Operator: Greetings, and welcome to Helios Technologies First Quarter 2022 Financial Results Conference Call. [Operator Instructions] As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Tania Almond, Vice President, Investor Relations, Corporate Communications and Risk Management for Helios Technologies. Thank you. You may begin.

Tania Almond: Thank you, operator, and good day, everyone. Welcome to the Helios Technologies First Quarter 2022 Financial Results Conference Call. We issued a press release yesterday afternoon. If you do not have that release, it is available on our website at hlio.com. You will also find slides there that will accompany our conversation today. On the line with me are Josef Matosevic, our President and Chief Executive Officer, and Tricia Fulton, our Chief Financial Officer. They will spend the next several minutes reviewing our first quarter results, discussing our progress with our accelerated growth goals, affirming our outlook for 2022, and then we will open the call to your questions.

If you turn to **Slide 2**, you will find our safe harbor statement. As you may be aware, we will make some forward-looking statements during this presentation and the Q&A session. These statements apply to future events that are subject to risks and uncertainties as well as other factors that could cause actual results to differ materially from where we are today. These risks and uncertainties and other factors were provided in our 10-K filed with the Securities and Exchange Commission. You can find these documents on our website or at sec.gov.

I'll also point out that we will discuss some non-GAAP financial measures during today's call, which we believe 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. We have provided reconciliations of comparable GAAP with non-GAAP measures in the tables accompanying today's slides.

And with that, it's now my pleasure to turn the call over to Josef.

Josef Matosevic: Thank you, Tania, and good day everyone. Our team had another exceptional quarter as we are sticking to our game plan by executing our strategy to drive accelerated growth. We are achieving this through innovation and the deployment of the Helios Business System to keep us centered and focused on what we can control, even while we continue to live with the backdrop of some of the most unusual times in recent world history.

If you would please turn to **Slide 3**, I will review the quarterly highlights. We started 2022 off strong. In fact, on a run-rate basis, we are well on our way to meeting our goal to reach at least $1 billion in revenue by 2023. We successfully executed our manufacturing and our operations strategy to deliver outperformance, which led to our highest and anticipated $241 million in revenue in the first quarter. Our innovative higher-value solutions are proving to be sticky with our customers and are building loyalty. This innovation is how our brand grows, and how Helios is winning in our markets.

Additionally, our responsiveness to our customers and our ability to deliver top-tier industry lead times helps us beat the competition, and we continue to take market share. Our results show the strong operating leverage inherent in our business model, along with the benefits we are starting to achieve as we shift to a more integrated operating company.

As we successfully grow our top line, we expand our bottom line at a greater rate. I am convinced it is the commitment of our world-class team, executing against our business system, that is driving our earnings power. We are focused on continuous improvement and operational excellence while proactively managing our supply chain and inventory to ensure we keep delivering for our customers. I believe it is important for our investors to understand not only how well-positioned we are to capitalize on strong economic conditions but also our ability to weather macroeconomic challenges.

These attributes include: a strong balance sheet; the ability to quickly de-lever; revenue diversity of our sources and geographies; our innovative culture, which is part of our DNA; our leading market positions across portfolios; our pure-play focus within the hydraulics and electronics industries; and our world-class people, because without them, nothing else matters. We believe that all of these qualities create the buffers that protect us when times get tough and create the opportunities to help us further accelerate our operating model.

Importantly, we have delivered on our promises for eight sequential quarters. and are on track to achieve the milestones that we have accelerated by 2 years of reaching at least $1 billion in revenue by 2023. I want to thank all of our global colleagues for their dedication and hard work in achieving these amazing results.

Now I would like to provide some highlights on our most recent acquisition announcement. Please turn to **Slide 4**. Taimi is an ideal demonstration of our bolt-on flywheel acquisition strategy. They bring differentiated technology that expands our Hydraulics segment offering. Taimi products are so complementary to ours that they partnered with our Faster business to sell their products since October of 2020. We already had an established working relationship with the team, so it made sense to bring them into the Helios family to accelerate our combined efforts further.

They manufacture rotating products that enable connections within a hydraulic system to eliminate leakage. The combination of our cartridge valves, quick-release couplings, and swivels create industry-leading solutions that are very high value and cost-effective for our customers, and, with safety and environmental benefits. We believe the potential of this bolt-on is significant, and it further strengthens Helios in the hydraulics market as the leading pure-play provider of highly engineered solutions to both OEMs and our distribution partners.

As we continue to target system sales across our segments over time, this technology enhancements further extends our differentiation to be the most trusted, strategic partner for our customers.

Let me now turn the call over to Tricia to review the financial results and discuss our firm outlook in more detail before I come back for some closing remarks. Tricia, please?

Tricia Fulton: Thank you, Josef, and hello, everyone. On **Slides 5 through 9**, I will review our first quarter 2022 consolidated results. As Josef noted, we started the year off strong out of the gate, managing through the continued challenges of the global supply chain and broader macro environment. Net sales grew 17% over the prior year period as we executed our growth plans and continued to take market share. We delivered strong organic growth of 14% during the quarter, even with a $4.7 million foreign currency headwind.

First quarter gross profit of $83.6 million increased $8.2 million or 11% over the prior year period from higher volumes. Our manufacturing strategy drives results the current macro environment partially masks the benefits.

Our teams spent a lot of time formulating plans for each business segment to maximize our in the region, for the region and make versus buy strategies as we integrate the acquisitions, we have made over the last 18 months.

Gross margin was 34.8% in the quarter, down 200 basis points from the year ago period. While volumes and pricing were up, increases in logistics, raw materials and labor costs compressed margins. Adjusted EBITDA was $59 million, up 15%, with an associated margin of 24.5% compared with 25.1% from the same period a year ago. The cost increases I just described offset the higher volume. In the first quarter, our effective tax rate was 22.4% compared with 23.2% in the prior year period, reflecting levels of income and varying tax jurisdictions. Diluted EPS improved to $0.94, up 34%, while diluted non-GAAP cash EPS improved to $1.18, up 19% for the first quarter over the prior year period, reflecting higher sales, operational efficiencies, and strong operating leverage.

Please turn to **Slide 10** for a review of our Hydraulics segment results. First quarter Hydraulics sales of $137.1 million were up 15% over the prior year period, benefitting from improved demand and market share gains in the Americas and EMEA, despite the $4.5 million headwinds from foreign currency exchange rates. Organic growth in this segment was 10% over the prior year period, while acquisitions added $6.4 million. This growth is strong despite an estimated $6.6 million of sales delays due to supply chain shortages in this segment.

Q1 Hydraulics gross profit increased 12% and benefited from higher volumes, gross margin of 37.1% versus 38.1% last year, benefited from price increases and fixed cost leverage on higher volume offset by increases in materials, logistics, labor costs and unfavorable FX. Operating income increased 13% due to strong leverage and cost discipline, while margin modestly declined 50 basis points to 23.1% from the prior year period.

Please turn to **Slide 11** for a review of our Electronics segment results. Electronics sales were $103.4 million in the quarter, an increase of 21% over the year ago period. Organic growth in this segment was up 20% in the first quarter. We are seeing strong demand from the health and wellness and recreational markets, where we saw growth across all regions.

For the quarter, we estimate that delays worth approximately $11 million in sales were due to supply chain shortages. The electronics segment gross profit of $32.8 million in Q1 increased 9% from the prior year period on higher volume. The electronics gross margin of 31.7% was down from 35% in the year ago period, reflecting price increases and fixed cost leverage on higher sales that were more than offset by increases in raw materials, freight, logistics and labor costs.

Operating income for the Electronics segment of $20.5 million was up 12% from the prior year period, although the operating margin contracted 160 basis points. The operating margin reflects the flow-through of gross margin, partially offset by fixed cost leverage on higher sales and disciplined cost management.

Please turn to **Slide 12** for a review of our cash flow. Cash from operations was $14.7 million in the first quarter compared with $15.1 million in the prior year period. We are carefully balancing our working capital requirements with our efforts to provide timely deliveries to our customers amid significant demand and material shortages. We have increased inventories to address our backlog and maintain our top-tier lead times, helping us take market share.

For the quarter, CapEx was $5.6 million or 2.3% of sales compared with $5 million or 2.4% of sales in the year ago period. We expect CapEx in 2022 to be between 3% to 5% of sales. Free cash flow was $9.1 million in the first quarter. Our free cash flow conversion rate was 76% for the trailing 12 months ending first quarter of 2022, lower than our typical rate, consistently over 100% from 2018 to 2020. We made a conscious decision to invest in and grow inventory where demand dictates and this strategy reflects in our working capital needs.

Regarding our capital structure on **Slide 13**, we consistently demonstrate our ability to de-lever our balance sheet rapidly. Our strategy is to flex up leverage for disciplined strategic acquisitions and quickly deliver using the cash generated from operations. Our pro forma net debt to adjusted EBITDA leverage of 1.79x remains below our long-term goal of 2x. We will continue to use cash to pay down debt as we reload for future acquisitions. Cash and equivalents were $33 million at the end of the first quarter compared with $28.5 million at the end of 2021. Total debt at quarter end was $438.1 million compared to $445 million at the end of 2021, reflecting repayments net of borrowings on our credit facilities of $4.3 million in the quarter. Total liquidity at the end of the quarter was $192 million. As a reminder, our capital priorities remain debt reduction, organic growth through new products and technologies, acquisitive growth and distributions to shareholders.

Now let's turn to **Slide 14**. Even in the face of much greater macro uncertainty just two months after we first established the full year outlook, we are maintaining our guidance for 2022, which assumes constant currency using quarter-end rates. We are considering the war in Ukraine, which has no clear timeline, broader extended lockdowns in major regions in China, the pace of inflation, timing and size of a potential recession and the actions yet to be taken around the world by the Central Bank. We will not include Taimi in our expectations until the acquisition closes in the next few months, although it is not material in size.

Our outlook currently assumes our markets are not further impacted by inflation, the global pandemic or the geopolitical environment. We are responsibly considering all these current events as we look forward.

We expect revenue in 2022 to be in the range of $930 million to $950 million, which implies an annual organic growth rate of approximately 8% at the midpoint of the range. In terms of quarterly revenue flows, our first quarter exceeded our expectations. There is less visibility as we look at the second half of the year. While benefit from pricing strategies coming into play, we want to remain cautious until we get further into the year and our visibility comes more into focus.

Our adjusted EBITDA margin outlook remains 23.5% to 25%, which at the midpoint approximates our adjusted EBITDA margin for the full year of 2021. We will continue running our manufacturing strategy playbook, as Josef described, to find ways to offset the macro impact. This implies that our expectations for adjusted EBITDA dollars remain in the range of $219 million to $238 million or roughly a 7% annual increase at the midpoint of the range.

We expect interest expense to be between $14 million to $15 million at current borrowing levels and rates. The effective tax rate for 2022 is expected to be in the range of 21% to 23%. Depreciation should be between $24.5 million and $26.5 million, while the outlook on amortization is approximately $28 million to $29 million. Expectations for diluted non-GAAP cash EPS remained between $4.35 to $4.60 per share in 2022, representing a 5% increase over our 2021 results at the midpoint of the range. We are driving forward with our augmented strategy and delivering accelerated and profitable results while maintaining top quartile industry margins. As we address the highly unusual operating environment we are in; we are encouraged by the progress we are making and our success.

With that, I will turn the call back to Josef for some final comments.

Josef Matosevic: Thank you much, Tricia. These are unique times, yet I believe we are extremely well positioned to execute at high levels. It is very important to us to continue doing what we said we would do. We believe taking a cautious stance on the second half of the year is part of us being good stewards of the business.

As I said last quarter, I am very optimistic that the organization's potential will unleash as we move beyond these inflationary and macroeconomic challenges.

Over the last two years, we've been developing and executing on our augmented strategy, taking us from a holding company to an integrated operating company. It has been perfect timing to make this transition considering the changes in the world around us. It is providing tremendous leverage and will continue to do so over time as we get further into executing and implementing our operating and manufacturing plans.

Our business is significantly more diversified today as we continue to grow and cover more white spaces. Our R&D and sales teams collaborate more than ever across all of our businesses. Our innovative product solutions that we are creating are stickier with our customers.

In addition, our investments in manufacturing operations have contributed to top-tier industry lead times, which we have been maintaining throughout this volatile environment. We are also very focused on our corporate sustainability efforts as part of these strategies. We are working to better articulate our ESG metrics and activity and recently rolled out a new website with our ESG section to highlight those details. We are super excited about our future and hope you share in that excitement.

With that, let's open up the lines for Q&A, please.

Operator: [Operator Instructions] Our first question comes from the line of Jeff Hammond with KeyBanc.

Jeffrey Hammond: So, I was hoping to -- one, if you could give us price in the quarter and two – update us on how you're thinking about price-cost progression through the year as you kind of push some of these price increases through?

Tricia Fulton: So, on the price cost, we did get pricing in Q1. I think we talked about that on the last call. It wasn't fully active throughout Q1. We expect it to be fully in our numbers by the end of

Q2. From a price cost perspective, we're trying to remain neutral by the end of Q2 on that. And we are seeing some pricing pressures in areas that we maybe didn't anticipate. But we're also seeing, as we've pointed out, strong demand. We're very encouraged by that.

Jeffrey Hammond: Okay. And then yes, I just wanted to understand within the context of kind of holding the guide, and I understand kind of the high-level macro headwinds, but you mentioned kind of tougher visibility. So maybe just speak to that and talk about what your backlog did in order trends through the quarter because it sounds like demand remains strong, and I'd expect with the shorter lead times, you'd continue to outgrow.

Josef Matosevic: Yes, Jeff, you summarized it well, we are seeing continuous strong demand pretty much across our entire portfolio, still paying very close attention to Asia, obviously, and Europe. Asia, for an example, on the Electronics side is slightly up. On the Hydraulics side, slightly down. We did anticipate, in our Kunshan factory, a 10-day shutdown. We are fully open now again, with a close eye on Europe, as I mentioned. Overall, with the entire supply chain, we continue to see softer spots in some areas.

We've been cautious and careful, as you know. Our business model, how we like to run the company, is we want to do what we said we're going to do, and we don't have 100% confidence with the second half yet. So that kind of drives a little cautionary step in our tone. But in terms of orders and demand in our backlog, it remains very strong.

Jeffrey Hammond: And are you seeing any -- like is this Asia, or the Asia-decline in Hydraulics? Was that more around the lockdown or some underlying slowing in demand?

Josef Matosevic: No. It was purely around the lockdown. We do not see -- well, we saw a little bit – of slowdown, but immaterial in that area and largely tied to the lockdown, Jeff.

Operator: Our next question comes from the line of Chris Howe with Barrington Research.

Chris Howe: I wanted to follow up on some of the segment-level commentaries you had on Electronics. It was highlighted that the health and wellness market did well, as well as some other markets. Perhaps you could break down your performance in the quarter for health and wellness and how you anticipate health and wellness progressing through the year versus your expectations, in addition to some of the other end markets that are performing well in Electronics.

Josef Matosevic: Yes, Chris. Tricia can add a little bit more detail as she sees fit. from day #1, our strategy is to create leverage within the Electronics segment, whether with innovation or our Balboa products or Joyonway in China. What you're starting to see is the gross system sale and penetrating a broader market by just leveraging our products.

We have very heavily invested in new products and innovation in some cases, simplified our products, in other cases, or added features to diversify. In terms of your question on the Electronics segment, we are pretty confident to be going to continue to move the needle as we get further into rolling out our new products. And that goes not just for the North American market, but also for the global market. So a high level of confidence in that area.

Tricia Fulton: Yes. I think we pointed to the recreational markets, which remain very strong in the Electronics side, especially in the U.S. markets. We're seeing really strong demand and a lot of good discussions coming out of our customer meetings that are encouraging for the future and, going forward, for that end market as well.

Chris Howe: Okay. Okay. That's helpful. And my next question, then I'll hop back in the queue. As we think about these environmental constraints, you mentioned your facility in China is back operational after a 10-day shutdown. Nonetheless, the direct and indirect impacts from this region are ongoing. As we think about that, and challenges around raw material, freight, logistics and labor costs, how should we think about the sequential second quarter versus the first quarter as it relates to these challenges?

Josef Matosevic: Yes. Chris, look, we have paid close attention to what's going on in the global markets and incorporated all the data points we need to. But honestly, we are not dwelling too much on the market conditions versus doubling down on our customers, our manufacturing strategy, and our new product introduction. I think it would be fair to say that we feel comfortable where we are in our journey. And despite the supply chain challenges, which in many cases, still we kind of go hand to mouth and then we make it in the last couple of weeks.

In other cases, the supply chain has been flowing extremely well. Also, our lead times are exactly where we wanted to be, anywhere between 6 and 7 weeks, far greater than any competitor in the market. We continue to take greater market share; balancing that with supply chain and with the macroeconomics here. What's going on is what you hear here in our tone is a little bit more cautious, but I really don't see a reason why we would not maintain the level of performance we currently are talking about.

Tricia Fulton: I also think that one of the things offsetting some of the issues that we see in supply chain is what we're doing on the manufacturing and op strategy. That's continually opening up capacity and improving our processes as well as moving around some of our production to the most efficient place for us to make product. So that will help continue in the long term to drive margin.

Operator: Our next question comes from the line of Mig Dobre with Baird.

Mig Dobre: I got to admit, I'm a little confused about all the moving pieces here and what's happening. I guess where I'd like to start with, Trish, you commented that you expected price cost to reach neutrality exiting Q2. That's what I heard. If that's the case, then I guess that implies that price/cost was negative in Q1; it will get better in Q2. Going back to the prior question asked here, how should we think about Q2 relative to Q1? Are things getting better? Or are things getting worse?

And then, if you catch up on price cost, what does that mean for margin in the back half of the year relative to 2021, right? Because I mean, 2021 had its own set of challenges, especially late in the year in the fourth quarter. So maybe we can start with some clarification there.

Tricia Fulton: Yes. So yes, we will have price cost by the end of Q2. Demand is very strong. As long as we're getting supply in for the orders we need, we believe that we can drive a very strong Q2, but there are some constraints there. As you know, volume is what is helping to drive margins as well. And we had a much higher Q1 than we anticipated on the volume side, which helps us get the tremendous leverage that we can to the margin level, and I think we can continue to do that.

I think what you're hearing is that there are some unknowns there, and I don't think our unknowns are any different from anyone else's. But we've been fighting these challenges for quite a while, and I think our results over the last eight quarters where we've outperformed have shown that we do a very good job in mitigating those pressures. We will continue to do that not only in Q2 but throughout the rest of the year, whereas in the back half, we have a little less visibility than we have right now.

Mig Dobre: Well, I mean, look, you're essentially saying that your margins are going to be flattish for the full year, right? You started the year a whole 60 basis points down in Q1. Obviously, it has to get better from here to get to that guidance. Presumably, the fourth quarter is where you have the biggest tailwind, right, because that's the easiest comparison. But is it fair for investors to expect a flat or better year-over-year margin starting with Q2? Or is this purely a second half of '22 occurrence based on your operating plan and what you know right now?

Josef Matosevic: I think, Mig, what would be fair is exactly what we said is as we see it right now, we are taking a little bit more of a cautious stand as we learn more, and we will certainly learn more over the next few weeks. The tone obviously could also change in a much more positive direction. We are not saying that the demand is dropping off. We're not saying that the margins are dropping off. We're saying we don't have enough visibility in the second half. And once we get comfortable with all the data, we will communicate accordingly. The transparency of our tone and structure here is very important to understand.

Mig Dobre: I see. Then maybe a question for you, Josef. You highlighted the fact that demand is good. You're trying to be conservative with reiterating the guidance. I understand that. But when you're talking about evaluating risks for the back half of the year, can you give us a sense of what sort of risks you're talking about? Because as far as demand goes, everything you told us is that things are quite good. What are some risks in your view that you're trying to balance here within the outlook?

Josef Matosevic: Yes, certainly, Mig. Number one was China opening back up to its fullest. We are continuing to see strong demand. And just to give you an example, we had our Kunshan factory shut down for ten days, and folks were not even allowed to leave the building. The good news was that we were able to operate and build valves. The bad news is that we couldn't ship it, and there was a slight indication that it could happen again. Our factory is fully open now, and we are shipping products, but shipping product at a lower rate as the ports are so backed up. The whole China notion needs to get back on track to the extent that we can have a stronger data point and a lot more confidence in our ability to ship product. So that's number one.

Number two is Europe. Yes, the orders are very strong. We get really cautious when seeing continuous increases in terms of pricing pressure and raw material. Supply chain has been relatively decent, but now we've seen increases in energy costs. And until that works itself out of the system, this would be another data point.

And the North American market has been very strong for us. Our lead time really drives a continuous market share gain. But every once in a while, we see a blip in our supply chain. We just make -- to summarize, we don't want to get ahead of our skis and overcommit and under-deliver, and that's what you're hearing.

Mig Dobre: Understood. Then if I may, one last one. And I know Jeff asked about pricing. I'm going to try this question again because if I look at your guidance, even at the high end of revenue, it would imply that growth for the rest of the year is somewhere around, call it, 6%, 7%.

Given what we're seeing in pricing pretty much across the end markets you're serving and some of your peers, It would imply that there is very little volume growth that you're baking into the guidance for the subsequent quarters here and the lift that we're seeing is mostly price. Am I correct on that? And if I am, then why are we not seeing a little more volume coming through? Is it still supply chain? Or is it some other factor of conservatism baked in?

Josef Matosevic: Mig, it's a couple of things. Number one, it is still a supply chain issue. On the other hand, we are rebalancing our capacity to absorb more volume and more products, so to say. As the market share gain in some areas came much quicker than anticipated, coupling this with supply chain challenges, we decided to add capacity in our Baja facility as well. We are kind of undergoing a little bit of a transformation by adding more capacity and being able to ship that product.

Operator: Our next question comes from the line of Jon Braatz with Kansas City Capital.

Jonathan Braatz: Sort of continuing on that line of discussion. Josef, when you look at maybe the volume for the second half of the year or the last nine months, what end markets maybe concern you the most and might begin to be sort of a precursor to a change in your -- in the volume outlook as you look out towards the end of the year? What end markets are you -- are most concerned about?

Josef Matosevic: Yes. The concerning market, Jon, is the China construction and China ag markets. Those are the two markets that we're watching very closely, just by virtue of what is going on and still increased pandemic stages. But other than that, when I look across all of our other markets, they are all pretty much pointing up with the green arrow. To answer your question, China construction and China ag is the one that we're watching very closely.

Jonathan Braatz: Okay, okay, okay. Secondly, Tricia, you mentioned that the acquisition you just announced yesterday; not really material. But I was reading about what they do, and it sounds interesting. And two questions. Number one, can it become material going forward? And number two, did they have sort of a lack of capital to really take their product line forward, and that may be behind them now.

Tricia Fulton: Yes. They definitely can become material. And one of the benefits that we see from this is that it enables us to get further penetration into the hydraulic systems market. And certainly, with the applications that we have through both Faster and CVT, we believe that business can grow pretty significantly. I don't think it was necessarily anything to do with their capital. I think they just saw the opportunity for it to be much bigger than it is by partnering up with someone like Helios, a very strong Hydraulics segment player. And the idea there is to make 1 plus 1 equal 3 or 4 or 5.

Jonathan Braatz: Tricia, how unique is their product line?

Tricia Fulton: It's very unique, and it's different from other people in the industry. It is more of a niche player in the swivel technology. They use the ball-less swivel, which is different -- most of the industry does not. And they believe that this technology is a much better one and more sustainable and doesn't have to be replaced. There are some very good YouTube videos about their technology. If you have some free time, you would like to look at them. But it does help explain what their products do and why they're important, especially in certain industries like forestry.

Operator: [Operator Instructions] Our next question comes from the line of Nathan Jones with Stifel.

Adam Farley: This is Adam Farley on for Nathan. I wanted to turn to the Electronics segment. You called out 11% headwind from supply chain. What are the biggest issues there? I imagine it's mainly electronic components?

Tricia Fulton: Yes. It's primarily electronic components. We have quite a few that come from the APAC region, and we see a little bit of a slowdown there. But overall, I think in Electronics, the supply chain has gotten better over time. And we are starting to see things free up, but then with the China shutdowns, it slowed down a little bit again. I think we have a pretty good handle on what's coming in and the timing of when it's going to be coming in.

Adam Farley: Okay. In terms of the backlog within Electronics, do you think your customers are over-ordering in an attempt to get in line? And if they are doing that, how do you manage your customer orders to avoid over-ordering?

Tricia Fulton: I don't think they're over-ordering. Each of our businesses has a little bit different definition of backlog. In the Balboa business, we can see a little bit more of an order book in -- at Enovation, where it tends to be a little bit shorter order book time frame. But we don't have any indication that they're over-ordering. If anything, they're still calling every day saying, when can I get my product? When can I get my product? We're doing our best to get the product out the door as quickly as we can. We did have significant past due in that segment at the end of the quarter. But it is improving over what we saw from a past-due perspective at the end of the year because of some of the supply chain freeing up over the first quarter.

Operator: We have no further questions at this time. Ms. Almond, I would now like to turn the floor back over to you for closing comments.

Tania Almond: Great, and thank you, everyone, for joining us today. We really appreciate your interest in Helios and look forward to updating you on our second quarter results in August. Please feel free to reach out to me with any follow-up questions. Have a great day, and please stay healthy.

Operator: Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.

Note: This transcript has been edited slightly to make it more readable. It is not intended to be a verbatim recreation of the Helios Technologies (HLIO) financial results teleconference and webcast that occurred on the date noted. Please refer to the webcast version of the call, which is available on the Company's website (heliostechnologies.com), as well as to information available on the SEC's website (www.sec.gov) before making an investment decision. Please also refer to the opening remarks of this call for HLIO's announcement concerning forward-looking statements that were made during this call.