



AUGMENTING STRATEGY
ADVANCING TECHNOLOGIES
ACCELERATING GROWTH



First Quarter 2022 Earnings

May 10, 2022

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

Safe Harbor Statement

This presentation and oral statements made by management in connection herewith that are not historical facts are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those expressed or implied by such statements. They include statements regarding current expectations, estimates, forecasts, projections, our beliefs, and assumptions made by Helios Technologies, Inc. (“Helios” or the “Company”), its directors or its officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company’s strategies regarding growth, including its intention to develop new products and make acquisitions; (ii) the effectiveness of creating the Center of Engineering Excellence; (iii) the Company’s financing plans; (iv) trends affecting the Company’s financial condition or results of operations; (v) the Company’s ability to continue to control costs and to meet its liquidity and other financing needs; (vi) the declaration and payment of dividends; and (vii) the Company’s ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as “may,” “expects,” “projects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives or goals also are forward-looking statements. These statements are not guaranteeing future performance and are subject to a number of risks and uncertainties. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause the actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to, (i) supply chain disruption and the potential inability to procure goods; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) inflation (including hyperinflation) or recession; (iv) changes in the competitive marketplace that could affect the Company’s revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (v) risks related to health epidemics, pandemics and similar outbreaks and similar outbreaks, including, without limitation, the current COVID-19 pandemic, which may among other things, adversely affect our supply chain, material costs, and work force and may have material adverse effects on our business, financial position, results of operations and/or cash flows; (vi) risks related to our international operations, including the potential impact of the ongoing conflict between Russia and Ukraine; and (vii) new product introductions, product sales mix and the geographic mix of sales nationally and internationally. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the heading Item 1. “Business” and Item 1A. “Risk Factors” in the Company’s Form 10-K for the year ended January 1, 2022.

Helios has presented forward-looking statements regarding Diluted Non-GAAP cash EPS and Adjusted EBITDA margin. These non-GAAP financial measures are derived by excluding certain amounts, expenses or income from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from these non-GAAP measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income recognized in a given period. Helios is unable to present a quantitative reconciliation of forward-looking non-GAAP cash EPS and Adjusted EBITDA margin to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict all the necessary components of such GAAP measures without unreasonable effort or expense. In addition, the Company believes that such reconciliations would imply a degree of precision that would be confusing or misleading to investors. The unavailable information could have a significant impact on Helios’ full year 2022 financial results. These non-GAAP financial measures are preliminary estimates and are subject to risks and uncertainties, including, among others, changes in connection with quarter-end and year-end adjustments. Any variation between Helios’ actual results and preliminary financial data set forth above may be material.

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



Q1 2022 Business Summary



Executing **MANUFACTURING AND OPERATIONS STRATEGY** to deliver **OUTPERFORMANCE** with **INDUSTRY-LEADING DELIVERY SCHEDULES** for products and solutions despite global constraints



Achieved **14% ORGANIC GROWTH** in the quarter through **HIGH RESPONSE RATE, CAPITAL INVESTMENT** and **BREAKTHROUGH INNOVATION**



Strong **OPERATING LEVERAGE DRIVES REVENUE CONVERSION** to bottom line with net income growth of **35%**



INNOVATING GLOBALLY to provide solutions; **EXERCISING ROBUST AGILITY**, further developing **TALENT** and driving customer **LOYALTY**



FINANCIAL STRENGTH AND FLEXIBILITY to face ongoing global challenges while driving accelerated **ORGANIC AND ACQUISITIVE GROWTH**: net-debt-to-adjusted EBITDA leverage ratio of **1.79x⁽¹⁾**



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



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

M&A Flywheel Acquisition Strategy At Work



Taimi Hydraulics

Innovative hydraulics component designer and manufacturer

Products

Swivel Cartridges to complete multiline packages

- Founded 2005 -- manufacturer of innovative hydraulic components
 - Ball-less design swivel products
 - Improves hydraulic reliability of equipment
 - Increases service life of components
 - Helps protect the environment by reducing leakage
- **HISTORICAL PARTNERSHIP:** started working with Faster S.r.l. in October 2020 in a collaborative distribution arrangement
- **STRONG ENGINEERING:** proprietary, scalable technology and solutions-based offerings distributed in 34 countries
- **STRONG BRAND RECOGNITION:** swivels translate to higher productivity and lower operating costs
- **BOLT ON TO HELIOS' HYDRAULICS PLATFORM:** expanding solutions offerings and enabling accelerated path into forestry and mining
- Expected to close in the third quarter of 2022 or as soon as practicable



Q1 2022 Financial Results Highlights

(\$ in millions, except per share data)

\$240.5
Sales

17%

YoY

11%

QoQ

Sales

- Successful execution drove 17% increased revenue growth, with organic growth of 14% YoY
- Best in class lead times, responsive manufacturing strategy, and focused inventory investments drove higher results
- Improved demand across all markets – with mobile and health and wellness leading the way, enhanced with internal efficiencies, focus on customer loyalty to assist their business results

34.8%
Gross Margin

200 bps

YoY

60 bps

QoQ

Gross Profit & Margin

- Gross profit benefitted from increased volume
- Gross margin reflects challenges of supply chain and increases in logistics, material and labor costs
- Pricing helped to offset higher costs, along with improved fixed cost leverage and diligent cost management



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

Q1 2022 Financial Results Highlights

(\$ in millions, except per share data)

17.8%
Operating Margin

90 bps YoY

320 bps QoQ

21.8%
Adj. Operating Margin⁽¹⁾

100 bps YoY

200 bps QoQ

Operating Expenses

- SG&A decreased 90 bps to 14% of sales reflecting operating leverage and cost management initiatives
- Amortization of intangible assets was down \$3.2 million to \$7.0 million

Operating Income and Margin

- \$8.3 million year-over-year growth in operating income boosted by higher sales, operational efficiencies, and strong operating leverage
- Operating margin up 90 basis points over the year-ago period
- Adjusted operating margin up 200 basis points sequentially



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

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

Q1 2022 Financial Results Highlights

(\$ in millions, except per share data)

\$30.5
Net Income

35%

YoY

29%

QoQ

24.5%

Adj. EBITDA Margin⁽¹⁾

60 bps

YoY

180 bps

QoQ

\$0.94
Diluted GAAP
EPS

34%

YoY

31%

QoQ

\$1.18

Diluted Non-GAAP
Cash EPS⁽²⁾

19%

YoY

17%

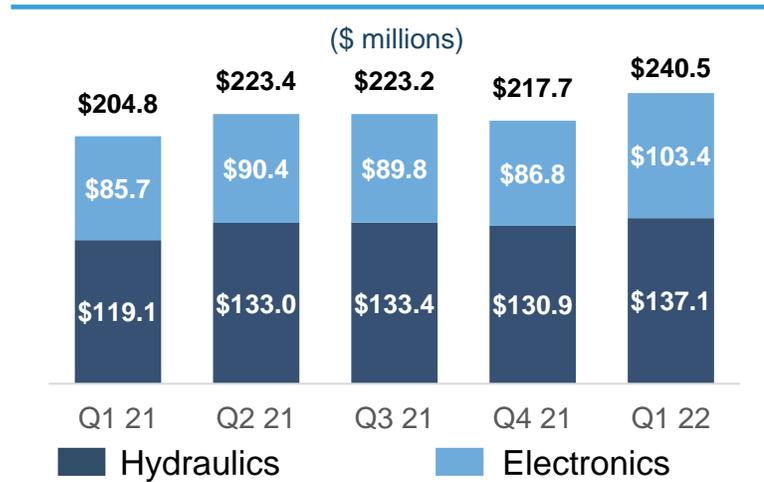
QoQ

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

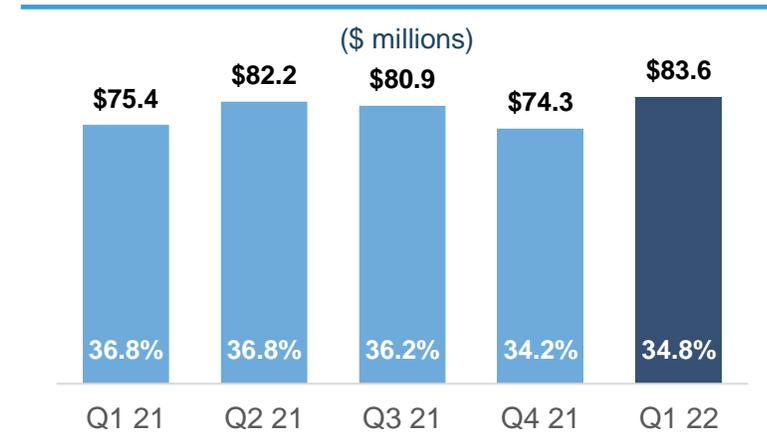
(2) Reflects a non-GAAP financial measure; see supplemental slide for Non-GAAP Cash Net Income reconciliation and other important information regarding Helios' use of Non-GAAP Cash Net Income and EPS.

Q1 2022 – Consolidated Results

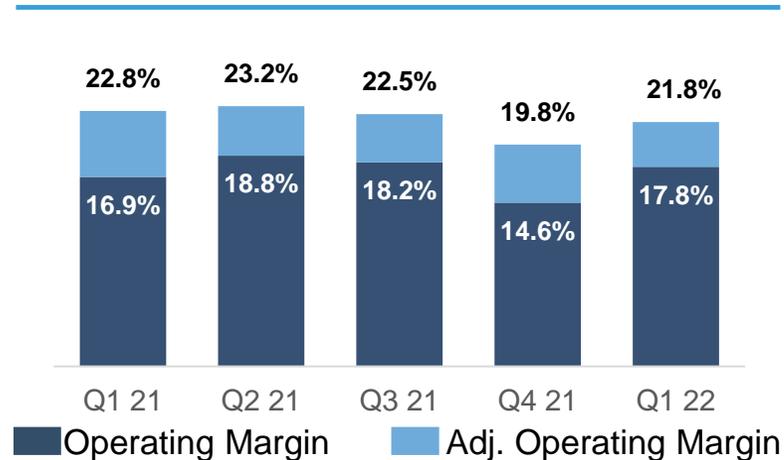
Sales



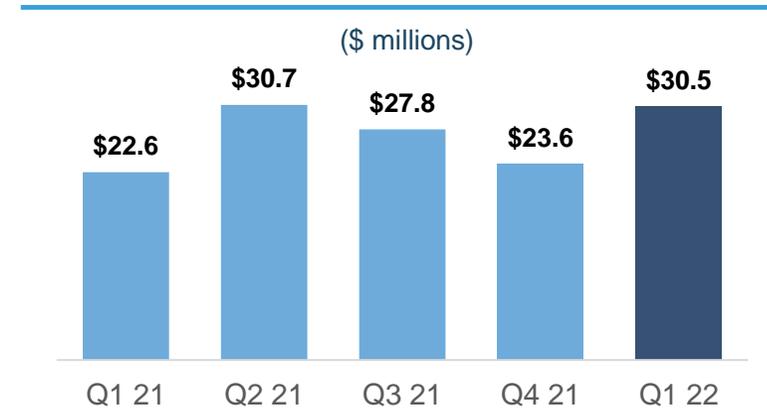
Gross Profit & Margin



Operating / Adj. Op. Margin⁽¹⁾



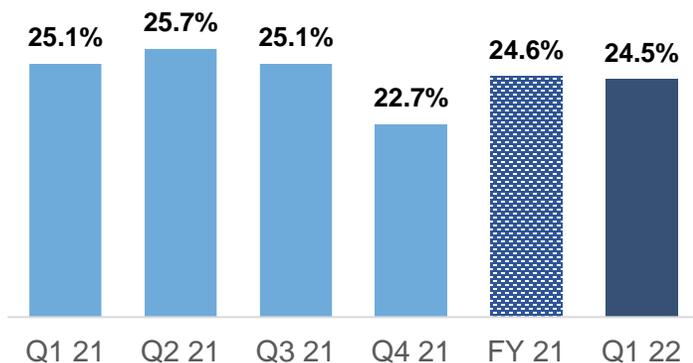
Net Income



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

Q1 2022 – Consolidated Results

Adj. EBITDA Margin⁽¹⁾



Diluted GAAP EPS



Adjusted EBITDA Margin Drivers

- Top tier industry performance despite challenging macro environment highlighting business model leverage

Diluted Earnings Drivers

- Strong operating leverage dropping to the bottom line reflecting higher sales and manufacturing and operational efficiencies being partially masked by tough macroenvironment

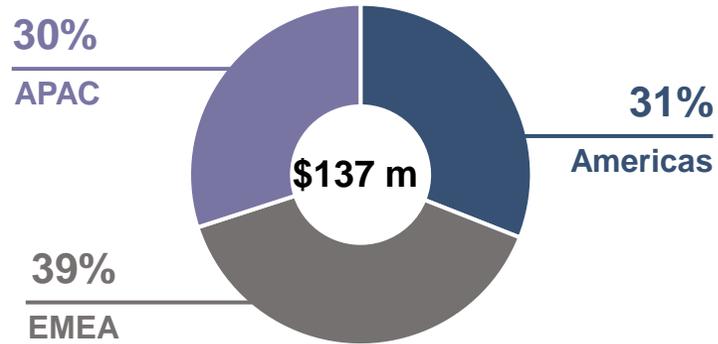
Diluted Non-GAAP Cash EPS⁽¹⁾



(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.

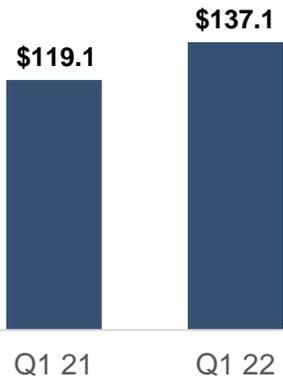
Q1 2022 – Hydraulics Segment

Q1 Sales by Region

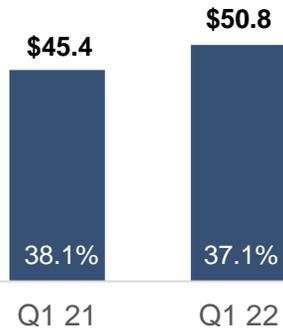


(\$ in millions)

Sales



Gross Profit



Operating Income



First Quarter Highlights

Sales Drivers

- Growth as end markets rebound, especially mobile and industrial equipment markets. Improved demand seen in the Americas and EMEA [despite approximately \$6.6 million of delays due to supply chain shortages]
- Acquisitions added \$6.4 million, with organic revenue growth of 10% YoY
- Unfavorable FX impact of \$4.5M

Gross Profit and Margin Drivers

- Gross profit increased \$5.4 million, or 12% due to higher volumes partially offset by unfavorable FX
- Gross margin reflects increases in material, logistics, labor costs and unfavorable FX offsetting benefits from price increases and fixed cost leverage on higher volume

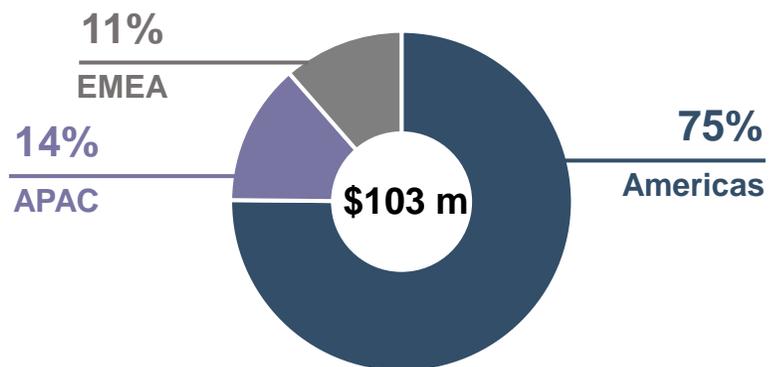
Operating Income and Margin

- Operating income grew by \$3.5 million, or 13% due to strong leverage and cost discipline
- 50 basis point impact on margin reflects gross margin drivers



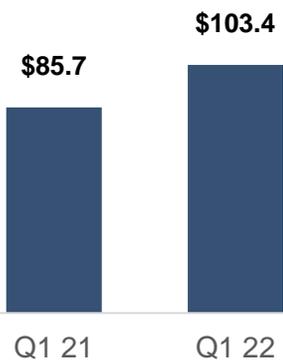
Q1 2022 – Electronics Segment

Q1 Sales by Region



(\$ in millions)

Sales



Gross Profit



Operating Income



First Quarter Highlights

Sales Drivers

- Strong demand in health & wellness and recreational markets drove growth in all regions [despite approximately \$11 million of delays due to supply chain shortages]
- Organic revenue growth of 20% YoY
- FX and acquisitions were minimal impacts on sales

Gross Profit and Margin Drivers

- Gross profit increased \$2.8 million, or 9% due to higher volume
- Gross margin impacted by increases in raw material, freight, and logistics costs related to supply chain shortages as well as labor costs

Operating Income and Margin

- 160 basis point reduction reflects flow through of gross margin and higher personnel costs offset by fixed cost leverage on higher sales



Strong Cash Flow

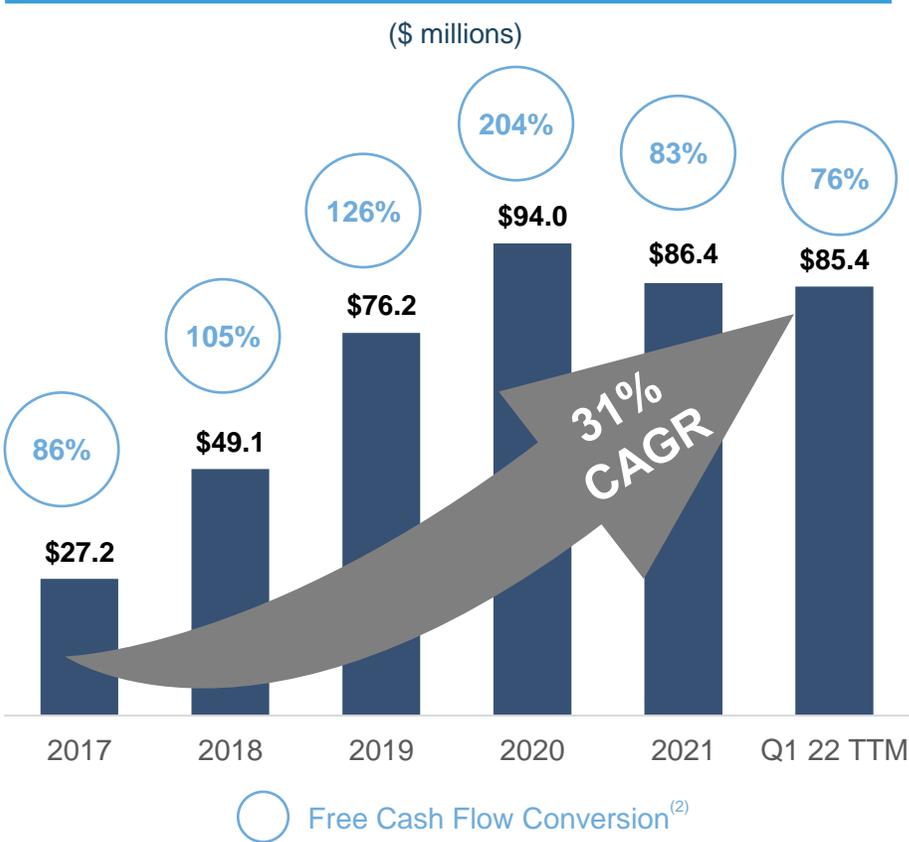
	Three Months Ended	
	<u>4/2/22</u>	<u>4/3/21</u>
Net cash provided by operating activities	\$14.7	\$15.1
CapEx	(5.6)	(5.0)
Free cash flow (FCF)⁽¹⁾	\$9.1	\$10.1

Note: Components may not add to totals due to rounding

Strong cash generation and free cash flow in Q1 2022

- Solid profitability despite higher working capital to combat supply chain challenges
- Q1 2022 CapEx of \$5.6 million
- Inventory increased 8.9%, from the end of 2021 driven by focused inventory investments to mitigate supply chain issues, anticipate customer needs and maintain top tier lead times.

Free Cash Flow⁽¹⁾



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

Capital Structure

Capitalization		
	<u>4/2/22</u>	<u>4/3/21</u>
Cash and cash equivalents	\$33.0	\$25.9
Total debt	438.1	452.2
Total net debt⁽¹⁾	405.1	426.3
Shareholders' equity	735.6	625.3
Total capitalization	\$1,173.7	\$1,077.5
Debt/total capitalization	37.3%	42.0%

Note: Components may not add to totals due to rounding

Financial Flexibility

- Cash and cash equivalents up \$4.5 million from the end of 2021
- Generated \$14.7 million of operating cash flow in Q1
- Achieved net debt/pro forma Adjusted EBITDA of 1.79x⁽²⁾ :
 - Maintained long-term target level of below 2.0x down from 1.89x⁽²⁾ at the end of 2021
- Company expects to spend between 3% to 5% of sales in capital investments in 2022
- Ended the quarter with total liquidity of \$192 million
- Paid dividends consistently for 101 sequential quarters or over twenty-five years!

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

(2) Pro Forma for the NEM and Joyonway acquisitions.

See supplemental slide for net debt-to-Pro Forma Adjusted EBITDA reconciliation and other important information regarding Helios' use of net debt-to-Pro Forma Adjusted EBITDA.

2022 Outlook Reaffirmed

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

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

The Company does not provide a reconciliation of forward-looking non-GAAP financial measures, such as adjusted EBITDA, adjusted EBITDA margin and cash net income and cash net income per diluted share disclosed above in our 2022 Outlook, to their comparable GAAP financial measures because it could not do so without unreasonable effort due to the unavailability of the information needed to calculate reconciling items and due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP financial measures in future periods.



Note: This assumes constant currency rates, using quarter end rates, and that markets served are not further impacted by the global pandemic.

Supplemental Information



Segment Data

<i>(Unaudited)</i> <i>(\$ in thousands)</i>	Three Months Ended	
	April 2, 2022	April 3, 2021
Sales:		
Hydraulics	\$ 137,106	\$ 119,106
Electronics	103,441	85,738
Consolidated	<u>\$ 240,547</u>	<u>\$ 204,844</u>
Gross profit and margin:		
Hydraulics	\$ 50,838	\$ 45,409
	37.1%	38.1%
Electronics	32,805	29,958
	31.7%	35.0%
Consolidated	<u>\$ 83,643</u>	<u>\$ 75,367</u>
	34.8%	36.8%
Operating income (loss) and margin:		
Hydraulics	\$ 31,633	\$ 28,073
	23.1%	23.6%
Electronics	20,523	18,280
	19.8%	21.4%
Corporate and other	(9,269)	(11,745)
Consolidated	<u>\$ 42,887</u>	<u>\$ 34,608</u>
	17.8%	16.9%



Organic and Acquired Sales

(Unaudited) (\$ in thousands)	Three Months Ended				Full Year Ended	Three Months Ended
	April 3, 2021	July 3, 2021	October 2, 2021	January 1, 2022	January 1, 2022	April 2, 2022
Hydraulics						
Organic	\$ 119,106	\$ 133,039	\$ 128,672	\$ 125,200	\$ 506,017	\$ 130,691
Acquisition	-	-	4,732	5,700	10,432	6,415
Total	\$ 119,106	\$ 133,039	\$ 133,404	\$ 130,900	\$ 516,449	\$ 137,106
Electronics						
Organic	\$ 29,459	\$ 30,191	\$ 30,808	\$ 66,107	\$ 156,565	\$ 102,663
Acquisition	56,279	60,183	59,029	20,680	196,171	778
Total	\$ 85,738	\$ 90,374	\$ 89,837	\$ 86,787	\$ 352,736	\$ 103,441
Consolidated						
Organic	\$ 148,565	\$ 163,230	\$ 159,480	\$ 191,307	\$ 662,582	\$ 233,354
Acquisition	56,279	60,183	63,761	26,380	206,603	7,193
Total	\$ 204,844	\$ 223,413	\$ 223,241	\$ 217,687	\$ 869,185	\$ 240,547



Sales by Geographic Region & Segment

(Unaudited)

2021 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y	Q2	% Change y/y	Q3	% Change y/y	Q4	% Change y/y
Americas:								
Hydraulics	\$ 34.3	(8%)	\$ 41.7	22%	\$ 45.2	63%	\$ 46.5	49%
Electronics	65.0	201%	64.1	378%	64.2	200%	\$ 64.5	72%
Consol. Americas	99.3	69%	105.8	122%	109.4	123%	111.0	61%
<i>% of total</i>	48%		47%		49%		51%	
EMEA:								
Hydraulics	\$ 43.3	29%	\$ 46.6	49%	\$ 44.8	40%	\$ 45.3	32%
Electronics	9.3	272%	11.0	479%	11.1	640%	\$ 10.6	116%
Consol. EMEA	52.6	46%	57.6	74%	55.9	66%	55.9	42%
<i>% of total</i>	26%		26%		25%		26%	
APAC:								
Hydraulics	\$ 41.5	26%	\$ 44.7	22%	\$ 43.4	13%	\$ 39.1	5%
Electronics	11.4	613%	15.3	705%	14.5	867%	\$ 11.7	92%
Consol. APAC	52.9	53%	60.0	55%	57.9	45%	50.8	17%
<i>% of total</i>	26%		27%		26%		23%	
Total	\$ 204.8	58%	\$ 223.4	87%	\$ 223.2	82%	\$ 217.7	44%

2022 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y
Americas:		
Hydraulics	\$ 43.1	26%
Electronics	77.7	20%
Consol. Americas	120.8	22%
<i>% of total</i>	50%	
EMEA:		
Hydraulics	\$ 52.9	22%
Electronics	11.8	27%
Consol. EMEA	64.7	23%
<i>% of total</i>	27%	
APAC:		
Hydraulics	\$ 41.1	(1%)
Electronics	13.9	22%
Consol. APAC	55.0	4%
<i>% of total</i>	23%	
Total	\$ 240.5	17%



Adjusted Operating Income Reconciliation

(Unaudited) (\$ in thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
GAAP operating income	\$ 42,887	\$ 34,608
Acquisition-related amortization of intangible assets	6,980	10,198
Acquisition and financing-related expenses	859	922
Restructuring charges	268	418
Officer transition costs	302	-
Acquisition integration costs	1,119	594
Non-GAAP adjusted operating income	\$ 52,415	\$ 46,740
<i>GAAP operating margin</i>	<i>17.8%</i>	<i>16.9%</i>
<i>Non-GAAP adjusted operating margin</i>	<i>21.8%</i>	<i>22.8%</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.



Non-GAAP Cash Net Income Reconciliation

(Unaudited) (\$ in thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
Net income	\$ 30,478	\$ 22,587
Amortization of intangible assets	7,105	10,231
Acquisition and financing-related expenses	859	922
Restructuring charges	268	418
Officer transition costs	302	-
Acquisition integration costs	1,119	594
Change in fair value of contingent consideration	836	-
Tax effect of above	(2,622)	(3,041)
Non-GAAP cash net income	\$ 38,345	\$ 31,711
Non-GAAP cash net income per diluted share	\$ 1.18	\$ 0.99

Non-GAAP Financial Measure:

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



Adjusted EBITDA Reconciliation

(Unaudited) (\$ in thousands)	Three Months Ended		Twelve Months Ended
	April 2, 2022	April 3, 2021	April 2, 2022
Net income	\$ 30,478	\$ 22,587	\$ 112,487
Interest expense, net	3,809	4,751	15,929
Income tax provision	8,774	6,807	28,550
Depreciation and amortization	12,554	15,237	51,718
EBITDA	55,615	49,382	208,684
Acquisition and financing-related expenses	859	922	5,678
Restructuring charges	268	418	323
Officer transition costs	302	-	619
Inventory step-up amortization	-	-	558
Acquisition integration costs	1,119	594	3,374
Change in fair value of contingent consideration	836	-	1,886
Other	-	-	626
Adjusted EBITDA	\$ 58,999	\$ 51,316	\$ 221,748
<i>Adjusted EBITDA margin</i>	24.5%	25.1%	24.5%
Pre-acquisition adjusted EBITDA, NEM and Joyonway			4,334
TTM Pro forma adjusted EBITDA			\$ 226,082

Non-GAAP Financial Measure:

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



Free Cash Flow Reconciliation

(Unaudited)

(\$ in thousands)

	2017	2018	2019	2020	2021	Q1 2022 TTM
Net cash provided by operating activities	\$ 49,382	\$ 77,450	\$ 90,480	\$ 108,556	\$ 113,202	\$ 112,808
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	113,202	112,808
Capital expenditures	22,205	28,380	25,025	14,580	26,794	27,388
Adjusted Free cash flow	\$ 27,177	\$ 49,070	\$ 76,186	\$ 93,976	\$ 86,408	\$ 85,420
Net income	31,558	46,730	60,268	14,218	104,596	112,487
Goodwill impairment	-	-	-	31,871	-	-
Net income, less goodwill impairment	\$ 31,558	\$ 46,730	\$ 60,268	\$ 46,089	\$ 104,596	\$ 112,487
Free cash flow conversion	86%	105%	126%	204%	83%	76%

Non-GAAP Financial Measure:

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



Net Debt to Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in thousands)

	As of
	April 2, 2022
Current portion of long-term non-revolving debt, net	\$ 18,141
Revolving lines of credit	240,086
Long-term non-revolving debt, net	179,864
Total debt	438,091
Less: Cash and cash equivalents	33,019
Net debt	\$ 405,072
TTM Pro forma adjusted EBITDA*	\$ 226,082
Ratio of net debt to TTM pro forma adjusted EBITDA	1.79

*On a pro-forma basis for NEM and Joyonway

Non-GAAP Financial Measure:

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



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