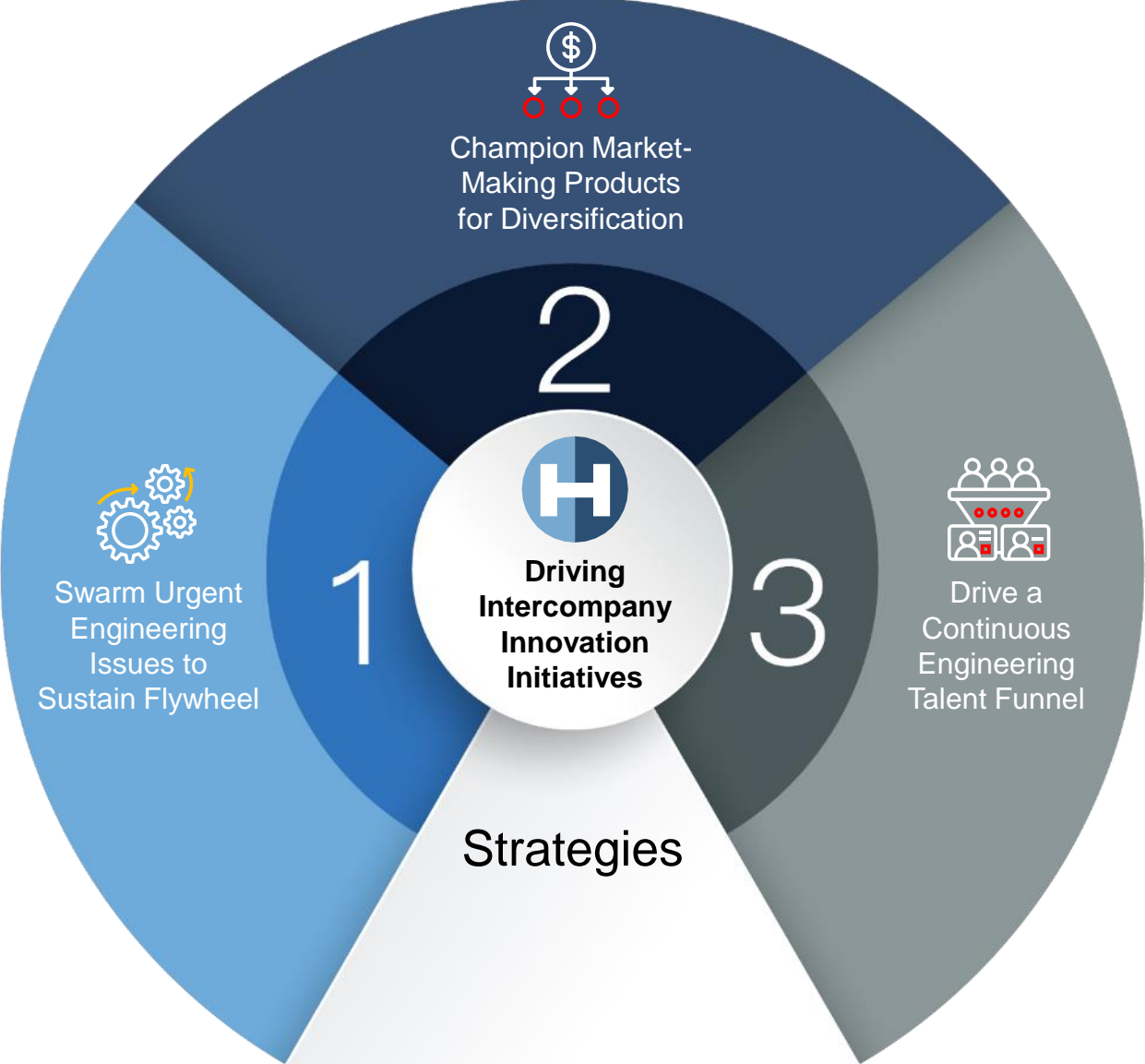


How We Win

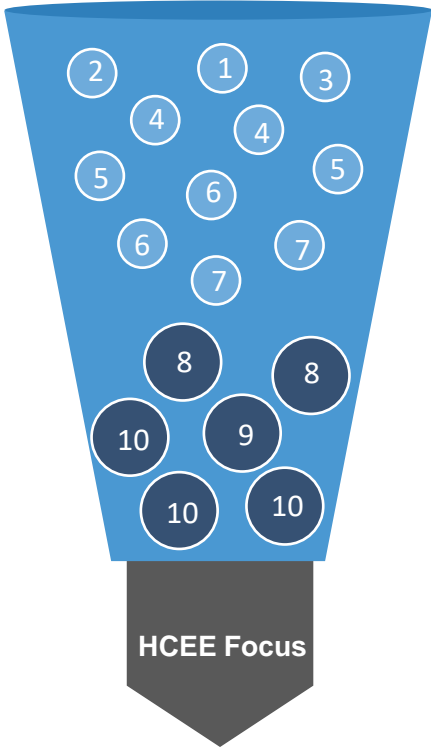
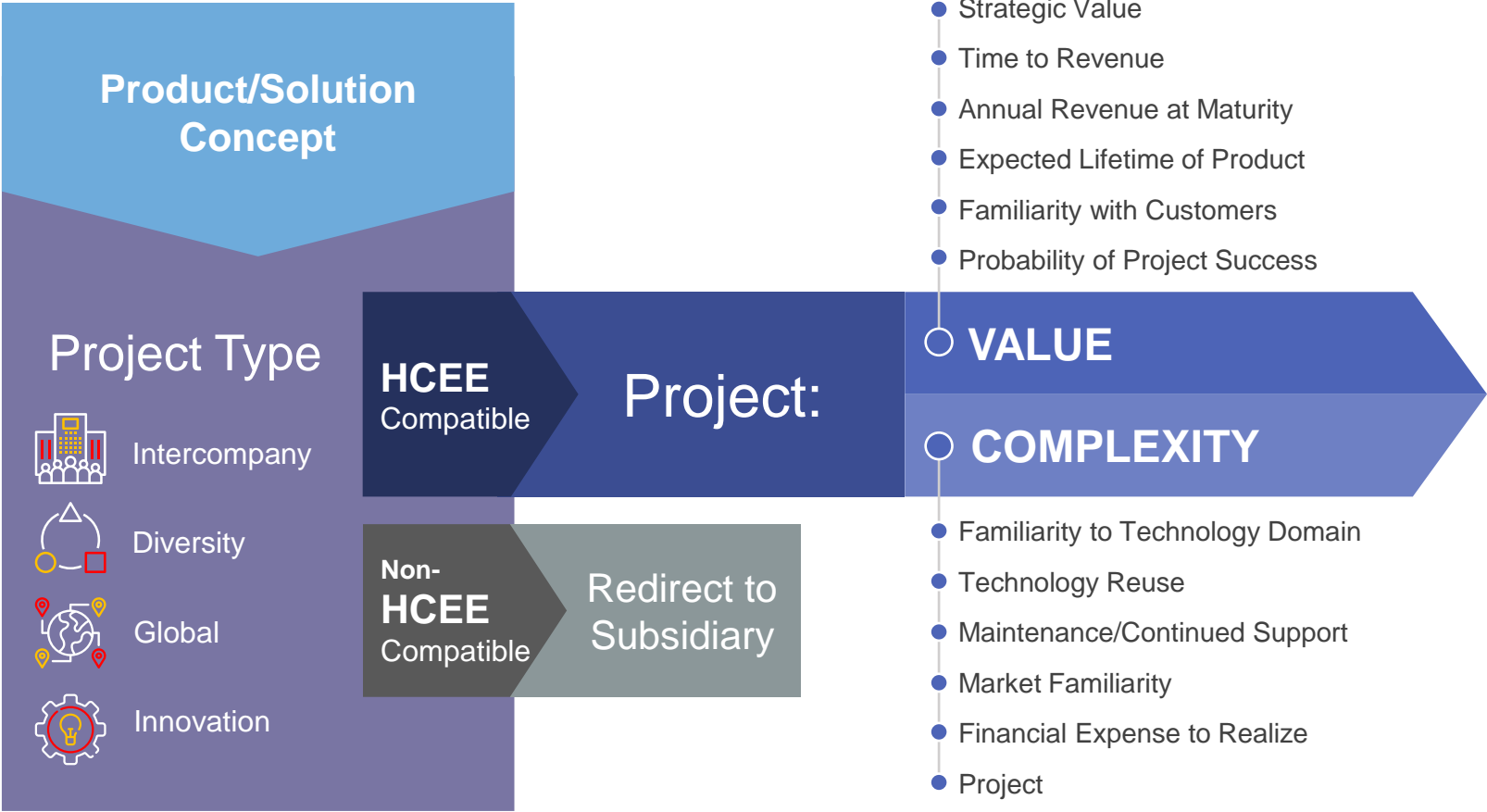
- ✓ Increase wallet/market share
- ✓ Create “Sticky Solutions”
- ✓ Drive operational efficiencies
- ✓ Develop deeper, more strategic relationships
- ✓ Grow diversified markets through R&D cross pollination



Helios Center of Engineering Excellence (HCEE) Philosophy

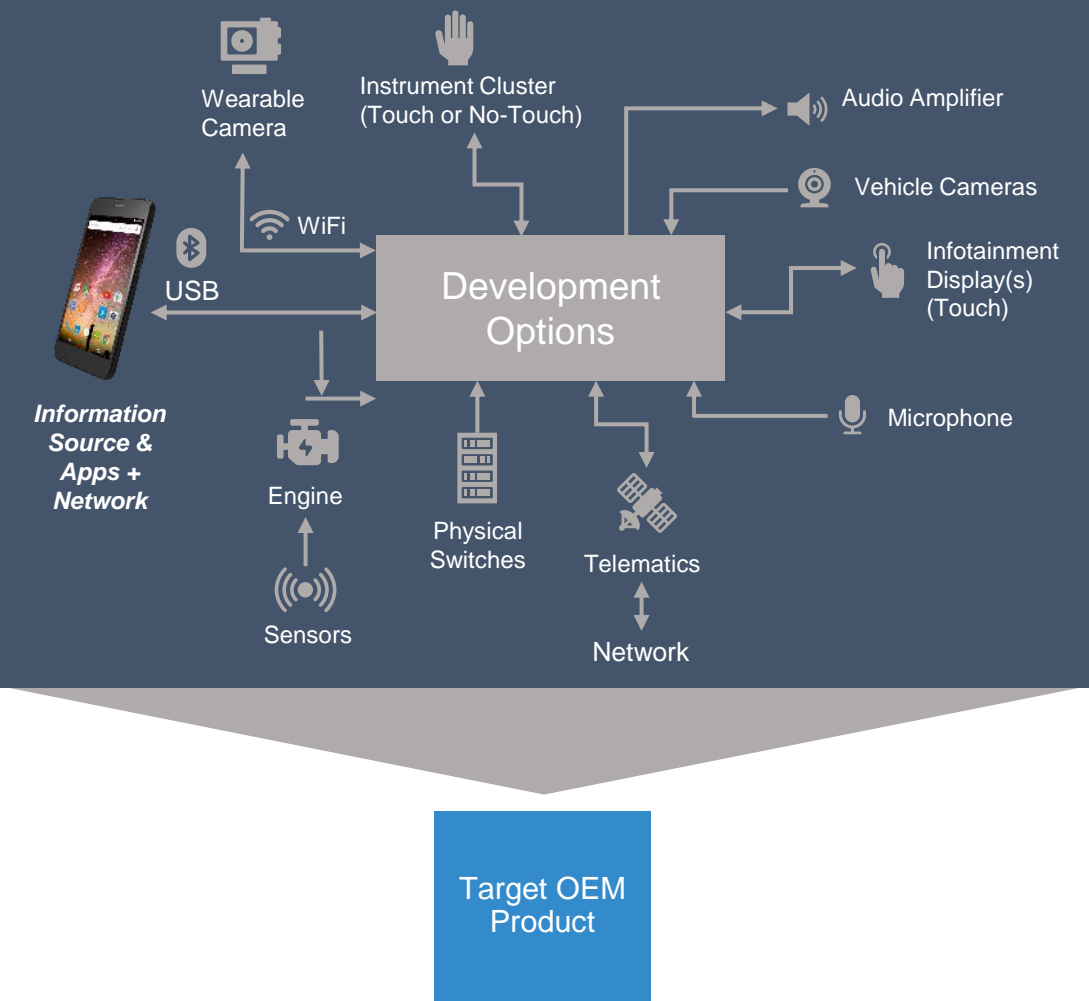


HCEE in Action



HCEE Multiplier Effect

BEFORE Focus on one customer's request

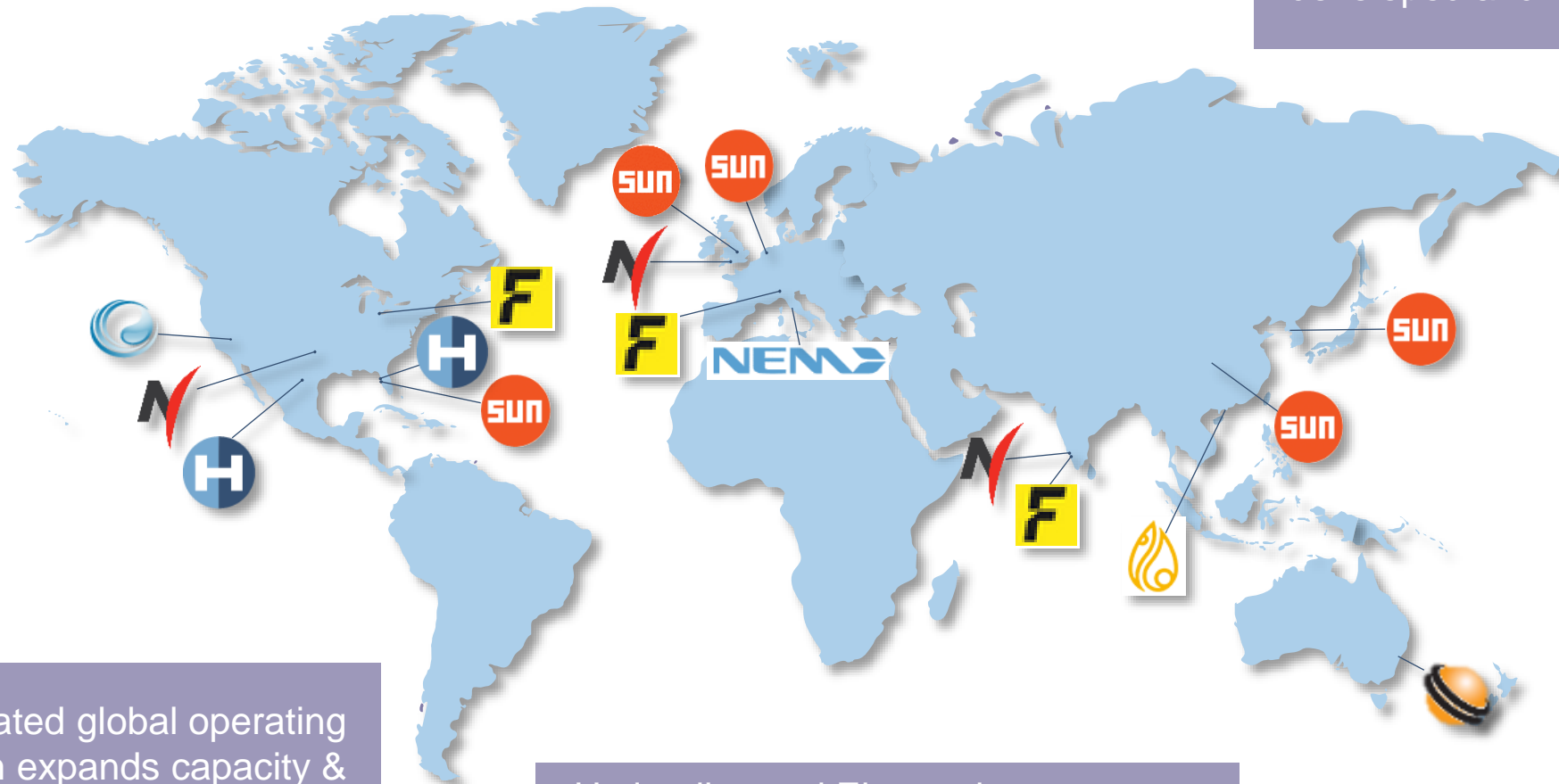


AFTER Fulfill customer's request, multiply outputs



Expansive & Growing Global Manufacturing Reach

Manufacturing centers in developed and low-cost locations

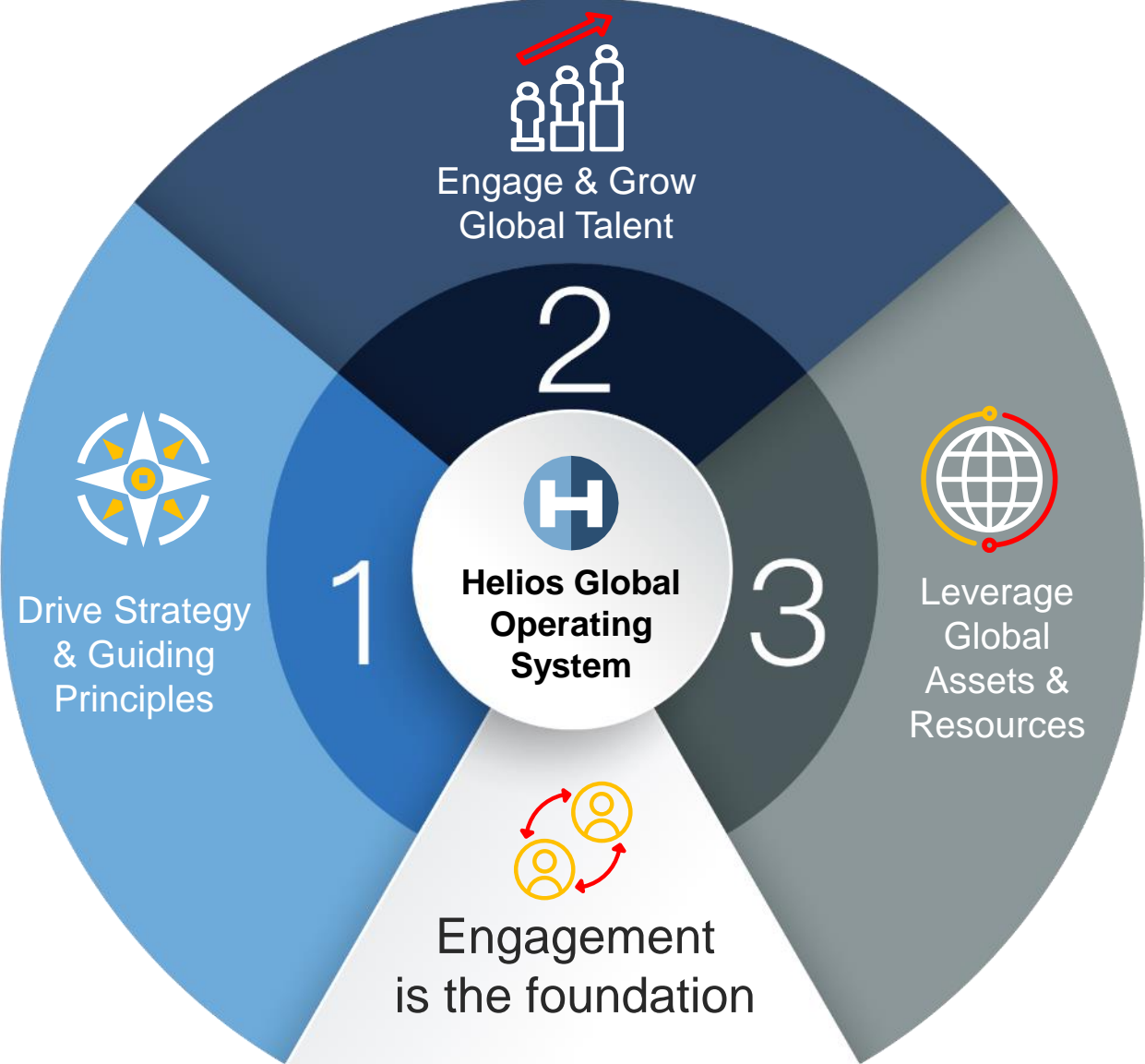


Integrated global operating system expands capacity & capabilities

Hydraulics and Electronics manufacturing capabilities within the Americas, EMEA, and APAC

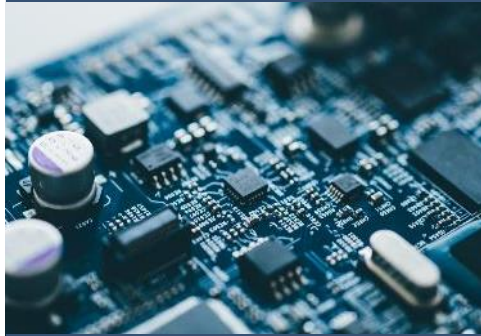
Global Operating System

Driving Operational Excellence



Measuring Success

Competencies



Our manufacturing process technologies, operating system capabilities, and global footprint unlock new commercial opportunities

Costs



Relentless improvements in Quality and Environmental footprint reduce costs

Performance



Market leading Quality, Delivery, and Productivity protects the business and delights customers

Supply Chain



Strategic make/buy decisions and carefully crafted supply chains mitigate risk, lead times and costs

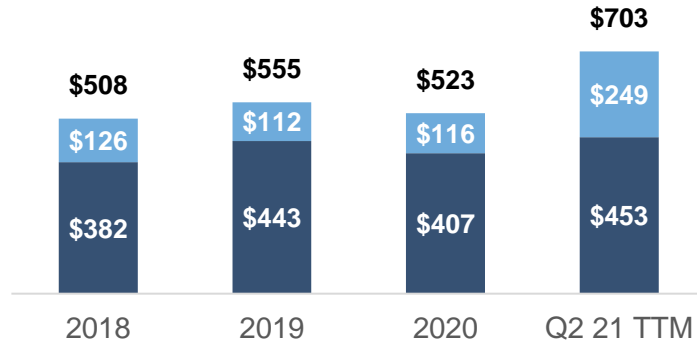
Global Manufacturing Operations enables Global Growth while Driving Profitability



Strong Financial Performance

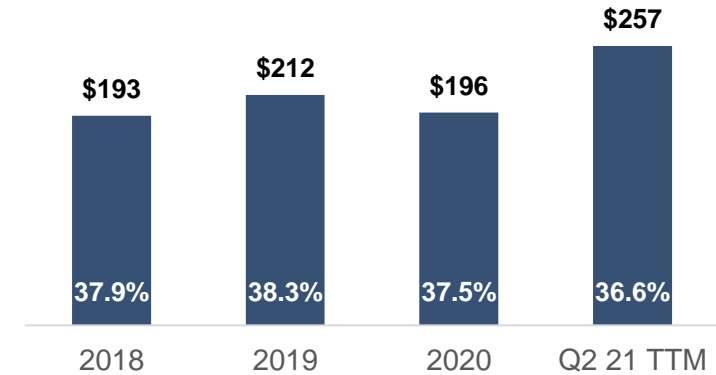
Revenue

(\$ millions)

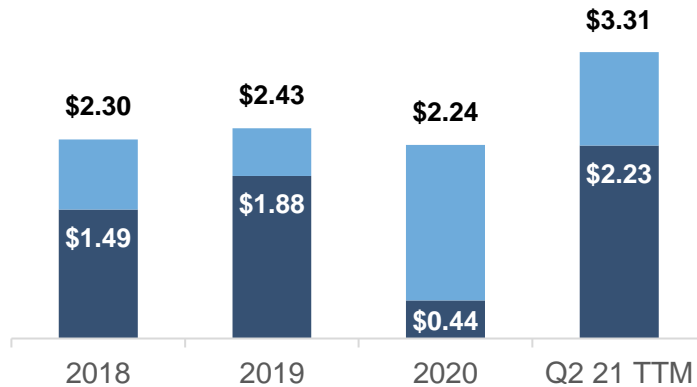


Gross Profit & Margin

(\$ millions)

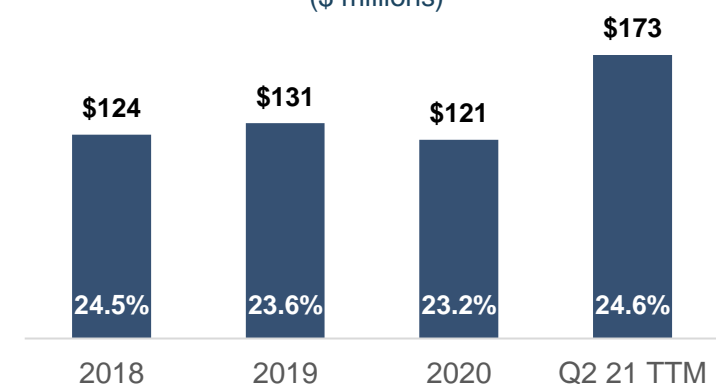


EPS & Non-GAAP Cash EPS



Adjusted EBITDA & Margin

(\$ millions)

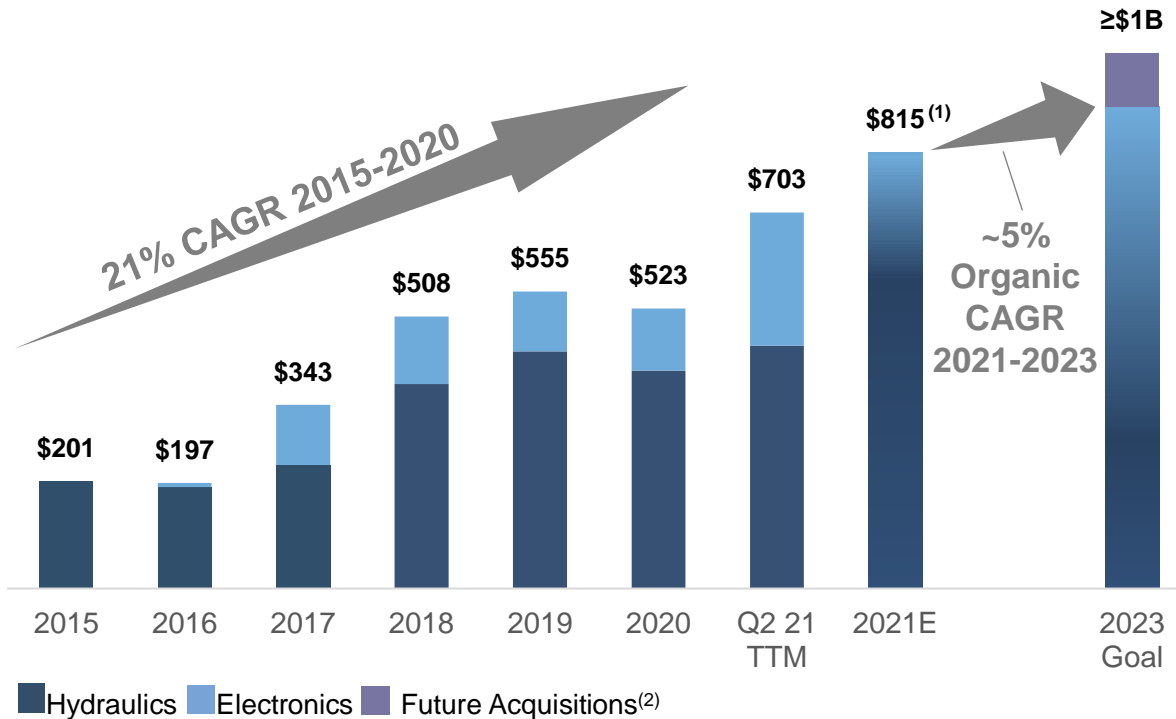


Note: Components may not add to totals due to rounding. See Supplemental Information for definition of non-GAAP Cash EPS and Adjusted EBITDA and Margin, and reconciliation from GAAP and other disclaimers regarding non-GAAP information.

Accelerating Growth: Hitting \$1B Milestone Two Years Early

Historic and Projected Revenue

(\$ millions)



Growth Highlights

- Outpacing market growth by ~2x; Our markets grow on average 3% to 5%
- Diversifying our markets, our products and our applications
- Leveraging a strong pipeline of new innovative products
- Executing well on our disciplined acquisition strategy
- Pivoting to an integrated operating company
- Implementing our strategy through a scalable approach
- Transitioning from component to system sales

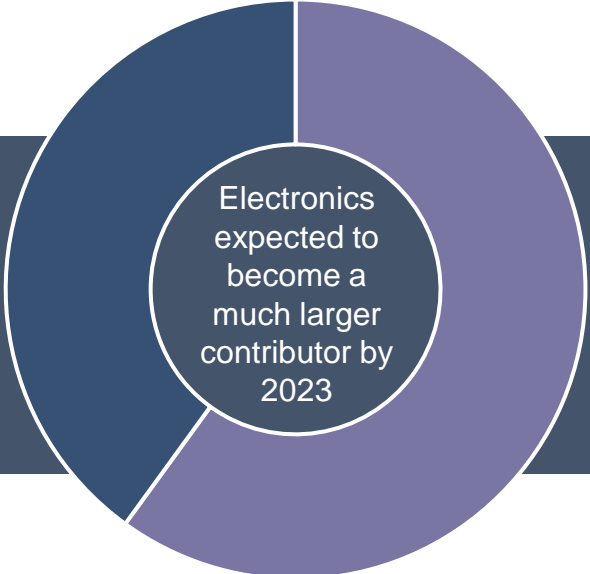
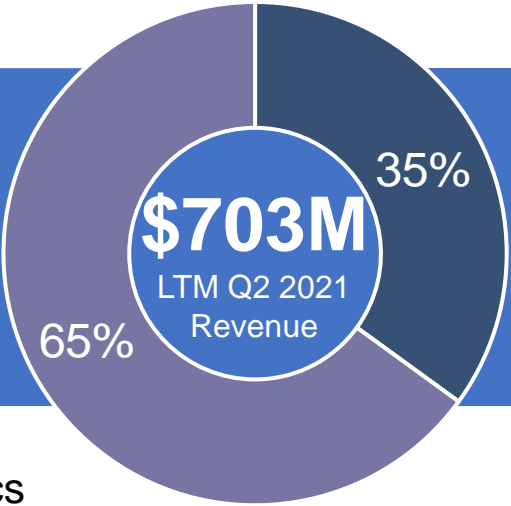
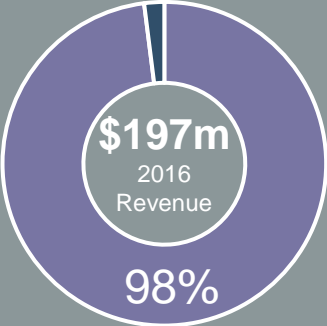


(1) 2021E Mid-Point of FY2021 Outlook provided on August 9, 2021.

(2) Future acquisitions include those announced and not yet closed.

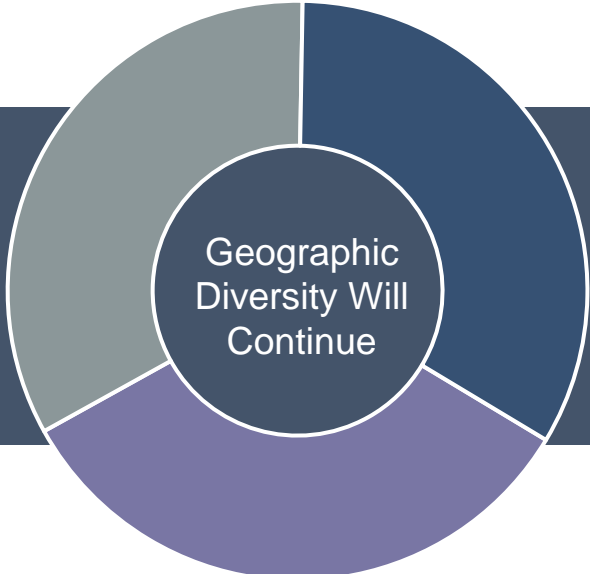
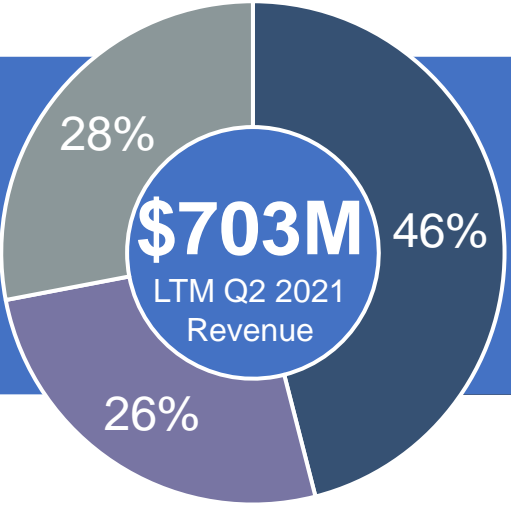
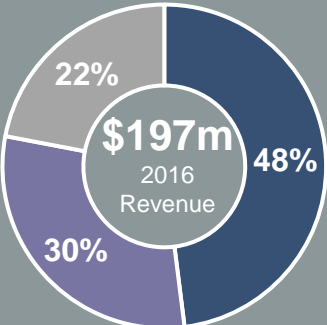
Revenue Diversification Expected to Continue

Segment



Hydraulics Electronics

Geographic

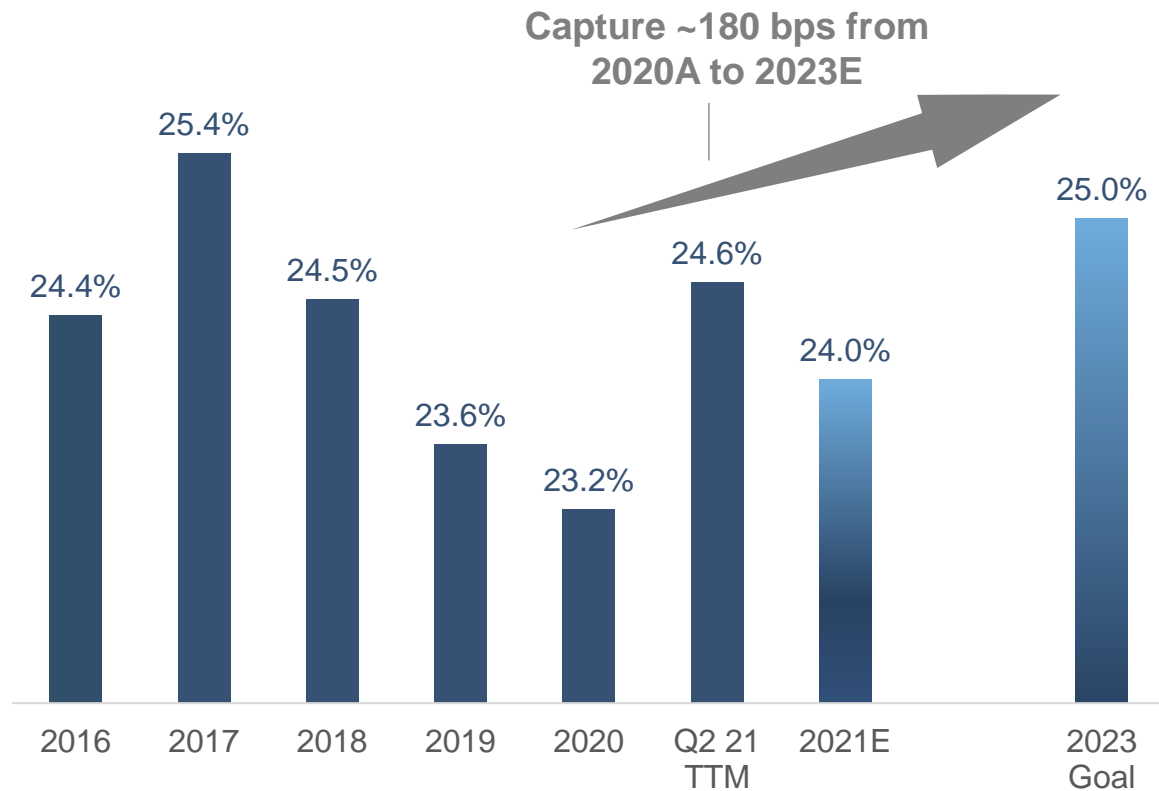


Americas EMEA APAC



Strong Margins with a Pathway to Grow

Historic and Projected Adj. EBITDA Margin



Growth Highlights

- Leveraging shared global supply chains
- Integrating manufacturing operations and systems
- Leveraging manufacturing centers in developed and low-cost locations
- Utilizing capacity to achieve manufacturing footprint leverage
- Driving continuous Kaizen manufacturing process improvements
- Targeting capital investments to maximize efficiency with the latest technology
- Exercising a disciplined acquisition strategy with a strong track record of adding accretive businesses with solid operating and EBITDA margins

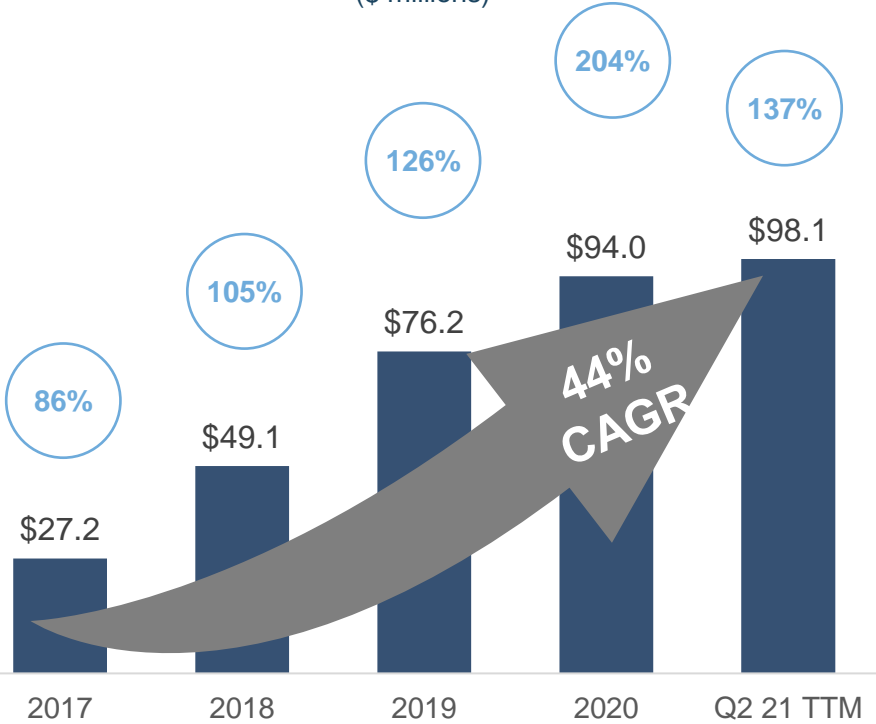


Note: 2021E Mid-Point of FY2021 Outlook provided on August 9, 2021

Solid Cash Position

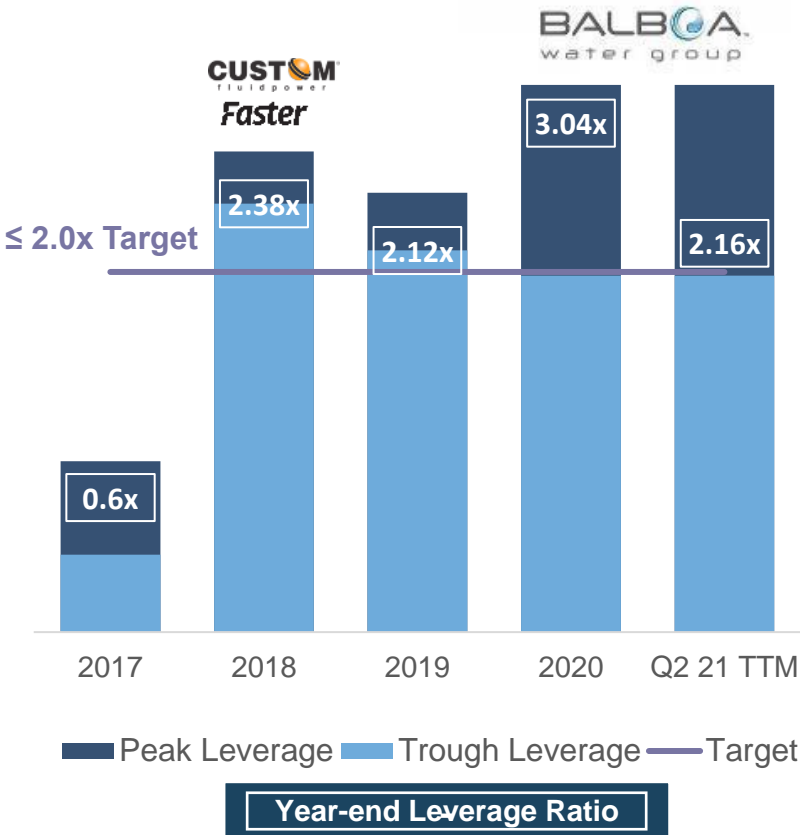
Historic Annual Free Cash Flow

(\$ millions)



○ Free Cash Flow Conversion

Historic Annual Leverage⁽¹⁾



Highlights

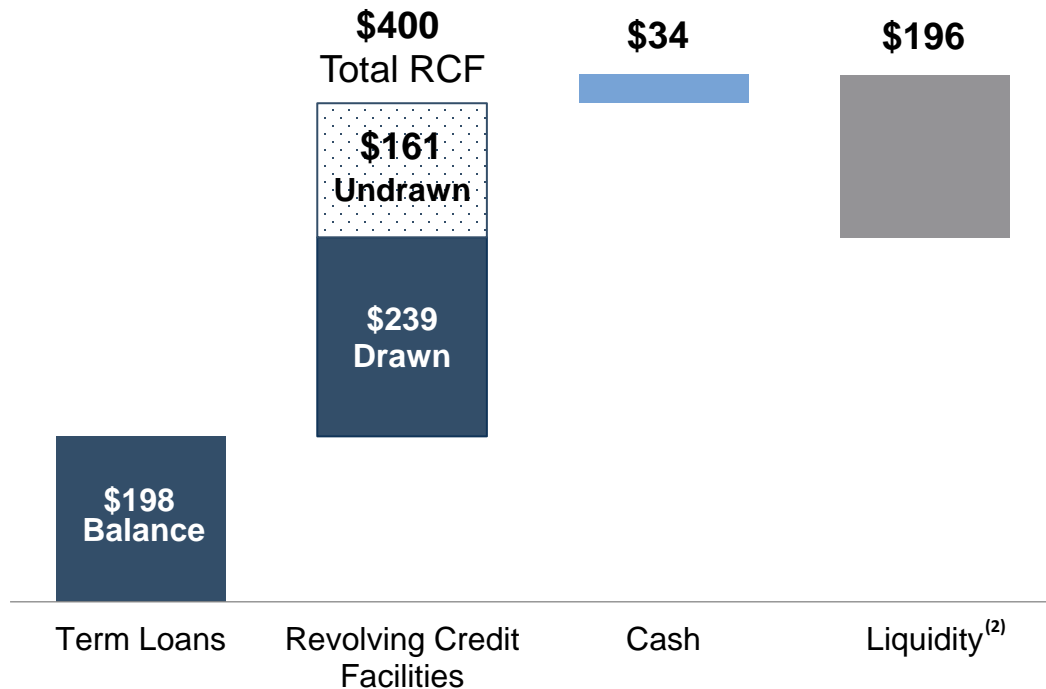
- Ability to convert FCF and increase it over time
- Self-funding acquisition strategy over time
- FCF dollars and conversion has gone up each year over the last four
- Target leverage ratio ≤2.0x of net debt to Adjusted EBITDA
- Continue to deliver FCF growth with revenue expansion
- Expect Capex to be ~4% of sales

(1) Boxed number represents the year-end level with the peak and trough within each year represented by the dark and light blue areas; Reflects a non-GAAP measure; see supplemental slide for a reconciliation to the most comparable GAAP measure.

Strong Liquidity Position

Capital Structure

(\$ millions, Ending Q2 2021)



Note: Components may not add to totals due to rounding.

(1) Information as of July 3, 2021. Based on adjusted EBITDA on a trailing twelve months basis and on a pro-forma basis for Balboa Water Group. 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 July 3, 2021; revolving credit facilities also allow for a \$300 million accordion, subject to certain pro forma compliance requirements, not reflected above.

Highlights

- Current: Net Debt / Adj. EBITDA⁽¹⁾: 2.16x
- Target: Net Debt / Adj. EBITDA ≤ 2.0x
- Structure enables disciplined acquisition strategy
- Continue to flex up for acquisitions then quickly de-lever back toward target leverage
- Liquidity of \$196M ending Q2 2021
- Maintaining financial flexibility in uncertain macroeconomic environment



Capital Allocation Priorities

Capital Allocation Priorities

1 ORGANIC GROWTH

- Grow at ~2x market
- New product development
- Integrate electronics and hydraulics know-how
- Support product platform

2 DEBT REDUCTION

- Goal of $\leq 2.0x$ net debt / adjusted EBITDA

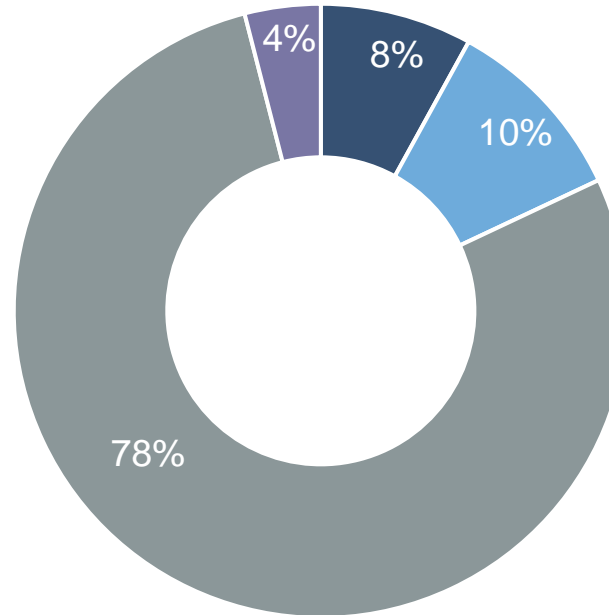
3 ACQUISITIVE GROWTH

- Ongoing assessment of M&A opportunities

4 SUPPORT DIVIDEND

- Maintain quarterly dividend

Last 5 Years



Near-Term



- Organic Growth
- Debt Reduction
- Acquisitive Growth
- Support Dividend



Proven M&A Framework

Goals	Targets	Integration Model
<ul style="list-style-type: none"> • Meets Growth and Profitability Goals • Enhances Technology • Diversifies End Markets • Deepens Geographic Reach • Accretive to EPS • Operational Synergies 	<ul style="list-style-type: none"> • Strong management • Culture supporting innovation • Superior profitability • <\$100M "Flywheel" bolt-on • >\$100M "Transformational" 	<ul style="list-style-type: none"> • Successful on standalone basis • Retain employees • Keep customer relationships • Retain brands • Leverage engineering expertise • High emphasis on sales synergies



M&A Scorecard

ENOVATION
CONTROLS

Faster

CUSTOM
fluidpower

BALBOA
water group

BJN
Technologies

NENN

JOYONWAY

Acquisition Type: 2016 Transformational 2018 Transformational 2018 Flywheel 2020 Transformational 2021 Flywheel 2021 Flywheel 2021 (Pending) Flywheel

	2016 Transformational	2018 Transformational	2018 Flywheel	2020 Transformational	2021 Flywheel	2021 Flywheel	2021 (Pending) Flywheel
1 Meets Growth & Profitability Goals	✓	✓		✓	✓	✓	✓
2 Enhances Technology	✓	✓		✓	✓	✓	✓
3 Diversifies End Markets	✓	✓	✓	✓	✓		
4 Deepens Geographic Reach		✓	✓	✓		✓	✓
5 Accretive to EPS	✓	✓	✓	✓		✓	✓
6 Operational Synergies	✓	✓		✓		✓	✓



Accelerated Plans

Hitting \$1B Milestone in Sales Two Years Early

≥\$1B in Sales
by YE 2023

Organic Sales
Growth ~2x
Market Rates

~25% Adj.
EBITDA Margin⁽¹⁾
by YE 2023

Organic Non-
GAAP Cash EPS
CAGR⁽²⁾ ≥22%

With Enhanced Margin Profile

(1) Reflects a non-GAAP financial measure; see supplemental slide for Adjusted EBITDA margin reconciliation

(2) CAGR is calculated between 2020 to 2023. Tax rate assumption is 24% to 26%.

Driving Growth and Delivering Profitability

1

Strategy Recap



Pivoting to an operating company

2

Growth Opportunities



Expanding existing markets, adding adjacent markets, diversifying geographic markets

3

Operational Efficiencies



Streamlining sales, innovation, and global manufacturing teams

4

Financial Position



Growing free cash flow driving growth and leverage reduction

5

Targets



Meeting revenue goals 2 years early, expanding margin profile



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



Non-GAAP Reconciliation Tables



Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in thousands)

	2016	2017	2018	2019	2020
Net income	\$ 23,304	\$ 31,558	\$ 46,730	\$ 60,268	\$ 14,218
Interest expense, net	(790)	3,781	13,876	15,387	13,286
Income tax provision	11,597	15,986	9,665	15,039	9,829
Depreciation and amortization	11,318	19,190	39,714	35,215	39,695
EBITDA	45,429	70,515	109,985	125,909	77,028
Acquisition and financing-related expenses	1,537	1,019	5,685	11	7,264
Restructuring charges	-	1,462	170	1,724	361
CEO and officer transition costs	-	-	-	-	2,592
Goodwill impairment	-	-	-	-	31,871
Loss on disposal of intangible asset	-	-	-	2,713	-
Other	-	-	-	127	-
Inventory step-up amortization	1,021	1,774	4,441	-	1,874
M&A integration costs	-	-	-	-	257
One-time operational items	-	2,907	-	-	-
Foreign currency forward contract loss	-	-	2,535	-	-
Change in fair value of contingent consideration	-	9,476	1,482	652	(47)
Adjusted EBITDA	\$ 47,987	\$ 87,153	\$ 124,298	\$ 131,136	\$ 121,200
<i>Adjusted EBITDA margin</i>	<i>24.4%</i>	<i>25.4%</i>	<i>24.5%</i>	<i>23.6%</i>	<i>23.2%</i>
Pre-acquisition adjusted EBITDA	-	-	13,844	-	22,589
Pro forma adjusted EBITDA	\$ 47,987	\$ 87,153	\$ 138,142	\$ 131,136	\$ 143,789

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.



Adjusted EBITDA Reconciliation

(Unaudited) (\$ in thousands)	Three Months Ended				
	September 26, 2020	January 2, 2021	April 3, 2021	July 3, 2021	TTM Q2 2021
Net income	\$ 12,982	\$ 5,551	\$ 22,587	\$ 30,694	\$ 71,814
Interest expense, net	2,730	4,714	4,751	4,400	16,595
Income tax provision	3,380	1,605	6,807	6,575	18,367
Depreciation and amortization	8,784	13,890	15,237	12,905	50,816
EBITDA	27,876	25,760	49,382	54,574	157,592
Acquisition and financing-related expenses	101	7,088	922	1,325	9,436
Restructuring charges	64	-	418	-	482
CEO and officer transition costs	622	161	-	569	1,352
Inventory step-up amortization	-	1,874	-	-	1,874
Acquisition integration costs	-	257	594	289	1,140
Other	(13)	-	-	698	685
Adjusted EBITDA	\$ 28,650	\$ 35,140	\$ 51,316	\$ 57,455	\$ 172,561
<i>Adjusted EBITDA margin</i>	23.4%	23.2%	25.1%	25.7%	24.6%
Balboa Water Group pre-acquisition adjusted EBITDA					14,141
TTM Pro forma adjusted EBITDA					\$ 186,702

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)	2018	2019	2020	TTM Q2 2021
Net income	\$ 46,730	\$ 60,268	\$ 14,218	\$ 71,814
Amortization of intangible assets	23,262	18,065	22,114	31,293
Acquisition and financing-related expenses	5,685	11	7,264	9,436
Restructuring charges	170	1,724	361	482
Loss on disposal of intangible asset	-	2,713	-	-
Foreign currency forward contract loss	2,535	-	-	-
CEO and officer transition costs	-	-	2,592	1,352
Goodwill impairment	-	-	31,871	-
Inventory step-up amortization	4,441	-	1,874	1,874
Acquisition integration costs	-	-	257	1,140
Change in fair value of contingent consideration	1,482	652	(47)	685
Impact of tax reform	(1,400)	-	-	-
Other one-time tax related items	(1,920)	-	-	-
Other	-	127	-	-
Tax effect of above	(8,850)	(5,823)	(8,604)	(11,566)
Non-GAAP cash net income	\$ 72,135	\$ 77,737	\$ 71,900	\$ 106,510
Non-GAAP cash net income per diluted share	\$ 2.30	\$ 2.43	\$ 2.24	\$ 3.31

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	Q2 21 TTM
Net cash provided by operating activities	\$ 49,382	\$ 77,450	\$ 90,480	\$ 108,556	\$ 117,758
Contingent consideration payment in excess of acquisition date fair value	-	-	10,731	-	-
Adjusted net cash provided by operating activities	49,382	77,450	101,211	108,556	117,758
Capital expenditures	22,205	28,380	25,025	14,580	19,670
Adjusted Free cash flow	\$ 27,177	\$ 49,070	\$ 76,186	\$ 93,976	\$ 98,088
Net income	31,558	46,730	60,268	14,218	71,814
Goodwill impairment	-	-	-	31,871	-
Net income, less goodwill impairment	\$ 31,558	\$ 46,730	\$ 60,268	\$ 46,089	\$ 71,814
Free cash flow conversion	86%	105%	126%	204%	137%

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> <i>(\$ in thousands)</i>	2017	2018	2019	2020	TTM Q2 2021
Current portion of long-term non-revolving debt, net	\$ -	\$ 5,215	\$ 7,623	\$ 16,229	\$ 15,662
Revolving lines of credit	116,000	255,750	208,708	256,224	239,198
Long-term non-revolving debt, net	-	91,720	84,062	189,932	182,272
Total debt	116,000	352,685	300,393	462,385	437,132
Less: Cash and cash equivalents	63,882	23,477	22,123	25,216	34,371
Net debt	\$ 52,118	\$ 329,208	\$ 278,270	\$ 437,169	\$ 402,761
Pro forma adjusted EBITDA*	\$ 87,153	\$ 138,142	\$ 131,136	\$ 143,789	\$ 186,702
Ratio of net debt to TTM pro forma adjusted EBITDA	0.60	2.38	2.12	3.04	2.16

*2018 is on a pro-forma basis for the Custom Fluid Power and Faster acquisitions. 2020 and TTM Q1 2021 are on a pro-forma basis for the Balboa Water Group acquisition.

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.

