



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

**FIRST QUARTER 2023 EARNINGS**

MAY 9, 2023

JOSEF MATOSEVIC, PRESIDENT & CEO | TRICIA FULTON, EVP & CFO | TANIA ALMOND, VP OF IR & CORP. COMM.

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

*Helios has presented forward-looking statements regarding non-GAAP measures. Helios believes that providing these specific non-GAAP figures are important for investors and other readers of Helios financial statements, as they are used as analytical indicators by Helios management to better understand operating performance. 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. You should not consider the inclusion of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. Please carefully review the Non-GAAP reconciliations to the most directly comparable GAAP measures and the related additional information provided throughout. Because these metrics are non-GAAP measures and are thus susceptible to varying calculations, these figures, as presented, may not be directly comparable to other similarly titled measures used by other companies.*

*This presentation also presents forward-looking statements regarding non-GAAP measures. The Company is unable to present a quantitative reconciliation of these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict 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 the Company’s 2023 financial results. These non-GAAP financial measures are preliminary estimates and are subject to risks and uncertainties, including, among others, changes in connection with quarter-end and year-end adjustments. Any variation between the Company’s actual results and preliminary financial data set forth above may be material.*

# Q1 2023 Business Summary



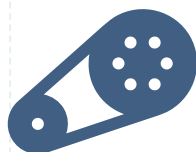
**GREW REVENUE SEQUENTIALLY:** Total +9%, Electronics segment +17% (of which Health and Wellness up 36%), Hydraulics segment +5% over 4Q22; **GREW REVENUE ANNUALLY:** Hydraulics +8% (+10% in constant currency), Electronics -37% while +11% (ex. Health and Wellness) over 1Q22



**PROTECTING THE BUSINESS:** Gross margin +110 bps and operating margin +100 bps sequentially over 4Q22 while navigating supply chain, product mix, FX, and health and wellness YoY compare



**INVESTMENTS MADE** in operating expense (SEA) to integrate flywheel acquisitions, open previously announced Centers of Excellence, timing of segment manufacturing roadmap projects, and accelerating strategic growth opportunities. **CAPEX SPEND** of \$9M in 1Q23 (4% of sales) up 62% YoY to support strategic investments for future growth as planned



Announced the signing of definitive agreement for another strategic **FLYWHEEL ACQUISITION** of i3 Product Development; **NET DEBT TO ADJ. EBITDA** leverage ratio at 2.5x<sup>(1)</sup> ending the quarter (estimated pro-forma net debt to adj. EBITDA leverage ratio with i3 Product Development ~2.6x<sup>(2)</sup>)



Targeting to hit **~\$1B REVENUE MILESTONE** on a run rate<sup>(3)</sup> basis ending 2023; Reiterating revenue outlook of \$910M to \$940M with industry leading margins

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

(2) Estimated on a pro-forma basis to also include i3 Product Development; reflects a non-GAAP measure.

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

# ➔ Strategic Investments for Future Growth

**Opened:** New capacity in India @ Faster



Adds 21,969 sq. ft. to double the size of this location

**Opened:** Automated Warehouse in Italy @ Faster



Adds 22,600 sq. feet of floor space in the existing building that can be leveraged for manufacturing

**In Progress:** New Manifold Center of Excellence in Indiana @ Daman



Adding 50,000 sq. ft. to the existing 72,000 sq. ft.

**Starting:** New capacity expansion in Tijuana, Mexico @ Balboa



Adding 68,000 sq. ft. to the existing 198,000 sq. ft.

# H Latest M&A Flywheel Acquisition Announced



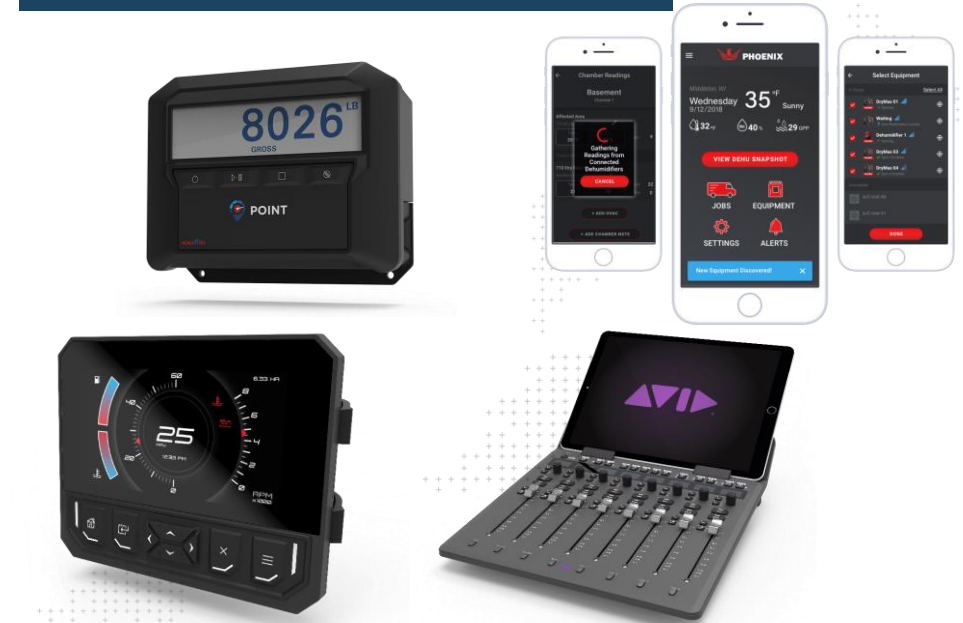
## i3 Product Development

i3 has served more than 450 clients and completed over 4,000 projects in its 28-year history. Creates products that holistically combine emotion, user-centered design, engineered precision, quality craftsmanship, smart technology and design for manufacturability.

- Founded 1995 – HQ in Wisconsin (Sun Prairie, and Middleton locations)
- **DIVERSIFIES END MARKETS:** i3 is a design and engineering firm, with over 55 engineers, that creates products spanning many sectors, including medical, off-highway, recreational and commercial marine, power sports, health and wellness, agriculture, consumer goods, industrial, and sports and fitness. Equips Helios with significant value-added professional services capabilities to solve customer's most complex needs and provide customization to Helios platforms and solutions
- **ENHANCES TECHNOLOGY & CAPABILITIES:** Flywheel acquisition bolsters innovation and technical expertise related to product engineering and design that plugs exactly into our roadmap vision related to telematics and analytics that we have been articulating. Will turbocharge efforts to be the most innovative company focused on the intersection of the hydraulics and electronics markets
- **INTELLECTUAL PROPERTY:** i3 provides a patented remote support platform that delivers support to customers in the field for their IoT (Internet of Things) devices; will enable creation of software as a service (SaaS) component over time
- **MEETS GROWTH AND PROFITABILITY GOALS:** i3 generated over \$13 million in revenue during 2022. Expect to close the transaction in the second quarter of 2023, subject to customary closing conditions



## Facilities & Sample Projects:



# Q1 2023 Financial Results Highlights



(\$ in millions, except per share data)

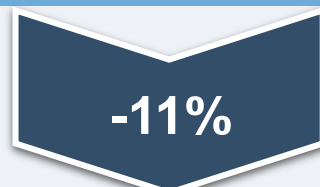
**\$213.2**

Sales  
(\$3.5)

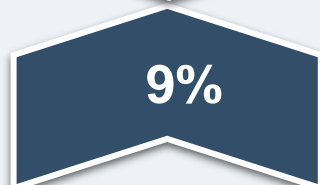
Impact of FX

**\$216.7**

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



YoY



QoQ



YoY  
adjusted

## Sales

- Sales in several end markets grew during the first quarter of 2023 including mobile equipment, industrial, construction and agriculture, offset by the ongoing though improving contraction of the health and wellness market
- Supply chain constraints delayed an estimated \$12.4 million in sales
- Sequentially, sales grew in Europe the Middle East and Africa ("EMEA") 15%, the Americas 8%, and Asia Pacific ("APAC") 4% over fourth quarter 2022. Compared with the first quarter of 2022, sales in all regions declined impacted by the softening demand for electronics products in the health and wellness market

**33.3%**

Gross Margin



YoY



QoQ

## Gross Profit & Margin

- Gross profit and margin drivers: gross profit was down \$12.6M compared with the prior-year period. Changes in foreign currency exchange rates (FX) compared with the first quarter of 2022 reduced gross profit by \$0.9 million
- Gross margin increased 110 basis points over 4Q22 and declined 150 basis points over 1Q22. The decline was driven by reduced leverage on fixed cost basis on lower sales, margin profile of acquisitions, partially offset by favorable sales mix the impact of price increases

(1) Reflects Net Sales in Constant Currency, a non-GAAP financial measure; see supplemental slides for reconciliation and important information regarding Helios' use of non-GAAP financial measures.  
Note: YoY = year-over-year QoQ = sequential quarter-over-quarter.

# Q1 2023 Financial Results Highlights

(\$ in millions, except per share data)

**11.6%**  
Operating Margin

**-620 bps**

YoY

**100 bps**

QoQ

**17.2%**  
Adj. Operating Margin<sup>(1)</sup>

**-460 bps**

YoY

**50 bps**

QoQ

## Operating Expenses

- SEA dollars increased 13% to \$38.1 million compared to the prior-year period, reflecting integration of acquisitions and higher operating expenses, including investing in key strategic projects (i.e., opening previously announced Centers of Excellence, timing of segment manufacturing roadmap projects, and accelerating strategic growth opportunities)
- Amortization of intangible assets increased 16% to \$8.1 million reflecting the Company's flywheel acquisitions
- Net interest expense: \$6.2 million in the quarter up 63% compared with the prior-year period due to rising interest rates and average net debt balance increases related to acquisitions

## Operating Income and Margin

- Sequentially operating income grew 20% while operating margin improved 100 basis points
- Operating income and margin declined over the year ago period reflecting reduced revenues, headwinds of FX, and decline in discretionary consumer spending in health and wellness market, supply chain constraints, and increased SEA investments

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

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

# Q1 2023 Financial Results Highlights



(\$ in millions, except per share data)

**\$13.9**

Net Income

-54%

YoY

-21%

QoQ

**20.3%**

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

-420 bps

YoY

30 bps

QoQ

**\$0.42**

Diluted GAAP EPS

-55%

YoY

-22%

QoQ

**\$0.72**

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

-39%

YoY

-8%

QoQ

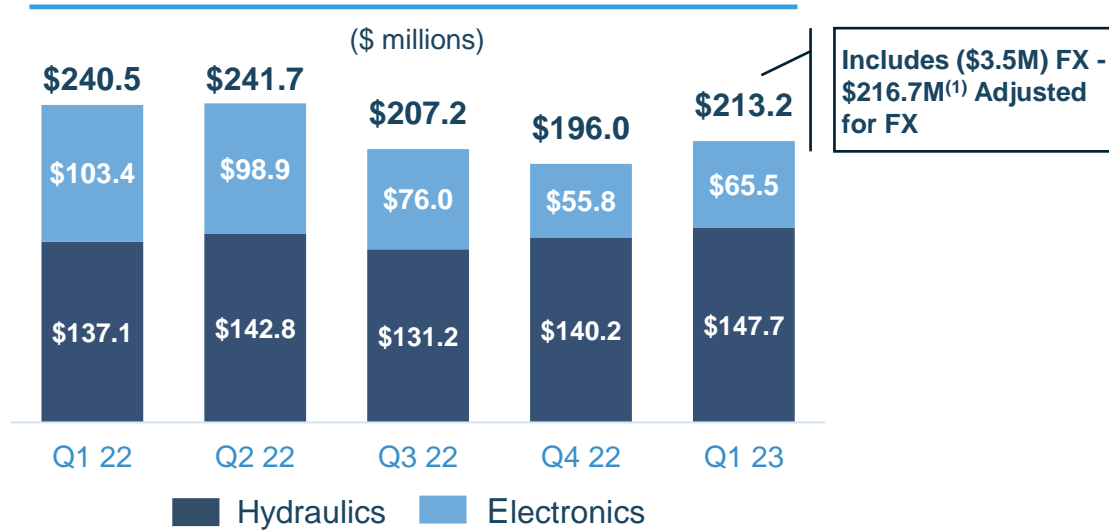
(1) Reflects a non-GAAP financial measure; see supplemental slides for reconciliation of Adjusted EBITDA, Non-GAAP Cash Net Income and other important information regarding Helios' use of non-GAAP financial measures.

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

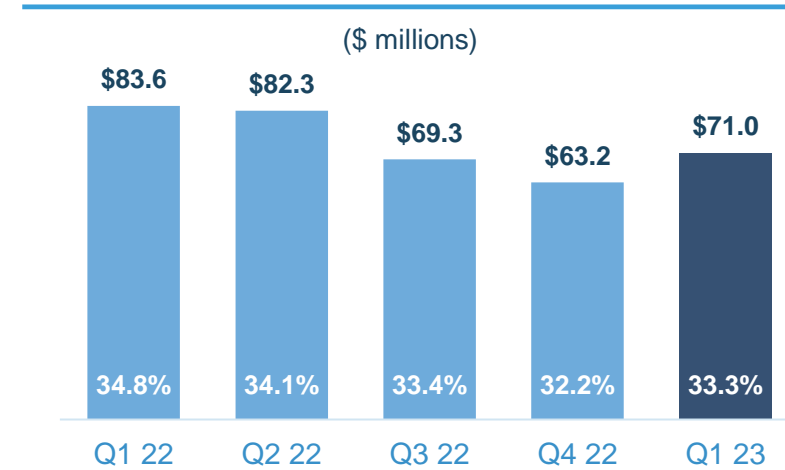


# Q1 2023 – Consolidated Results

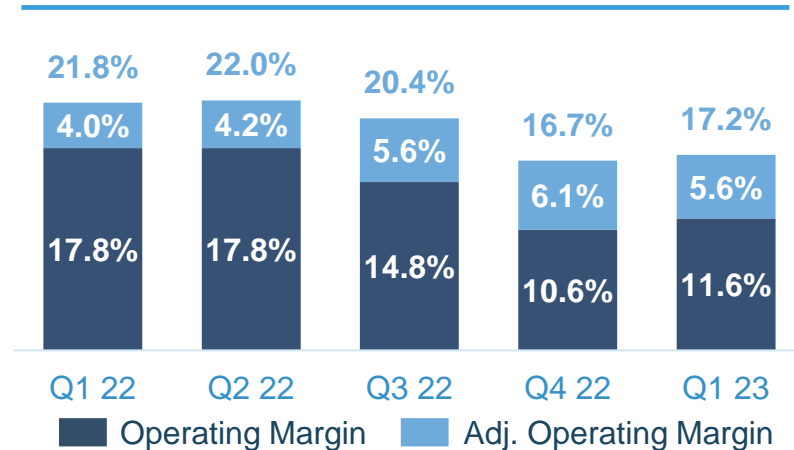
## Sales



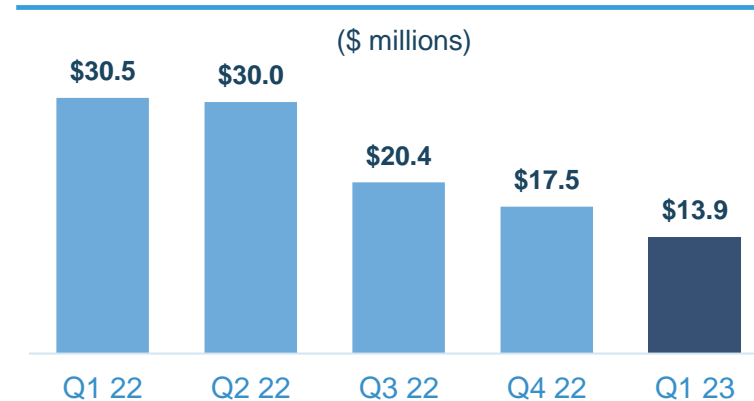
## Gross Profit & Margin



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



## Net Income

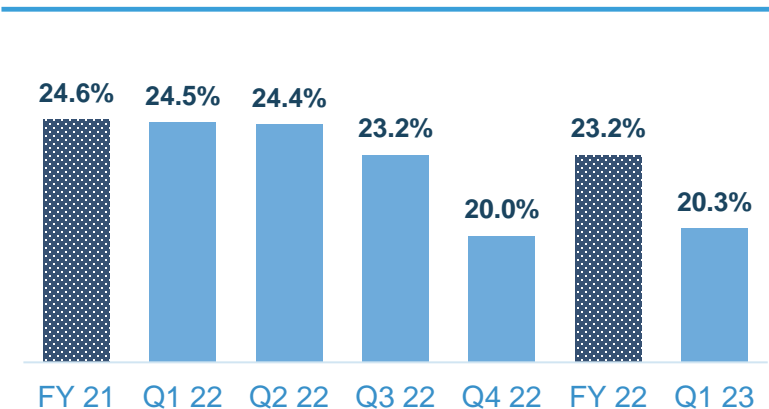


(1) Reflects Net Sales in Constant Currency, a non-GAAP financial measure; see supplemental slides for reconciliation and important information regarding Helios' use of non-GAAP financial measures.

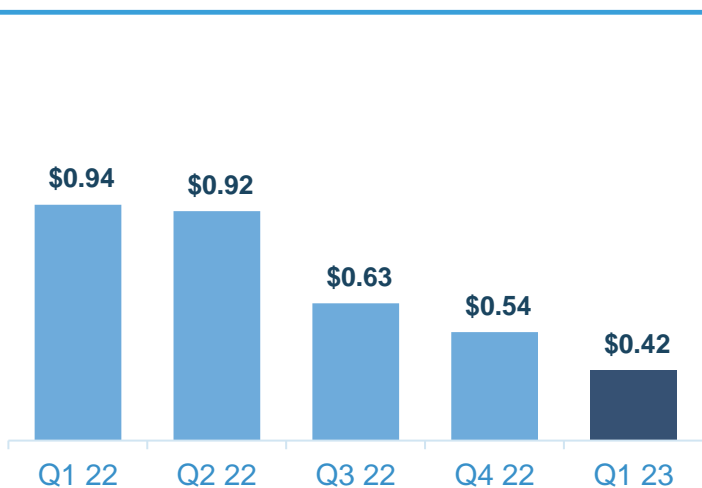
(2) See Supplemental Information for definition of Adjusted Operating Margin and reconciliation from GAAP and other disclaimers regarding non-GAAP information.

# Q1 2023 Consolidated Results

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



## Diluted GAAP EPS



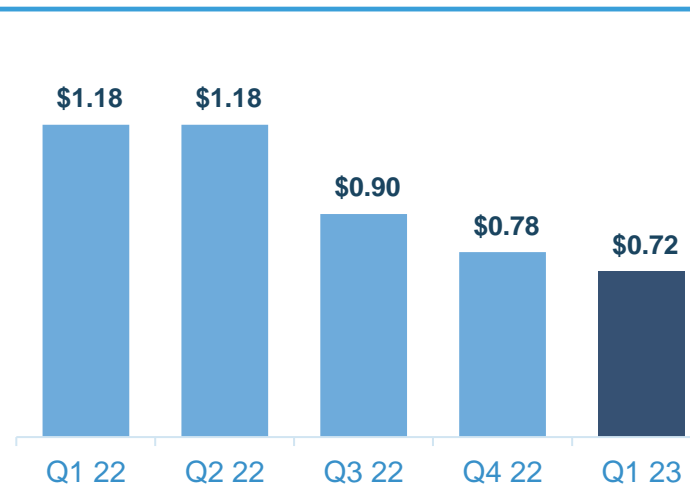
## Adjusted EBITDA Margin Drivers

- Adjusted EBITDA margin up sequentially 30 basis points maintaining healthy level at 20.3% in Q1 despite macro headwinds, supply chain delays, FX impacts, while investing for future growth

## Diluted Earnings Drivers

- Tailwinds: manufacturing and operating strategy efficiencies, acquisitions, sequential improvement in Health and Wellness
- Headwinds: Health and Wellness YoY contraction, supply chain constraints, FX, higher interest rates, tax rates, inflation

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

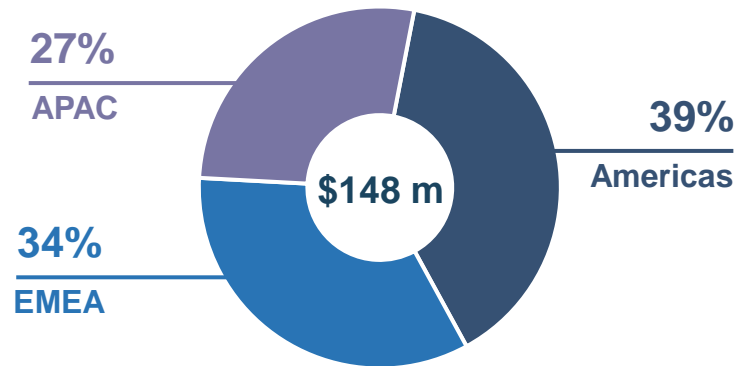


(1) See Supplemental Information for definition of Adjusted EBITDA Margin and Diluted non-GAAP Cash EPS, and reconciliation from GAAP and other disclaimers regarding non-GAAP information.

# Q1 2023 – Hydraulics Segment

## First Quarter Highlights

### Q1 Sales by Region

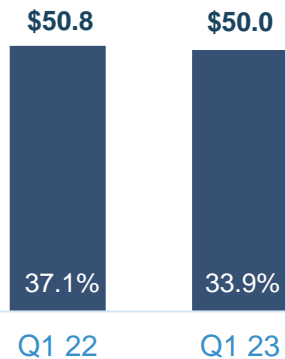


(\$ in millions)

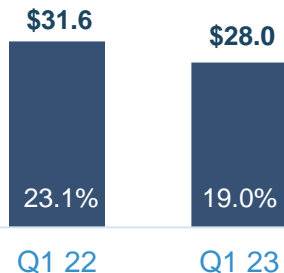
### Sales



### Gross Profit



### Operating Income



### Sales Drivers

- Sales up sequentially over 4Q22 5%; Sales up YoY 8%, on a constant currency<sup>(1)</sup> basis up 10%; driven by sales to the Americas and some pricing
- Acquisitions added \$13.7 million
- FX impact of (\$3.3) million; supply chain constraints delayed an estimated \$7.9 million in sales

### Gross Profit and Margin Drivers

- Gross profit decrease driven primarily by material price increases, FX impact of (\$0.8) million, restructuring costs of \$0.7 million
- Gross margin down due to rising material and energy costs, for which margin was not fully recovered by pricing efforts, as well as the different margin profile of our recent acquisitions

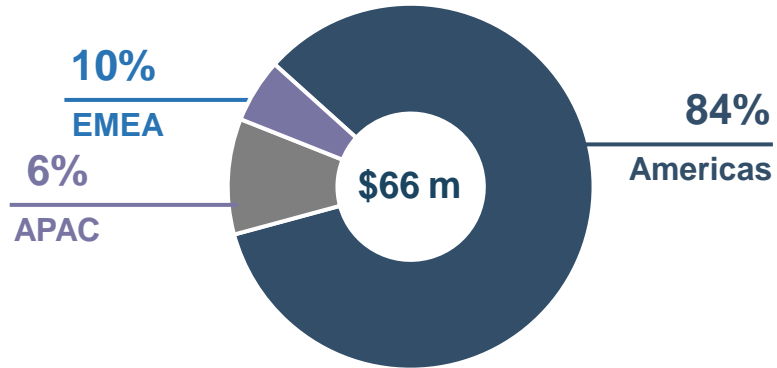
### Operating Income and Margin Drivers

- SEA expenses increased \$2.8 million, 15% YoY, from acquisitions and higher operating costs. \$0.5 million of restructuring costs in the first quarter of 2023 compared to \$0.3 million in the 2022 first quarter
- 410 basis point impact on margin reflects gross margin and SEA drivers

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

# Q1 2023 – Electronics Segment

## Q1 Sales by Region



(\$ in millions)



## First Quarter Highlights

### Sales Drivers

- Sales up sequentially over 4Q22 17% (of which Health and Wellness up 36%). Sales down YoY 37% while up 11% (excluding Health and Wellness.) End market demand was driven by mobile and industrial machinery markets which only partially offset supply chain constraints and a contracting health and wellness market
- FX impact was (\$0.2) million; supply chain constraints delayed an estimated \$4.5 million in sales

### Gross Profit and Margin Drivers

- Gross profit declined \$11.8 million YoY primarily due to decreased sales volume in health and wellness. Gross margin increased 40 basis points to 32.1%, driven primarily by favorable sales mix over the year ago period

### Operating Income and Margin Drivers

- Operating income decreased \$13.0 million, while operating margin declined to 11.5% reflecting flow through of gross margin and operating expenses

# Strong Cash Flow

(\$ in millions)

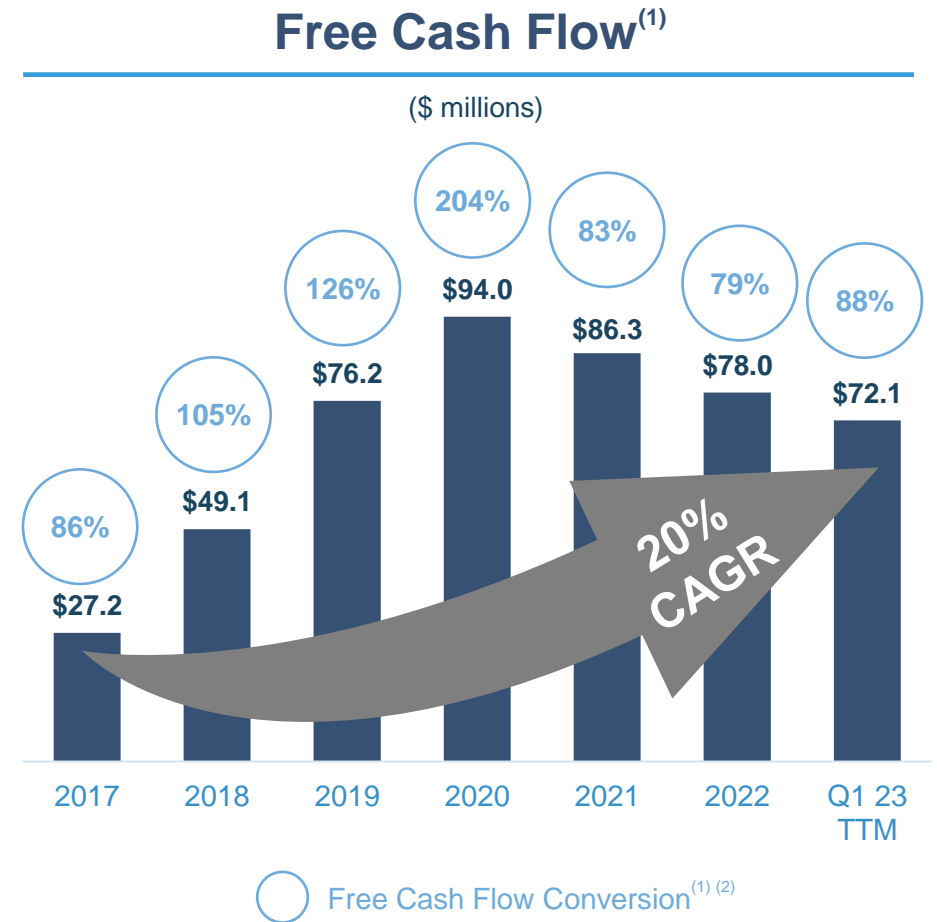
	Three Months Ended	
	<u>4/1/23</u>	<u>4/2/22</u>
Net cash provided by operating activities	\$12.3	\$14.7
CapEx	(9.1)	(5.6)
<b>Free cash flow (FCF)<sup>(1)</sup></b>	<b>\$3.2</b>	<b>\$9.1</b>

## Consistent cash generation and free cash flow

- Capex of \$9.1M up 63% YoY to support strategic investments for future growth as planned
- Cash and cash equivalents at 4/1/23 \$36.3M up 10% YoY
- Q1 2023 TTM (trailing twelve months) free cash flow conversion<sup>(2)</sup> was 88% compared with 79% in FY 2022

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

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



# Capital Structure

(\$ in millions)

Capitalization		
	<u>4/1/23</u>	<u>4/2/22</u>
Cash and cash equivalents	\$36.3	\$33.0
<b>Total debt</b>	525.8	438.1
<b>Total net debt<sup>(1)</sup></b>	489.5	405.1
Shareholders' equity	808.6	735.6
<b>Total capitalization</b>	<b>\$1,334.4</b>	<b>\$1,173.7</b>
Debt/total capitalization	39.4%	37.3%

## Financial Flexibility

- Cash and cash equivalents up \$3.3 million from prior year
- Generated \$12.3 million of operating cash flow in Q1
- Achieved net debt/pro forma Adjusted EBITDA of 2.5x<sup>(2)</sup>:
  - Reflects acquisitions of Schultes
- Company expects to spend between 3% to 5% of sales in capital investments in 2023 – 1Q23 Capex was 4% of sales
- Ended the quarter with total liquidity of \$90.6 million
- Paid dividends consistently for 105 sequential quarters or over 26 years!

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

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



# Reiterating 2023 Outlook

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

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

The following provides the Company's expectations for 2023 as of May 8, 2023. This assumes constant currency, using quarter end rates, and that markets served are not further impacted by the global pandemic or the geo-political environment. On a run-rate basis ending 2023, the Company expects to reach approximately \$1 billion in revenue and approximately 25% Adjusted EBITDA margins.

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

\* Implied three-year Earnings Compound Annual Growth Rate (CAGR) = Diluted Non-GAAP Cash EPS growth calculated between 2020A to the mid-point of 2023 Outlook reiterated on May 8, 2023.

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

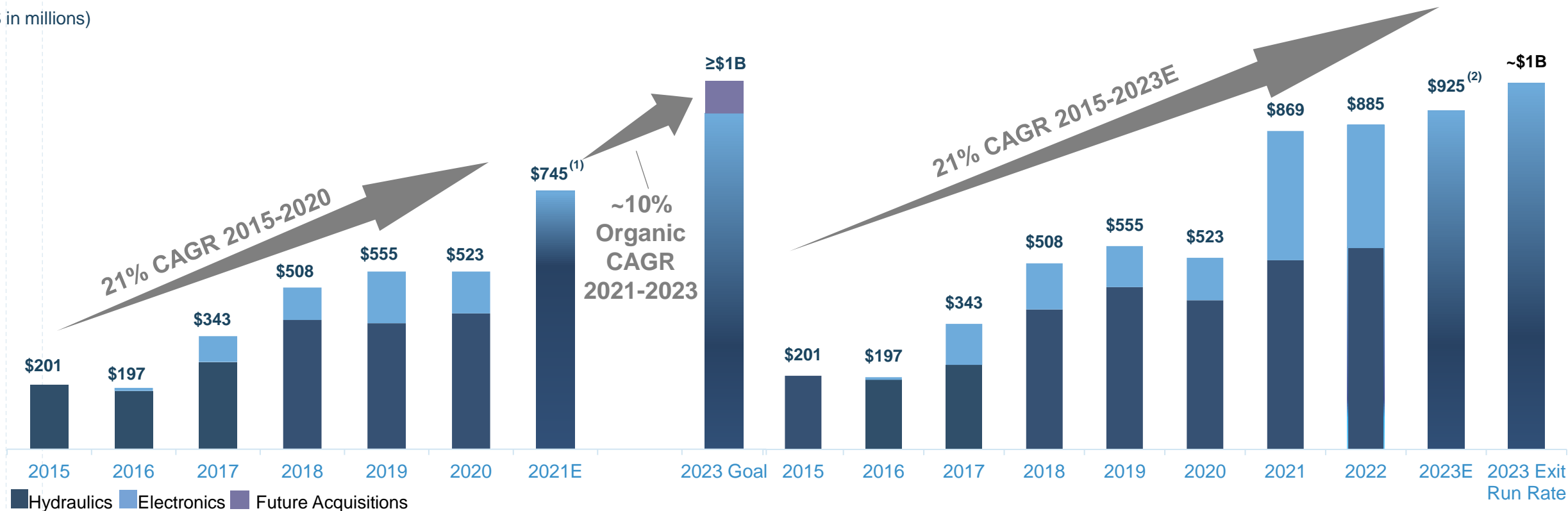
The Company does not provide a reconciliation of forward-looking non-GAAP financial measures, such as adjusted EBITDA, adjusted EBITDA margin and cash net income and cash net income per diluted share disclosed above in our 2023 Outlook, to their comparable GAAP financial measures because it could not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

# Path for Long Term Growth Plans

As Outlined at June 2021 Investor Day

Our Performance & Current View

(\$ in millions)



## Acquisitions Completed Since June 2021 Investor Day:

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

## Acquisition in Process:

- **May 2023** – i3 Product Development (U.S./Global)

(1) 2021E Mid-Point of FY2021 Outlook provided on May 10, 2021  
 (2) 2023E Mid-Point of FY2023 Outlook provided May 8, 2023



# ➤ Path to Hit Accelerated Targets

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

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

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

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

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

### With Enhanced Margin Profile

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

# SUPPLEMENTAL INFORMATION



# H Segment Data

(Unaudited)

(\$ in millions)

	For the Three Months Ended	
	April 1, 2023	April 2, 2022
<i>Sales:</i>		
Hydraulics	\$ 147.7	\$ 137.1
Electronics	65.5	103.4
Consolidated	<u>\$ 213.2</u>	<u>\$ 240.5</u>
<i>Gross profit and margin:</i>		
Hydraulics	\$ 50.0	\$ 50.8
	33.9%	37.1%
Electronics	21.0	32.8
	32.1%	31.7%
Consolidated	<u>\$ 71.0</u>	<u>\$ 83.6</u>
	33.3%	34.8%
<i>Operating income (loss) and margin:</i>		
Hydraulics	\$ 28.0	\$ 31.6
	19.0%	23.1%
Electronics	7.5	20.5
	11.5%	19.8%
Corporate and other	(10.7)	(9.2)
Consolidated	<u>\$ 24.8</u>	<u>\$ 42.9</u>
	11.6%	17.8%

# H Organic and Acquired Sales

(Unaudited)  
(\$ in millions)

	Three Months Ended				Full Year Ended	Three Months Ended	
	April 2, 2022	July 2, 2022	October 1, 2022	December 31, 2022	December 31, 2022	April 1, 2023	
<b>Hydraulics</b>							
Organic	\$ 130.7	\$ 137.1	\$ 129.1	\$ 132.0	\$ 528.9	\$ 134.0	
Acquisition	6.4	5.7	2.1	8.2	22.4	13.7	
Total	\$ 137.1	\$ 142.8	\$ 131.2	\$ 140.2	\$ 551.3	\$ 147.7	
<b>Electronics</b>							
Organic	\$ 102.7	\$ 97.9	\$ 75.2	\$ 55.8	\$ 331.6	\$ 65.5	
Acquisition	0.8	1.0	0.7	-	2.5	-	
Total	\$ 103.4	\$ 98.9	\$ 75.9	\$ 55.8	\$ 334.1	\$ 65.5	
<b>Consolidated</b>							
Organic	\$ 233.4	\$ 235.0	\$ 204.3	\$ 187.8	\$ 860.5	\$ 199.5	
Acquisition	7.2	6.6	2.9	8.2	24.9	13.7	
Total	\$ 240.5	\$ 241.7	\$ 207.2	\$ 196.0	\$ 885.4	\$ 213.2	

Note: Revenue is considered to be acquisition related until the acquisition has been included in the Company's financial results for one full year.

# ⊕ Sales by Geographic Region & Segment

(Unaudited)

## 2022 Sales by Geographic Region and Segment

(\$ in millions)

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

## 2023 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y
<b>Americas:</b>		
Hydraulics	\$ 57.9	34%
Electronics	55.1	(29%)
<b>Consol. Americas</b>	<b>113.0</b>	<b>(6%)</b>
<i>% of total</i>	<i>53%</i>	
<b>EMEA:</b>		
Hydraulics	\$ 49.4	(7%)
Electronics	6.7	(43%)
<b>Consol. EMEA</b>	<b>56.1</b>	<b>(13%)</b>
<i>% of total</i>	<i>26%</i>	
<b>APAC:</b>		
Hydraulics	\$ 40.4	(2%)
Electronics	3.7	(73%)
<b>Consol. APAC</b>	<b>44.1</b>	<b>(20%)</b>
<i>% of total</i>	<i>21%</i>	
<b>Total</b>	<b>\$ 213.2</b>	<b>(11%)</b>

# ⊕ Adjusted Operating Income Reconciliation

(Unaudited)  
(\$ in millions)

	Three Months Ended	
	April 1, 2023	April 2, 2022
<b>GAAP operating income</b>	<b>\$ 24.8</b>	<b>\$ 42.9</b>
Acquisition-related amortization of intangible assets	8.1	7.0
Acquisition and financing-related expenses <sup>(A)</sup>	1.7	0.9
Restructuring charges <sup>(B)</sup>	1.2	0.2
Officer transition costs	0.8	0.3
Acquisition integration costs <sup>(C)</sup>	-	1.1
<b>Non-GAAP adjusted operating income</b>	<b>\$ 36.6</b>	<b>\$ 52.4</b>
<i>GAAP operating margin</i>	<i>11.6%</i>	<i>17.8%</i>
<i>Non-GAAP adjusted operating margin</i>	<i>17.2%</i>	<i>21.8%</i>

## **Non-GAAP Financial Measure:**

*Adjusted operating margin is adjusted operating income divided by sales. Adjusted operating income and adjusted operating margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as adjusted operating income and adjusted operating margin are important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand operating performance. Because adjusted operating income and adjusted operating margin are non-GAAP measures and are thus susceptible to varying calculations, adjusted operating income and adjusted operating income margin, as presented, may not be directly comparable to other similarly titled measures used by other companies. These Non-GAAP financial measures should be considered in addition to results prepared in accordance with GAAP and should not be considered a substitute for GAAP. Please carefully review the Non-GAAP reconciliations to the most directly comparable GAAP measures and other related additional information provided.*

# ⊕ Non-GAAP Cash Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended	
	April 1, 2023	April 2, 2022
<b>Net income</b>	<b>\$ 13.9</b>	<b>\$ 30.5</b>
Amortization of intangible assets <sup>(D)</sup>	8.3	7.1
Acquisition and financing-related expenses <sup>(A)</sup>	1.7	0.9
Restructuring charges <sup>(B)</sup>	1.2	0.2
Officer transition costs	0.8	0.3
Acquisition integration costs <sup>(C)</sup>	-	1.1
Change in fair value of contingent consideration	0.2	0.8
Tax effect of above	(2.7)	(2.6)
<b>Non-GAAP cash net income</b>	<b>\$ 23.4</b>	<b>\$ 38.3</b>
<b>Non-GAAP cash net income per diluted share</b>	<b>\$ 0.72</b>	<b>\$ 1.18</b>

## Non-GAAP Financial Measure:

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

# Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended		Twelve Months Ended
	April 1, 2023	April 2, 2022	April 1, 2023
<b>Net income</b>	\$ 13.9	\$ 30.5	\$ 81.8
Interest expense, net	6.2	3.8	19.1
Income tax provision	4.1	8.8	18.7
Depreciation and amortization	15.2	12.6	54.2
<b>EBITDA</b>	<b>39.4</b>	<b>55.6</b>	<b>173.8</b>
Acquisition and financing-related expenses <sup>(A)</sup>	1.7	0.9	6.7
Restructuring charges <sup>(B)</sup>	1.2	0.2	4.4
Officer transition costs	0.8	0.3	0.8
Acquisition integration costs <sup>(C)</sup>	-	1.1	2.5
Change in fair value of contingent consideration	0.2	0.8	1.1
Other	-	-	0.1
<b>Adjusted EBITDA</b>	<b>\$ 43.3</b>	<b>\$ 59.0</b>	<b>\$ 189.4</b>
<i>Adjusted EBITDA margin</i>	<i>20.3%</i>	<i>24.5%</i>	<i>22.1%</i>
Pre-acquisition adjusted EBITDA, 2023 Schultes, 2022 Taimi and Daman			9.5
<b>TTM Pro forma adjusted EBITDA</b>			<b>\$ 198.9</b>

(A) Acquisition and financing-related expenses include costs associated with our M&A activities. These activities include all phases of the M&A process from analyzing targets, to raising funding, to due diligence and transaction costs at closing. We utilize internal resources for our acquisition activities and have chosen not to staff a full M&A department or use significant outside services. We believe these costs are not representative of the Company's operational performance and it is therefore more meaningful to analyze results with the costs excluded. For the three months ended April 1, 2023, the charges include recurring labor costs of \$0.2 million, professional fees of \$1.1 million, travel costs of \$0.1 million and other M&A related costs of \$0.3 million.

(B) Restructuring activities include costs associated with the creation of our two new Regional Operational Centers of Excellence. We believe these costs are not representative of the Company's operational performance and it is therefore more meaningful to analyze results with the costs excluded. For the three months ended April 1, 2023, the charges include non-recurring labor costs of \$0.6 million, travel costs of \$0.2 million and manufacturing relocation and other costs of \$0.4 million.

(C) Acquisition integration activities include costs associated with integrating our acquired businesses, which can occur up to 18 months after acquisition date. We believe these costs are not representative of the Company's operational performance and it is therefore more meaningful to analyze results with the costs excluded. For the three months ended April 1, 2023, costs incurred for our integration activities were minimal.

(D) Amortization of intangible assets presented here includes \$0.2 million of amortization for capitalized software development costs included within cost of sales in the income statement.

## Non-GAAP Financial Measure:

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



# Free Cash Flow Reconciliation

(Unaudited)

(\$ in millions)

	Full Year						TTM
	2017	2018	2019	2020	2021	2022	Q1 2023
Net cash provided by operating activities	\$ 49.4	\$ 77.5	\$ 90.5	\$ 108.6	\$ 113.1	109.9	107.5
Contingent consideration payment in excess of acquisition date fair value	-	-	10.7	-	-	-	-
Adjusted net cash provided by operating activities	49.4	77.5	101.2	108.6	113.1	109.9	107.5
Capital expenditures	22.2	28.4	25	14.6	26.8	31.9	35.4
Adjusted Free cash flow	\$ 27.2	\$ 49.1	\$ 76.2	\$ 94.0	\$ 86.3	78.0	72.1
Net income	31.6	46.7	60.3	14.2	104.6	98.4	81.8
Goodwill impairment	-	-	-	31.9	-	-	-
Net income, less goodwill impairment	\$ 31.6	\$ 46.7	\$ 60.3	\$ 46.1	\$ 104.6	98.4	81.8
Free cash flow conversion	86%	105%	126%	204%	83%	79%	88%

	Three Months Ended	
	April 1, 2023	April 2, 2022
Net cash provided by operating activities	\$ 12.3	\$ 14.7
Capital expenditures	(9.1)	(5.6)
Free cash flow	\$ 3.2	\$ 9.1
Net income	\$ 13.9	\$ 30.5
Free cash flow conversion	23%	30%

## Non-GAAP Financial Measure:

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

# ⊕ Non-GAAP Sales Growth Reconciliation

(Unaudited)  
(\$ in millions)

	Three Months Ended		
	Hydraulics	Electronics	Consolidated
Q1 2023 Net Sales	\$ 147.7	\$ 65.5	\$ 213.2
Impact of foreign currency translation <sup>(E)</sup>	3.3	0.2	3.5
<b>Net Sales in constant currency</b>	<b>151.0</b>	<b>65.7</b>	<b>216.7</b>
Less: Acquisition related sales	(13.7)	-	(13.7)
<b>Organic sales in constant currency</b>	<b>\$ 137.3</b>	<b>\$ 65.7</b>	<b>\$ 203.0</b>
Q1 2022 Net Sales	\$ 137.1	\$ 103.4	\$ 240.5
<b>Net sales growth</b>	<b>8%</b>	<b>-37%</b>	<b>-11%</b>
<b>Net sales growth in constant currency</b>	<b>10%</b>	<b>-36%</b>	<b>-10%</b>
<b>Organic net sales growth in constant currency</b>	<b>0%</b>	<b>-36%</b>	<b>-16%</b>

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

## Non-GAAP Financial Measure:

*Net Sales in Constant Currency is Net Sales adjusted for the impact of foreign currency translation. The impact from foreign currency translation is calculated by translating current period activity at average prior period exchange rates. Net Sales in Constant Currency is not a measure 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 Sales in Constant Currency is important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Helios' management to better understand operating performance. Because Net Sales in Constant Currency is non-GAAP measures and are thus susceptible to varying calculations, Net Sales in Constant Currency, as presented, may not be directly comparable to other similarly titled measures used by other companies. These Non-GAAP financial measures should be considered in addition to results prepared in accordance with GAAP and should not be considered a substitute for GAAP. Please carefully review the Non-GAAP reconciliations to the most directly comparable GAAP measures and other related additional information provided.*

# ⊕ Net Debt to Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in millions)

	As of
	April 1, 2023
Current portion of long-term non-revolving debt, net	20.2
Revolving lines of credit	346.7
Long-term non-revolving debt, net	158.9
<b>Total debt</b>	<b>525.8</b>
Less: Cash and cash equivalents	36.3
<b>Net debt</b>	<b>489.5</b>
TTM Pro forma adjusted EBITDA <sup>(F)</sup>	198.9
<b>Ratio of net debt to TTM pro forma adjusted EBITDA</b>	<b>2.46</b>

<sup>(F)</sup> On a pro-forma basis for Taimi, Daman, and Schultes.

## **Non-GAAP Financial Measure:**

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



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