UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-21835

HELIOS TECHNOLOGIES, INC.

(Exact Name of Registration as Specified in its Charter)

FLORIDA	**59-2754337**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
7456 16th St E **SARASOTA, FLORIDA**	**34243**
(Address of Principal Executive Offices)	**(Zip Code)**

(941)362-1200
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock $.001 Par Value	HLIO	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 32,556,476 shares of common stock, par value $.001, outstanding as of October 28, 2022.

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For the quarter ended
October 1, 2022

PART I: FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.
Helios Technologies, Inc.
Consolidated Balance Sheets
(in thousands, except per share data)

	October 1, 2022 (unaudited)	January 1, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 36,813	$ 28,540
Restricted cash	33	41
Accounts receivable, net of allowance for credit losses of $1,122 and $1,212	131,649	134,561
Inventories, net	179,718	165,629
Income taxes receivable	6,517	2,762
Other current assets	19,543	20,101
Total current assets	374,273	351,634
Property, plant and equipment, net	171,323	174,210
Deferred income taxes	6,008	2,934
Goodwill	447,140	459,936
Other intangible assets, net	396,528	412,759
Other assets	24,295	13,873
Total assets	**$ 1,419,567**	**$ 1,415,346**
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 64,921	$ 85,301
Accrued compensation and benefits	19,004	28,595
Other accrued expenses and current liabilities	30,890	28,254
Current portion of long-term non-revolving debt, net	18,897	18,125
Dividends payable	2,930	2,917
Income taxes payable	7,489	6,328
Total current liabilities	144,131	169,520
Revolving line of credit	267,693	242,312
Long-term non-revolving debt, net	169,332	183,897
Deferred income taxes	57,042	71,836
Other noncurrent liabilities	29,932	38,818
Total liabilities	668,130	706,383
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred stock, par value $0.001, 2,000 shares authorized, no shares issued or outstanding	—	—
Common stock, par value $0.001, 100,000 shares authorized, 32,544 and 32,407 shares issued and outstanding	33	32
Capital in excess of par value	401,549	394,641
Retained earnings	435,392	363,279
Accumulated other comprehensive loss	(85,537)	(48,989)
Total shareholders' equity	751,437	708,963
Total liabilities and shareholders' equity	**$ 1,419,567**	**$ 1,415,346**

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

Helios Technologies, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended			
	October 1, 2022 (unaudited)		October 2, 2021 (unaudited)	
Net sales	$	**207,205**	$	**223,241**
Cost of sales		137,939		142,299
Gross profit		**69,266**		**80,942**
Selling, engineering and administrative expenses		31,749		32,786
Amortization of intangible assets		6,774		7,407
Operating income		**30,743**		**40,749**
Interest expense, net		4,098		3,813
Foreign currency transaction (gain) loss, net		(199)		304
Other non-operating expense (income), net		177		(616)
Income before income taxes		**26,667**		**37,248**
Income tax provision		6,289		9,488
Net income	$	**20,378**	$	**27,760**
Net income per share:				
Basic	$	**0.63**	$	**0.86**
Diluted	$	**0.63**	$	**0.85**
Weighted average shares outstanding:				
Basic		32,541		32,385
Diluted		32,585		32,539
Dividends declared per share	$	**0.09**	$	**0.09**

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

Helios Technologies, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)

	Nine Months Ended	
	October 1, 2022 (unaudited)	October 2, 2021 (unaudited)
Net sales	**$ 689,420**	**$ 651,499**
Cost of sales	454,202	413,036
Gross profit	**235,218**	**238,463**
Selling, engineering and administrative expenses	98,059	95,757
Amortization of intangible assets	20,554	25,285
Operating income	**116,605**	**117,421**
Interest expense, net	11,719	12,965
Foreign currency transaction (gain) loss, net	(1,296)	1,271
Other non-operating expense (income), net	1,508	(727)
Income before income taxes	**104,674**	**103,912**
Income tax provision	23,782	22,870
Net income	**$ 80,892**	**$ 81,042**
Net income per share:		
Basic	**$ 2.49**	**$ 2.51**
Diluted	**$ 2.48**	**$ 2.50**
Weighted average shares outstanding:		
Basic	32,493	32,272
Diluted	32,597	32,437
Dividends declared per share	**$ 0.27**	**$ 0.27**

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

Helios Technologies, Inc.
Consolidated Statements of Comprehensive Income
(in thousands)

	Three Months Ended		Nine Months Ended	
	October 1, 2022 (unaudited)	October 2, 2021 (unaudited)	October 1, 2022 (unaudited)	October 2, 2021 (unaudited)
Net income	**$ 20,378**	**$ 27,760**	**$ 80,892**	**$ 81,042**
Other comprehensive loss				
Foreign currency translation adjustments, net of tax	(20,181)	(7,528)	(47,053)	(14,215)
Unrealized gain on interest rate swap, net of tax	3,240	623	10,505	2,865
Total other comprehensive loss	(16,941)	(6,905)	(36,548)	(11,350)
Comprehensive income	**$ 3,437**	**$ 20,855**	**$ 44,344**	**$ 69,692**

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

Helios Technologies, Inc.
Consolidated Statements of Shareholders' Equity (unaudited)
Three Months Ended
(in thousands)

	Preferred shares	Preferred stock	Common shares	Common stock	Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Total
Balance at July 2, 2022	**—**	**$ —**	**32,504**	**$ 33**	**$ 397,643**	**$ 417,944**	**$ (68,596)**	**$ 747,024**
Shares issued, restricted stock			5					—
Shares issued, ESPP			10		511			511
Shares issued, acquisition			25		1,573			1,573
Stock-based compensation					1,840			1,840
Cancellation of shares for payment of employee tax withholding					(18)			(18)
Dividends declared						(2,930)		(2,930)
Net income						20,378		20,378
Other comprehensive loss							(16,941)	(16,941)
Balance at October 1, 2022	**—**	**$ —**	**32,544**	**$ 33**	**$ 401,549**	**$ 435,392**	**$ (85,537)**	**$ 751,437**
Balance at July 3, 2021	**—**	**$ —**	**32,249**	**$ 32**	**$ 379,299**	**$ 317,799**	**$ (38,785)**	**$ 658,345**
Shares issued, restricted stock			12		18			18
Shares issued, other compensation			5					—
Shares issued, ESPP			7		522			522
Shares issued, acquisition			134		10,390			10,390
Stock-based compensation					2,050			2,050
Cancellation of shares for payment of employee tax withholding					(235)			(235)
Shares repurchased			(7)		(583)			(583)
Dividends declared						(2,916)		(2,916)
Net income						27,760		27,760
Other comprehensive loss							(6,905)	(6,905)
Balance at October 2, 2021	**—**	**$ —**	**32,400**	**$ 32**	**$ 391,461**	**$ 342,643**	**$ (45,690)**	**$ 688,446**

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

Helios Technologies, Inc.
Consolidated Statements of Shareholders' Equity (unaudited)
Nine Months Ended
(in thousands)

	Preferred shares	Preferred stock	Common shares	Common stock	Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2022	—	$ —	32,407	$ 32	$ 394,641	$ 363,279	$ (48,989)	$ 708,963
Shares issued, restricted stock			88	1	111			112
Shares issued, ESPP			24		1,571			1,571
Shares issued, acquisition			25		1,573			1,573
Stock-based compensation					6,212			6,212
Cancellation of shares for payment of employee tax withholding					(2,559)			(2,559)
Dividends declared						(8,779)		(8,779)
Net income						80,892		80,892
Other comprehensive loss							(36,548)	(36,548)
Balance at October 1, 2022	—	$ —	32,544	$ 33	$ 401,549	$ 435,392	$ (85,537)	$ 751,437
Balance at January 2, 2021	—	$ —	32,120	$ 32	$ 371,778	$ 270,320	$ (34,340)	$ 607,790
Shares issued, restricted stock			43		36			36
Shares issued, other compensation			19					—
Shares issued, ESPP			32		1,318			1,318
Shares issued, acquisition			197		14,014			14,014
Stock-based compensation					6,233			6,233
Cancellation of shares for payment of employee tax withholding			(4)		(1,335)			(1,335)
Shares repurchased			(7)		(583)			(583)
Dividends declared						(8,719)		(8,719)
Net income						81,042		81,042
Other comprehensive loss							(11,350)	(11,350)
Balance at October 2, 2021	—	$ —	32,400	$ 32	$ 391,461	$ 342,643	$ (45,690)	$ 688,446

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

Helios Technologies, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended	
	October 1, 2022 (unaudited)	October 2, 2021 (unaudited)
Cash flows from operating activities:		
Net income	$ 80,892	$ 81,042
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,360	41,131
Stock-based compensation expense	6,212	6,233
Amortization of debt issuance costs	374	374
(Benefit) provision for deferred income taxes	(2,055)	2,230
Forward contract gains, net	(6,433)	(3,401)
Other, net	1,039	(135)
(Increase) decrease in:		
Accounts receivable	(2,861)	(36,634)
Inventories	(19,666)	(35,759)
Income taxes receivable	(1,775)	(1,893)
Other current assets	633	(288)
Other assets	6,240	3,989
Increase (decrease) in:		
Accounts payable	(17,230)	11,945
Accrued expenses and other liabilities	(5,658)	8,079
Income taxes payable	2,485	9,599
Other noncurrent liabilities	(5,364)	(4,527)
Net cash provided by operating activities	**74,193**	**81,985**
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(67,252)	(48,481)
Amounts paid for net assets acquired	—	(2,400)
Capital expenditures	(21,916)	(17,054)
Proceeds from dispositions of property, plant and equipment	1,903	82
Cash settlement of forward contracts	4,448	1,433
Software development costs	(2,345)	(1,785)
Net cash used in investing activities	**(85,162)**	**(68,205)**
Cash flows from financing activities:		
Borrowings on revolving credit facilities	112,720	71,198
Repayment of borrowings on revolving credit facilities	(72,167)	(44,500)
Repayment of borrowings on long-term non-revolving debt	(12,616)	(12,178)
Proceeds from stock issued	1,682	1,353
Dividends to shareholders	(8,766)	(8,694)
Other financing activities	(5,306)	(2,851)
Net cash provided by financing activities	**15,547**	**4,328**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	3,687	4,363
Net increase in cash, cash equivalents and restricted cash	**8,265**	**22,471**
Cash, cash equivalents and restricted cash, beginning of period	28,581	25,257
Cash, cash equivalents and restricted cash, end of period	**$ 36,846**	**$ 47,728**

The accompanying Condensed Notes to the Consolidated, Unaudited Financial Statements are an integral part of these financial statements.

1. COMPANY BACKGROUND

Helios Technologies, Inc. (“Helios,” or the “Company”) together with its wholly owned subsidiaries, is a global leader in highly engineered motion control and electronic controls technology for diverse end markets, including construction, material handling, agriculture, energy, recreational vehicles, marine and health and wellness. Helios sells its products to customers in over 90 countries around the world. The Company’s strategy for growth is to be the leading provider in niche markets, with premier products and solutions through innovative product development and acquisitions.

The Company operates in two business segments: Hydraulics and Electronics. There are three key technologies within the Hydraulics segment: cartridge valve technology (“CVT”), quick-release hydraulic coupling solutions (“QRC”) and hydraulic system design (“Systems”). CVT products provide functions important to a hydraulic system: to control rates and direction of fluid flow and to regulate and control pressures. QRC products allow users to connect and disconnect quickly from any hydraulic circuit without leakage and ensure high-performance under high temperature and pressure using one or multiple couplers. Systems provide engineered solutions for machine users, manufacturers or designers to fulfill complete system design requirements including electro-hydraulic, remote control, electronic control and programmable logic controller systems, as well as automation of existing equipment. The Electronics segment provides complete, fully-tailored display and control solutions for engines, engine-driven equipment, specialty vehicles, therapy baths and traditional and swim spas. This broad range of products is complemented by extensive application expertise and unparalleled depth of software, embedded programming, hardware and sustaining engineering teams.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q. Accordingly, certain information and footnotes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements are not included herein. The financial statements are prepared on a consistent basis (including normal recurring adjustments) and should be read in conjunction with the consolidated financial statements and related notes contained in the Annual Report on Form 10-K for the fiscal year ended January 1, 2022 (“Form 10-K”), filed by Helios with the Securities and Exchange Commission on March 1, 2022. In management’s opinion, all adjustments necessary for a fair presentation of the Company’s financial statements are reflected in the interim periods presented. Operating results for the nine months ended October 1, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ended December 31, 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Earnings Per Share

The following table presents the computation of basic and diluted earnings per common share (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
Net income	$ 20,378	$ 27,760	$ 80,892	$ 81,042
Weighted average shares outstanding - Basic	32,541	32,385	32,493	32,272
Net effect of dilutive securities - Stock based compensation	44	154	104	165
Weighted average shares outstanding - Diluted	32,585	32,539	32,597	32,437
Net income per share:				
Basic	**$ 0.63**	**$ 0.86**	**$ 2.49**	**$ 2.51**
Diluted	**$ 0.63**	**$ 0.85**	**$ 2.48**	**$ 2.50**

3. BUSINESS ACQUISITION

Acquisition of Daman

On September 16, 2022, the Company completed the acquisition of Daman Products Company, Inc. ("Daman"), an Indiana corporation. The acquisition was completed pursuant to a Membership Interest Purchase Agreement ("Agreement") among the Company and the owners of Daman.

Daman is a leading designer and manufacturer of standard and custom precision hydraulic manifolds and other fluid conveyance products for its customer base, predominantly in North America. The acquisition of Daman expands the Company's technologies and markets and provides an opportunity to produce integrated package offerings with multiple Helios brands. The results of Daman’s operations are reported in the Company’s Hydraulics segment and have been included in the Consolidated, Unaudited Financial Statements since the date of acquisition.

Initial cash consideration paid at closing, net of cash acquired, totaled $64,331. Total consideration for the acquisition is subject to a post-closing adjustment in accordance with the terms of the Agreement. The consideration was funded with borrowings on the Company’s credit facility.

The Company recorded $24,891 of goodwill and $29,720 of other identifiable intangible assets in connection with the acquisition. The purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The fair value of identified intangibles assets acquired was based on estimates and assumptions made by management at the time of acquisition. As additional information becomes available, as of the acquisition date, management will finalize its analysis of the estimated fair value. The purchase price allocation is preliminary, pending post-closing adjustments, final intangibles valuation and tax related adjustments, and may be revised during the remainder of the measurement period (which will not exceed 12 months from the acquisition date). Any such revisions or changes to the fair values of the tangible and intangible assets acquired and liabilities assumed could be material.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide information regarding the Company's assets and liabilities measured at fair value on a recurring basis at October 1, 2022 and January 1, 2022.

	October 1, 2022			
	Total	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 11,997	$ —	$ 11,997	$ —
Forward foreign exchange contracts	3,048	—	3,048	—
Total	$ 15,045	$ —	$ 15,045	$ —
Liabilities				
Forward foreign exchange contracts	$ 73	$ —	$ 73	$ —
Contingent consideration	6,305	—	—	6,305
Total	$ 6,378	$ —	$ 73	$ 6,305

	January 1, 2022			
	Total	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contract	$ 1,521	$ —	$ 1,521	$ —
Forward foreign exchange contracts	1,040	—	1,040	—
Total	$ 2,561	$ —	$ 2,561	$ —
Liabilities				
Interest rate swap contract	$ 3,248	$ —	$ 3,248	$ —
Forward foreign exchange contracts	51	—	51	—
Contingent consideration	6,400	—	—	6,400
Total	$ 9,699	$ —	$ 3,299	$ 6,400

A summary of the changes in the estimated fair value of contingent consideration at October 1, 2022 is as follows:

Balance at January 1, 2022	$	6,400
Change in estimated fair value		1,244
Payment on liability		(1,082)
Accretion in value		249
Currency remeasurement		(506)
Balance at October 1, 2022	$	6,305

5. INVENTORIES, NET

At October 1, 2022 and January 1, 2022, inventory consisted of the following:

	October 1, 2022	January 1, 2022
Raw materials	$ 105,018	$ 90,487
Work in process	46,275	34,713
Finished goods	38,038	50,638
Provision for obsolete and slow-moving inventory	(9,613)	(10,209)
Total	$ 179,718	$ 165,629

6. OPERATING LEASES

The Company leases machinery, equipment, vehicles, buildings and office space, throughout its locations, which are classified as operating leases. Remaining terms on these leases range from less than one year to nine years. For the nine months ended October 1, 2022 and October 2, 2021, operating lease costs totaled $5,105 and $4,316, respectively.

Supplemental balance sheet information related to operating leases is as follows:

	October 1, 2022	January 1, 2022
Right-of-use assets	$ 18,426	$ 22,776
Lease liabilities:		
Current lease liabilities	$ 4,599	$ 5,823
Non-current lease liabilities	14,883	17,940
Total lease liabilities	$ 19,482	$ 23,763
Weighted average remaining lease term (in years):	5.0	
Weighted average discount rate:	4.5 %	

Supplemental cash flow information related to leases is as follows:

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 5,205	$ 4,357
Non-cash impact of new leases and lease modifications	$ 977	$ 5,209

Maturities of lease liabilities are as follows:

2022 Remaining	$	1,658
2023		4,897
2024		4,247
2025		3,933
2026		3,271
2027		1,341
Thereafter		2,753
Total lease payments		22,100
Less: Imputed interest		2,618
Total lease obligations		19,482
Less: Current lease liabilities		4,599
Non-current lease liabilities	$	14,883

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

A summary of changes in goodwill by segment for the nine months ended October 1, 2022, is as follows:

	Hydraulics	Electronics	Total
Balance at January 1, 2022	$ 273,665	$ 186,271	$ 459,936
Measurement period adjustment, Joyonway acquisition	—	66	66
Measurement period adjustment, NEM acquisition	(37)	—	(37)
Acquisition of Taimi	260	—	260
Acquisition of Daman	24,891	—	24,891
Currency translation	(37,611)	(365)	(37,976)
Balance at October 1, 2022	$ 261,168	$ 185,972	$ 447,140

Acquired Intangible Assets

At October 1, 2022 and January 1, 2022, intangible assets consisted of the following:

	October 1, 2022			January 1, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangibles:						
Trade names and brands	$ 85,184	$ (16,859)	$ 68,325	$ 83,443	$ (15,216)	$ 68,227
Non-compete agreements	2,025	(506)	1,519	3,218	(1,092)	2,126
Technology	49,292	(19,563)	29,729	50,425	(16,729)	33,696
Supply agreement	21,000	(12,250)	8,750	21,000	(10,675)	10,325
Customer relationships	332,808	(49,476)	283,332	336,809	(43,488)	293,321
Sales order backlog	720	—	720	1,023	(1,023)	—
Workforce	6,077	(1,924)	4,153	6,077	(1,013)	5,064
	$ 497,106	$ (100,578)	$ 396,528	$ 501,995	$ (89,236)	$ 412,759

Amortization expense on acquired intangible assets for the nine months ended October 1, 2022 and October 2, 2021, was $20,554 and $25,285, respectively. Future estimated amortization expense is presented below.

Year:		
2022 Remaining	$	7,443
2023		28,655
2024		27,640
2025		27,456
2026		25,704
2027		22,431
Thereafter		257,199
Total	$	396,528

8. DERIVATIVE INSTRUMENTS & HEDGING ACTIVITIES

The Company addresses certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments and hedging activities.

The fair value of the Company's derivative financial instruments included in the Consolidated Balance Sheets is presented as follows:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value [1] October 1, 2022	Fair Value [1] January 1, 2022	Balance Sheet Location	Fair Value [1] October 1, 2022	Fair Value [1] January 1, 2022
Derivatives designated as hedging instruments:						
Interest rate swap contracts	Other assets	$ 11,997	$ 1,521	Other non-current liabilities	$ —	$ 3,248
Derivatives not designated as hedging instruments:						
Forward foreign exchange contracts	Other current assets	2,625	866	Other current liabilities	73	51
Forward foreign exchange contracts	Other assets	423	174	Other non-current liabilities	—	—
Total derivatives		$ 15,045	$ 2,561		$ 73	$ 3,299

[1] See Note 4 for information regarding the inputs used in determining the fair value of derivative assets and liabilities.

The amount of gains and losses related to the Company's derivative financial instruments for the nine months ended October 1, 2022 and October 2, 2021, are presented as follows:

	Amount of Gain or (Loss) Recognized in Other Comprehensive Income on Derivatives (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Earnings (Effective Portion)	
	October 1, 2022	October 2, 2021	into Earnings (Effective Portion)	October 1, 2022	October 2, 2021
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ 13,726	$ 3,718	Interest expense, net	$ (1,447)	$ (3,137)

Interest expense presented in the Consolidated Statements of Operations, in which the effects of cash flow hedges are recorded, totaled $11,719 and $12,965 for the nine months ended October 1, 2022 and October 2, 2021, respectively.

	Amount of Gain or (Loss) Recognized in Earnings on Derivatives		Location of Gain or (Loss) Recognized in Earnings on Derivatives
	October 1, 2022	October 2, 2021	
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	$ 6,433	$ 3,401	Foreign currency transaction gain / loss, net

Interest Rate Swap Contracts

The Company has entered into interest rate swap transactions to hedge the variable interest rate payments on its credit facilities. In connection with the transactions, the Company pays interest based upon a fixed rate as agreed upon with the respective counterparties and receives variable rate interest payments based on the one-month LIBOR. The interest rate swaps are designated as hedging instruments and are accounted for as cash flow hedges. The aggregate notional amount of the swaps was $245,000 as of October 1, 2022. The notional amount decreases periodically through the dates of expiration in April 2023 and October 2025. The contracts are settled with the respective counterparties on a net basis at each settlement date.

Forward Foreign Exchange Contracts

The Company has entered into forward contracts to economically hedge translational and transactional exposure associated with various business units whose local currency differs from the Company's reporting currency. The Company's forward contracts are not designated as hedging instruments for accounting purposes.

At October 1, 2022, the Company had seven forward foreign exchange contracts with an aggregate notional value of €27,500, maturing at various dates through March 2024.

Net Investment Hedge

The Company utilizes foreign currency denominated debt to hedge currency exposure in foreign operations. The Company has designated €90,000 of borrowings on the revolving credit facility as a net investment hedge of a portion of the Company's European operations. The carrying value of the euro denominated debt totaled $88,193 as of October 1, 2022 and is included in the Revolving line of credit line item in the Consolidated Balance Sheets. The gain on the net investment hedge recorded in accumulated other comprehensive income as part of the currency translation adjustment was $10,868, net of tax, for the nine months ended October 1, 2022.

9. CREDIT FACILITIES

Total long-term non-revolving debt consists of the following:

	Maturity Date	October 1, 2022	January 1, 2022
Long-term non-revolving debt:			
Term loan with PNC Bank	Oct 2025	$ 178,750	$ 190,000
Term loans with Citibank	Various	9,859	12,416
Other long-term debt	Various	9	90
Total long-term non-revolving debt		188,618	202,506
Less: current portion of long-term non-revolving debt		18,897	18,125
Less: unamortized debt issuance costs		389	484
Total long-term non-revolving debt, net		$ 169,332	$ 183,897

Information on the Company's revolving credit facilities is as follows:

		Balance		Available Credit	
	Maturity Date	October 1, 2022	January 1, 2022	October 1, 2022	January 1, 2022
Revolving line of credit with PNC Bank	Oct 2025	$ 267,693	$ 242,312	$ 130,788	$ 157,487
Revolving line of credit with Citibank	May 2023	1,593	711	658	548

Future maturities of total debt are as follows:

Year:		
2022 Remaining	$	5,395
2023		20,531
2024		24,285
2025		407,693
Total	$	457,904

Term Loan and Line of Credit with PNC Bank

The Company has a credit agreement that includes a revolving line of credit and term loan credit facility with PNC Bank, National Association, as administrative agent, and the lenders party thereto. The revolving line of credit allows for borrowings up to an aggregate maximum principal amount of $400,000.

To hedge currency exposure in foreign operations, €90,000 of the borrowings on the line of credit are denominated in euros. The borrowings have been designated as a net investment hedge, see additional information in Note 8.

The effective interest rate on the credit agreement at October 1, 2022 was 4.6%. Interest expense recognized on the credit agreement during the nine months ended October 1, 2022 and October 2, 2021, totaled $9,818 and $9,631, respectively. As of the date of this filing, the Company was in compliance with all debt covenants related to the credit agreement.

Term Loans and Line of Credit with Citibank

The Company has an uncommitted fixed asset facility agreement (the “Fixed Asset Facility”), short-term revolving facility agreement (the “Working Capital Facility”) and term loan facility agreement (the "Shanghai Branch Term Loan Facility") with Citibank (China) Co., Ltd. Shanghai Branch, as lender.

Under the Fixed Asset Facility, the Company borrowed on a secured basis RMB 2,614. The proceeds of the loan were used for purchases of certain equipment. Outstanding borrowings under the Fixed Asset Facility accrue interest at a rate equal to the National Interbank Funding Center 1-year loan prime rate plus 1.5%, to be repaid on a specified schedule. Currently drawn funds have a final payment due in May 2023.

Under the Working Capital Facility, the Company may, from time-to-time, borrow amounts on an unsecured revolving facility up to a total of RMB 16,000. Proceeds may only be used for expenditures related to production at the Company’s facility located in Kunshan City, China. Outstanding borrowings under the Working Capital Facility accrue interest at a rate equal to the National Interbank Funding Center 1-year loan prime rate plus 0.5%. All outstanding balances will be due in May 2023.

Under the Shanghai Branch Term Loan Facility, the Company borrowed on a secured basis RMB 42,653. Outstanding borrowings under the Shanghai Branch Term Loan Facility accrue interest at a rate equal to the National Interbank Funding Center 1-year loan prime rate plus 1.5%, to be repaid on a specified schedule with the final payment due in October 2024.

The Company has a term loan facility agreement (the “Sydney Branch Term Loan Facility”) with Citibank, N.A., Sydney Branch, as lender. Under the Sydney Branch Term Loan Facility, the Company borrowed on a secured basis AUD 7,500. Outstanding borrowings under the Sydney Branch Term Loan Facility accrue interest at a rate equal to the Australian Bank Bill Swap Reference Rate plus 2.0%, to be repaid throughout the term of the loan with a final payment due date of December 2024.

As of the date of this filing, the Company was in compliance with all debt covenants related to the Fixed Asset Facility, Working Capital Facility and Term Loan Facilities.

10. INCOME TAXES

The provision for income taxes for the three months ended October 1, 2022 and October 2, 2021 was 23.6% and 25.5% of pretax income, respectively. The provision for income taxes for the nine months ended October 1, 2022 and October 2, 2021 was 22.7% and 22.0% of pretax income, respectively. These effective rates fluctuate relative to the levels of income and different tax rates in effect among the countries in which the Company sells products.

At October 1, 2022, the Company had an unrecognized tax benefit of $8,352 including accrued interest. If recognized, $2,110 of unrecognized tax benefit would reduce the effective tax rate in future periods. The Company recognizes interest and penalties related to income tax matters in income tax expense. Interest accrued as of October 1, 2022 is not considered material to the Company's Consolidated, Unaudited Financial Statements.

The Company remains subject to income tax examinations in the U.S. and various state and foreign jurisdictions for tax years 2009-2021. Although the Company is not currently under examination in most jurisdictions, limited transfer pricing disputes exist for years dating back to 2008. The Company does not expect to recognize any benefit within the next 12 months due to the expiration of statutes of limitation.

11. STOCK-BASED COMPENSATION

Equity Incentive Plan

The Company's 2019 Equity Incentive Plan ("2019 Plan") and its predecessor equity plan provide for the grant of shares of restricted stock, restricted stock units, stock options, stock appreciation rights, dividend or dividend equivalent rights, stock awards and other awards valued in whole or in part by reference to or otherwise based on the Company's common stock, to officers, employees and directors of the Company.

Restricted Stock Units

The Company grants restricted stock units ("RSUs") to employees in connection with a long-term incentive plan. Awards with time-based vesting requirements primarily vest ratably over a three-year period. Awards with performance-based vesting requirements cliff vest after a three-year performance cycle and only after the achievement of certain performance criteria over that cycle. The number of shares ultimately issued for the performance-based units may vary from 0% to 200% of their target amount based on the achievement of defined performance targets. Compensation expense recognized for RSUs granted to employees totaled $5,566 and $4,168, respectively, for the nine months ended October 1, 2022 and October 2, 2021.

Effective January 1, 2022, the board terminated the 2012 Non-Employee Director Fees Plan (the "2012 Directors Plan") and approved a new Helios Technologies, Inc. Non-Employee Director Compensation Policy (the "Director Compensation Policy"), which revised the compensation for Non-Employee Directors. The Director Compensation Policy compensates Non-Employee Directors for their board service with cash awards and equity-based compensation through grants of RSUs, issued pursuant to the 2019 Plan, which vest over a one-year period. Directors were granted 13,137 RSUs during the nine months ended October 1, 2022. The Company recognized director stock compensation expense on the RSUs of $266 for the nine months ended October 1, 2022. Directors were granted 20,375 shares of stock and the Company recognized director stock compensation expense of $1,586 for the nine months ended October 2, 2021, under the 2012 Directors Plan.

The following table summarizes RSU activity for the nine months ended October 1, 2022:

	Number of Units (in thousands)	Weighted Average Grant-Date Fair Value per Share
Nonvested balance at January 1, 2022	237	$ 45.58
Granted	102	92.41
Vested	(109)	43.79
Forfeited	(14)	66.84
Nonvested balance at October 1, 2022 (1)	216	$ 67.26

(1) Includes 106,221 nonvested performance-based RSUs.

The Company had $9,656 of total unrecognized compensation cost related to the RSU awards as of October 1, 2022. That cost is expected to be recognized over a weighted average period of 1.8 years.

Stock Options

In 2022, the Company granted stock options with market-based vesting conditions to its officers. As of October 1, 2022, there were 82,500 unvested options and no vested unexercised options. The exercise price per share is $50.60, which is equal to the market price of Helios stock on the grant date. The options vest after achievement of defined stock prices and after the required service periods, which range from one to three years. These options have a 10-year expiration. The grant date fair value of the options totaled $2,334 and was estimated using a Monte Carlo simulation.

The Company has also granted stock options with only time-based vesting conditions to its officers. As of October 1, 2022, there were 13,222 unvested options and 11,011 vested unexercised options. The exercise prices per share, which range from $35.04 to $55.03, are equal to the market price of Helios stock on the respective grant dates. The options vest ratably over a three-year period and have a 10-year expiration. The grant date fair value of the options was estimated using a Black Scholes valuation model.

At October 1, 2022, the Company had $2,495 of unrecognized compensation cost related to the options, which is expected to be recognized over a weighted average period of 1.1 years.

Employee Stock Purchase Plans

The Company maintains an Employee Stock Purchase Plan (“ESPP”) in which U.S. employees are eligible to participate. Employees who choose to participate are granted an opportunity to purchase common stock at 85 percent of market value on the first or last day of the quarterly purchase period, whichever is lower. Employees in the United Kingdom (“UK”), under a separate plan, are granted an opportunity to purchase the Company’s common stock at market value, on the first or last day of the quarterly purchase period, whichever is lower, with the Company issuing one additional free share of common stock for each six shares purchased by the employee under the plan. Employees purchased 28,960 shares at a weighted average price of $54.29, and 22,747 shares at a weighted average price of $57.93, under the ESPP and UK plans during the nine months ended October 1, 2022 and October 2, 2021, respectively. The Company recognized $272 and $431 of compensation expense during the nine months ended October 1, 2022 and October 2, 2021, respectively.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present changes in accumulated other comprehensive loss by component:

	Unrealized Gains and (Losses) on Derivative Instruments	Foreign Currency Items	Total
Balance at January 1, 2022	$ (1,334)	$ (47,655)	$ (48,989)
Other comprehensive income (loss) before reclassifications	14,841	(59,695)	(44,854)
Amounts reclassified from accumulated other comprehensive loss, net of tax	(1,115)	—	(1,115)
Tax effect	(3,221)	12,642	9,421
Net current period other comprehensive income (loss)	10,505	(47,053)	(36,548)
Balance at October 1, 2022	$ 9,171	$ (94,708)	$ (85,537)

	Unrealized Gains and (Losses) on Derivative Instruments	Foreign Currency Items	Total
Balance at January 2, 2021	$ (5,922)	$ (28,418)	$ (34,340)
Other comprehensive income (loss) before reclassifications	6,071	(17,944)	(11,873)
Amounts reclassified from accumulated other comprehensive loss, net of tax	(2,353)	—	(2,353)
Tax effect	(853)	3,729	2,876
Net current period other comprehensive income (loss)	2,865	(14,215)	(11,350)
Balance at October 2, 2021	$ (3,057)	$ (42,633)	$ (45,690)

13. SEGMENT REPORTING

The Company has two reportable segments: Hydraulics and Electronics. These segments are organized primarily based on the similar nature of products offered for sale, the types of customers served and the methods of distribution and are consistent with how the segments are managed, how resources are allocated and how information is used by the chief operating decision makers.

The Company evaluates performance and allocates resources based primarily on segment operating income. Certain costs were not allocated to the business segments as they are not used in evaluating the results of, or in allocating resources to the Company's segments. These costs are presented in the Corporate and other line item. For the nine months ended October 1, 2022, the unallocated costs totaled $27,270 and included certain corporate costs not deemed to be allocable to either business segment of $348, amortization of acquisition-related intangible assets of $20,554 and other acquisition and integration-related costs of $6,368. The accounting policies of the Company's operating segments are the same as those used to prepare the accompanying Consolidated, Unaudited Financial Statements.

The following table presents financial information by reportable segment:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales				
Hydraulics	$ 131,204	$ 133,404	$ 411,118	$ 385,549
Electronics	76,001	89,837	278,302	265,950
Total	$ 207,205	$ 223,241	$ 689,420	$ 651,499
Operating income				
Hydraulics	$ 29,411	$ 31,799	$ 92,097	$ 92,200
Electronics	10,964	18,445	51,778	56,324
Corporate and other	(9,632)	(9,495)	(27,270)	(31,103)
Total	$ 30,743	$ 40,749	$ 116,605	$ 117,421
Capital expenditures				
Hydraulics	$ 5,584	$ 4,187	$ 13,899	$ 10,205
Electronics	2,865	2,562	8,017	6,849
Total	$ 8,449	$ 6,749	$ 21,916	$ 17,054

	October 1, 2022	January 1, 2022
Total assets		
Hydraulics	$ 822,548	$ 821,836
Electronics	574,606	585,739
Corporate	22,413	7,771
Total	$ 1,419,567	$ 1,415,346

Geographic Region Information

Net sales are measured based on the geographic destination of sales. Tangible long-lived assets are shown based on the physical location of the assets and primarily include net property, plant and equipment and exclude right-of-use assets.

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales				
Americas	$ 114,659	$ 109,365	$ 365,610	$ 314,469
EMEA	49,012	55,952	175,039	166,183
APAC	43,534	57,924	148,771	170,847
Total	$ 207,205	$ 223,241	$ 689,420	$ 651,499

	October 1, 2022	January 1, 2022
Tangible long-lived assets		
Americas	$ 105,571	$ 97,649
EMEA	30,632	35,829
APAC	16,694	17,956
Total	$ 152,897	$ 151,434

14. RELATED PARTY TRANSACTIONS

The Company purchases from, and sells inventory to, entities partially owned or managed by directors of Helios. For the nine months ended October 1, 2022 and October 2, 2021, inventory sales to the entities totaled $2,146 and $2,516, respectively, and inventory purchases from the entities totaled $0 and $3,221, respectively.

At October 1, 2022 and January 1, 2022, amounts due from the entities totaled $307 and $344, respectively.

In March 2022, the Company completed a sale of real estate to one of its executive officers for $1,850, which sale price was based on the valuation from an independent third-party appraisal. Concurrent with the sale, the Company also purchased real estate from the executive officer for $970, which purchase price reflected a below market valuation based on the original cost of the property to the executive officer, plus the cost of improvements funded by the executive officer.

15. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is not a party to any legal proceedings other than routine litigation incidental to its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the results of operations, financial position or cash flows of the Company.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "expects," "anticipates," "believes," "intends," "plans," "will" and similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. We undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this Form 10-Q with the Securities and Exchange Commission. These forward-looking statements are subject to risks and uncertainties, including, without limitation, those discussed in this report and those identified in Part I, Item 1A, "Risk Factors" included in our Form 10-K. In addition, new risks emerge from time to time, and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Accordingly, our future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements.

OVERVIEW

We are a global leader in highly engineered motion control and electronic controls technology for diverse end markets, including construction, material handling, agriculture, energy, recreational vehicles, marine and health and wellness.

We operate under two business segments: Hydraulics and Electronics. The Hydraulics segment designs and manufactures hydraulic cartridge valves, hydraulic quick release couplings as well as engineers complete hydraulic systems. The Electronics segment designs and manufactures customized electronic controls systems and displays for a variety of end markets including industrial and mobile, recreational and health and wellness.

In November 2016, we announced a vision to achieve $1.0 billion in sales in 2025, through a combination of organic growth and acquisitions, and to deliver operating margins in excess of 20%. In 2021, we augmented our strategy and accelerated our growth plans to achieve the milestone of over $1.0 billion in sales with top tier adjusted EBITDA margin of approximately 25% in 2023.

Underpinning our expectation of compounded annual growth of approximately two times our market's growth rates, we have an active acquisition pipeline and a history of acquiring companies with niche technologies, as well as strong profitability.

Recent Acquisitions

Our acquisition activity, driven by our strategic vision, has enabled us to diversify our product offerings and the markets we serve and expand our geographic presence. Prior to 2016, we operated primarily in the Hydraulics market with a small presence in electronics.

In July 2022, we completed the acquisition of the assets of Taimi R&D, Inc., a Canadian manufacturer of innovative hydraulic components that offer ball-less design swivel products, which improve hydraulic reliability of equipment, increase the service life of components and help protect the environment by reduced leakage. Taimi brings a differentiated, yet complementary product line to our hydraulics platform as well as strong engineering breadth.

In September 2022, we completed another flywheel acquisition of Daman Products Company, headquartered in Mishawaka, Indiana. Daman is a leading designer and manufacturer of standard and custom precision hydraulic manifolds and other fluid conveyance products for its customer base, predominantly in North America. The acquisition of Daman expands the Company's technologies and markets and provides an opportunity to produce integrated package offerings with multiple Helios brands.

Global Economic Conditions

Russian Invasion of Ukraine

In February of 2022, Russia invaded Ukraine. As a result, several governments have enacted sanctions against Russia and Russian interests. The conflict has led to economic uncertainty and market disruptions, including significant volatility in commodity, fuel and energy prices as well as in credit and capital markets. We do not have operations in the region, and less than 1% of our sales are to Russia and Ukraine customers. In Europe, we continue to experience inflation from: increased energy and raw material costs, logistics issues and reduced orders from customers who do business in the region. The broader consequences of the conflict could impact our business through further increases or fluctuations in commodity and energy prices, further disruptions to the global supply chain, reduced availability of certain natural resources and other adverse effects on macroeconomic conditions.

COVID-19 Update

In the third quarter we did not have any COVID-related shutdowns or other significant new disruption to our business from the pandemic. However, we continue to face constraints related to sourcing certain electronic and other components, which originated from the high demand for these products caused by the pandemic. We have been able to mitigate the impact with our procurement efforts, production schedule adjustments and product redesigns. While at a slowing degree, in the third quarter we continued to experience delays in shipments as well as material and logistics cost increases.

Our outlook for the remainder of the 2022 fiscal year assumes the global economy continues to recover; however, we cannot at this time predict any future impacts. The Company continues to monitor developments, new strains and variants of COVID-19 and government requirements and recommendations at the national, state and local levels, as well as vaccine mandates, to evaluate whether to reinstate and/or extend certain initiatives it implemented to help contain the spread of COVID-19. Refer to Item 1A "Risk Factors" of our Form 10-K for additional COVID-19 related discussion.

Industry Conditions

Market demand for our products is dependent on demand for the industrial goods in which the products are incorporated. The capital goods industries in general, and the Hydraulics and Electronics segments specifically, are subject to economic cycles. We utilize industry trend reports from various sources, as well as feedback from customers and distributors, to evaluate economic trends. We also rely on global government statistics such as Gross Domestic Product and Purchasing Managers Index to understand macroeconomic conditions.

Hydraulics

According to the National Fluid Power Association (the fluid power industry’s trade association in the U.S.), the U.S. index of shipments of hydraulic products increased 19.9% during the first nine months of 2022, after increasing 20.9% during 2021. In Europe, the CEMA Business Barometer reported in October that the general business climate index for the European agricultural machinery industry has continued its sideways movement at a positive level after the sharp declines in the course of the Russian war against Ukraine and current business appears to remain stable. Further noted was the price increases and bottlenecks on the supplier side that continue to challenge the industry, for which some slight easing is observable.

Electronics

The Federal Reserve's Industrial Production Index, which measures the real output of all relevant establishments located in the U.S., reports third quarter 2022 sales of semiconductors and other electronics components improved over the second quarter of 2022 back up to first quarter 2022 levels. The Institute of Printed Circuits Association ("IPC") reported that total North American printed circuit board ("PCB") shipments were up 14.6% in September 2022 compared with the same month last year; compared with August 2022, September shipments grew 17.9%. PCB year-to-date bookings were down 2.6% in September compared to the same period last year. However, September bookings increased 52.0% from August 2022. The IPC also reported that North American electronics manufacturing services ("EMS") shipments were up 15.5% in September 2022 compared with the same month last year; compared with August 2022, September shipments declined 0.1%. EMS bookings in September were up 21.1% compared to September last year and improved 18.1% from August 2022. Further noted was improvement in bookings is a sign that demand for durable goods still has some life despite the slowing macroeconomic environment, and shipments remain healthy, which indicates that severe supply chain constraints are behind us.

2022 Third Quarter Results and Comparison of the Three and Nine Months Ended October 1, 2022 and October 2, 2021

(in millions except per share data)

	Three Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Net sales	$ 207.2	$ 223.2	$ (16.0)	(7.2)%
Gross profit	$ 69.3	$ 80.9	$ (11.6)	(14.3)%
Gross profit %	*33.4 %*	*36.2 %*		
Operating income	$ 30.7	$ 40.7	$ (10.0)	(24.6)%
Operating income %	*14.8 %*	*18.2 %*		
Net income	$ 20.4	$ 27.8	$ (7.4)	(26.6)%
Diluted net income per share	$ 0.63	$ 0.85	$ (0.22)	(25.9)%

	Nine Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Net sales	$ 689.4	$ 651.5	$ 37.9	5.8 %
Gross profit	$ 235.2	$ 238.5	$ (3.3)	(1.4)%
Gross profit %	*34.1 %*	*36.6 %*		
Operating income	$ 116.6	$ 117.4	$ (0.8)	(0.7)%
Operating income %	*16.9 %*	*18.0 %*		
Net income	$ 80.9	$ 81.0	$ (0.1)	(0.1)%
Diluted net income per share	$ 2.48	$ 2.50	$ (0.02)	(0.8)%

Third quarter consolidated net sales declined $16.0 million, 7.2%, over the prior-year third quarter. We experienced organic net sales decline of $18.9 million, 8.5%, over the prior-year third quarter, offset partially by acquisition growth of $2.9 million. Discrete impacts to our third quarter organic sales compared to the prior year quarter are as follows:

- Changes in foreign currency exchange rates - unfavorable by $8.2 million, 3.7%
- Pricing changes - favorable by $8.1 million, 3.6%
- Delayed sales due to supply chain constraints - unfavorable by an estimated $14.7 million
- Hurricane Ian, which resulted in a shut-down of our Sarasota manufacturing location for multiple days - unfavorable by an estimated $5.3 million

Third quarter sales to the Americas region increased compared to the 2021 third quarter, while sales to the EMEA and APAC regions declined. Demand for electronics products in our health and wellness end market has sharply declined from the prior year third quarter, which was strengthened by the pandemic as consumers invested in health and leisure products. Sales in several of our end markets improved over the third quarter of 2021, with our recreational end markets leading the growth. Improvement was also realized in the industrial machinery and mobile equipment end markets.

Consolidated net sales for the year-to-date period improved by $37.9 million, 5.8%, compared with the prior-year period. Acquisition-related sales for the first three quarters of 2022 totaled $16.7 million and organic sales were up $21.2 million, 3.3%. Discrete impacts to our year-to-date organic sales compared to the prior year period are as follows:

- Changes in foreign currency exchange rates - unfavorable by $20.5 million, 3.1%
- Pricing changes - favorable by $29.7 million, 4.6%
- Supply chain constraints - same amount as noted above for the third quarter
- Hurricane Ian - same amount as noted above for the third quarter

Year-to-date sales to the Americas and EMEA regions increased compared to the 2021 comparable period, while sales to the APAC region declined. Sales growth in the year-to-date period was driven by the industrial machinery, mobile equipment, construction and recreational end markets while health and wellness contracted.

Third quarter gross profit decreased $11.6 million, 14.3%, over the prior-year third quarter driven by lower volume and unfavorable foreign currency partially offset by pricing. Changes in foreign currency exchange rates compared to the third quarter of 2021 reduced gross profit by $2.1 million. Gross margin declined by 2.8 percentage points compared with the prior-year third quarter, impacted most significantly by higher raw material costs. While the majority of these costs were passed on to customers, the result of increasing sales with no additional profit is an unfavorable impact to margins. We are also experiencing higher energy costs in the EMEA region that further compressed margins. Material costs as a percentage of sales, excluding pricing changes and acquisition-related sales, increased by 3.5 percentage points compared to the prior-year third quarter.

Gross profit for the first nine months of 2022 decreased $3.3 million, 1.4%, compared with the same period of 2021. While sales volumes were higher in the current year period, headwinds from inflation and foreign currency offset the gains. Changes in foreign currency exchange rates compared to the first nine months of 2021 reduced year-to-date gross profit by $6.2 million. Gross margin declined 2.5 percentage points over the prior-year period as pricing efforts did not recover the full margin to offset the impact of higher raw material and logistic costs. Material costs as a percentage of sales, excluding pricing changes and acquisition-related sales, increased in the year-to-date period by 4.0 percentage points compared to the prior year-to-date period.

In the third quarter of 2022, we incurred $1.8 million of costs related to our restructuring activities. The restructuring plans are expected to improve the global cost structure of the business. In the EMEA region, we continued the execution of an operational restructure in our Hydraulics segment that combines the manufacturing operations at two of our locations into one location. We are continuing our sales and research and development ("R&D") efforts in both locations in order to serve customers in the regions. In the APAC region, we are executing an organizational restructure in our Hydraulics segment among several locations to align employee talent with the strategic operational goals of the Company. We estimate annual cost savings in our Hydraulics segment will total $1.8 million. In our Electronics segment, we executed an organizational restructure to adjust our labor base in line with current demand levels. The restructuring costs are comprised of recurring labor costs for employees who worked on projects, severance and other expenses associated with the manufacturing relocation.

Operating income as a percentage of sales decreased 3.4 percentage points to 14.8% in the third quarter of 2022 compared to the prior-year period. Gross margin level changes, our restructuring activities, increased acquisition and integration costs of $1.4 million and reduced leverage of our selling, engineering and administrative ("SEA") level fixed cost base on the lower sales volume led to the erosion.

For the first nine months of 2022, operating income as a percentage of sales decreased 1.1 percentage points to 16.9% compared to with the prior-year period. Partially offsetting the factors noted above, was acquisition-related amortization for the first nine months of 2022, which was lower than the prior-year period by $4.7 million, primarily from the sales order backlog intangible acquired with the Balboa acquisition that was fully amortized in the second quarter of 2021.

SEGMENT RESULTS

Hydraulics

The following table sets forth the results of operations for the Hydraulics segment (in millions):

	Three Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Net sales	$ 131.2	$ 133.4	$ (2.2)	(1.6)%
Gross profit	$ 46.5	$ 50.2	$ (3.7)	(7.4)%
Gross profit %	*35.4 %*	*37.6 %*		
Operating income	$ 29.4	$ 31.8	$ (2.4)	(7.5)%
Operating income %	*22.4 %*	*23.8 %*		

	Nine Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Net sales	$ 411.1	$ 385.5	$ 25.6	6.6 %
Gross profit	$ 146.8	$ 146.5	$ 0.3	0.2 %
Gross profit %	*35.7 %*	*38.0 %*		
Operating income	$ 92.1	$ 92.2	$ (0.1)	(0.1)%
Operating income %	*22.4 %*	*23.9 %*		

Third quarter net sales for the Hydraulics segment decreased by $2.2 million, 1.6%, compared with the prior-year third quarter. We experienced organic net sales decline of $4.3 million, 3.2%, over the prior-year third quarter and acquisition growth of $2.1 million. Discrete impacts to our third quarter organic sales compared to the prior year quarter are as follows:

- Changes in foreign currency exchange rates - unfavorable by $7.9 million, 5.9%
- Pricing changes - favorable by $5.4 million, 4.0%
- Delayed sales due to supply chain constraints - unfavorable by an estimated $6.6 million
- Hurricane Ian, which resulted in a shut-down of our Sarasota manufacturing location for multiple days - unfavorable by an estimated $5.3 million

Year-to-date net sales grew by $25.6 million, 6.6%, compared with the 2021 comparable period. Acquisition-related sales accounted for $14.2 million of the increase and sales from our organic businesses improved $11.4 million, 3.0%. Discrete impacts to our year-to-date organic sales compared to the prior year period are as follows:

- Changes in foreign currency exchange rates - unfavorable by $19.4 million, 5.0%
- Pricing changes - favorable by $16.2 million, 4.2%
- Supply chain constraints - same amount as noted above for the third quarter
- Hurricane Ian - same amount as noted above for the third quarter

Organic sales growth in the first three quarters of 2022 benefited from improved demand primarily in the Americas and EMEA regions, as well as in several of our end markets including the mobile and industrial equipment markets.

The following table presents net sales based on the geographic region of the sale for the Hydraulics segment (in millions):

	Three Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Americas	$ 49.7	$ 45.2	$ 4.5	10.0 %
EMEA	41.3	44.8	(3.5)	(7.8)%
APAC	40.2	43.4	(3.2)	(7.4)%
Total	$ 131.2	$ 133.4		

	Nine Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Americas	$ 142.7	$ 121.2	$ 21.5	17.7 %
EMEA	143.2	134.7	8.5	6.3 %
APAC	125.2	129.6	(4.4)	(3.4)%
Total	$ 411.1	$ 385.5		

Regional sales performance in the third quarter compared to the prior year quarter was driven by:

Americas - demand, pricing and our recent acquisitions contributed to a 10.0% increase in sales

EMEA - excluding unfavorable changes in foreign currency rates of $6.3 million, sales improved 6.3%, primarily from pricing

APAC - excluding unfavorable changes in foreign currency rates of $1.6 million, sales declined 3.7%, driven by lower demand in Korea and China

Regional sales performance in the year-to-date period compared to the prior year period was driven by:

Americas - demand, pricing and our recent acquisitions contributed to a 17.7% increase in sales

EMEA - excluding unfavorable changes in foreign currency rates of $14.9 million, sales improved 17.4%, primarily from demand, pricing and our 2021 acquisition

APAC - excluding unfavorable changes in foreign currency rates of $4.5 million, sales in the region were flat

In the third quarter of 2022, gross profit decreased $3.7 million, 7.4%, compared with the same quarter of the prior year. Changes in foreign currency exchange rates compared to the third quarter of 2021 reduced gross profit by $1.9 million. Gross profit margin declined over the same period by 2.2 percentage points to 35.4%, which is primarily attributable to rising material and energy costs, for which margin was not fully recovered by pricing efforts. Material costs as a percentage of sales, excluding pricing changes and acquisition-related sales, increased in the third quarter by 3.9 percentage points compared to the prior-year third quarter.

During the 2022 year-to-date period, gross profit improved slightly, $0.3 million, 0.2%, over the comparable prior-year period. The segment realized an unfavorable impact on gross profit from changes in foreign currency rates, compared to the first three quarters of 2021, of $5.3 million. Gross margin for the first three quarters of 2022 decreased 2.3 percentage points as the segment was impacted by higher material, logistic and energy costs. Higher freight costs of $1.5 million impacted gross margin for the year-to-date period compared to the prior-year period. Material costs as a percentage of sales, excluding pricing changes and acquisition-related sales, increased in the first three quarters of 2022 by 3.2 percentage points compared to the prior-year period. Price increases to customers did not fully recover the margin impact of the material cost increases.

Restructuring costs totaled $1.1 million for the third quarter of 2022; $0.3 million of the costs are included in direct labor in cost of goods sold and $0.8 million are reflected in SEA expenses. The restructuring costs are comprised of $0.6 million of recurring labor costs for employees who worked on the restructuring projects, non-recurring severance of $0.3 million and other non-recurring expenses associated with the manufacturing relocation of $0.2 million.

SEA expenses decreased $1.3 million, 7.1%, in the third quarter of 2022 compared with the prior-year period. Non-recurring costs from restructuring activities inflated costs in the 2022 third quarter when compared to the prior-year quarter while changes in foreign currency rates compared to the prior-year quarter reduced SEA costs by $1.0 million. Additional savings of $1.1 million were realized from lower benefit costs, primarily from performance-based incentive compensation accruals. The savings led to SEA as a percent of sales decreasing 0.8 percentage points during the quarter, to 13.0%, compared to the 2021 third quarter.

Restructuring activities totaled $3.0 million for the year-to-date period of 2022; $0.9 million of the costs are included in direct labor in cost of goods sold and $2.1 million are reflected in SEA expenses. The restructuring costs are comprised of $1.8 million of recurring labor costs for employees who worked on the restructuring projects, non-recurring severance of $0.9 million and other non-recurring expenses associated with the manufacturing relocation of $0.3 million.

Year-to-date SEA expenses increased $0.4 million, 0.7%, in 2022 compared with the prior-year period, mainly due to our 2021 acquisition, non-recurring costs from restructuring activities as well as higher travel and marketing costs of $0.8 million, offset by savings of $0.8 million realized from lower benefit costs, primarily from performance-based incentive compensation accruals. Changes in foreign currency rates compared to the prior-year period further reduced SEA costs by $2.4 million. SEA as a percent of sales decreased 0.8 percentage points to 13.3% in 2022, also benefiting from fixed cost leverage on the higher sales.

Electronics

The following table sets forth the results of operations for the Electronics segment (in millions):

	Three Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Net sales	$ 76.0	$ 89.8	$ (13.8)	(15.4)%
Gross profit	$ 22.8	$ 31.3	$ (8.5)	(27.2)%
Gross profit %	*30.0 %*	*34.9 %*		
Operating income	$ 11.0	$ 18.4	$ (7.4)	(40.2)%
Operating income %	*14.5 %*	*20.5 %*		

	Nine Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Net sales	$ 278.3	$ 266.0	$ 12.3	4.6 %
Gross profit	$ 88.4	$ 92.5	$ (4.1)	(4.4)%
Gross profit %	*31.8 %*	*34.8 %*		
Operating income	$ 51.8	$ 56.3	$ (4.5)	(8.0)%
Operating income %	*18.6 %*	*21.2 %*		

Third quarter net sales for the Electronics segment declined $13.8 million, 15.4%, compared with the prior-year third quarter. Acquisition growth contributed an increase of $0.8 million. Discrete impacts to our third quarter organic sales compared to the prior year quarter are as follows:

- Changes in foreign currency exchange rates - unfavorable by $0.3 million
- Pricing changes - favorable by $2.7 million, 3.0%
- Delayed sales due to supply chain constraints - unfavorable by an estimated $8.2 million

Third quarter demand in our health and wellness end market declined sharply compared to the prior year quarter, which was strengthened by the pandemic as consumers invested in health and leisure products. Inventory held by customers remained inflated in this end market, which further led to the decline. We continue to realize growth in our recreational, construction and industrial machinery end markets.

Year-to-date net sales for the Electronics segment improved by $12.3 million, 4.6%, compared with the prior-year period. Acquisition growth accounted for $2.5 million of the increase. Discrete impacts to our year-to-date organic sales compared to the prior year period are as follows:

- Changes in foreign currency exchange rates - unfavorable by $1.1 million

•Pricing changes - favorable by $13.6 million, 5.1%
•Supply constraints - same amount as noted above for the third quarter

The segment experienced a favorable sales mix, which contributed to the period over period increase. We realized sales growth in our recreational and industrial machinery end markets, which was offset by the decline in health and wellness.

The following table presents net sales based on the geographic region of the sale for the Electronics segment (in millions):

	Three Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Americas	$ 65.0	$ 64.2	$ 0.8	1.2 %
EMEA	7.7	11.1	(3.4)	(30.6)%
APAC	3.3	14.5	(11.2)	(77.2)%
Total	$ 76.0	$ 89.8		

	Nine Months Ended			
	October 1, 2022	October 2, 2021	$ Change	% Change
Americas	$ 222.9	$ 193.3	$ 29.6	15.3 %
EMEA	31.8	31.5	0.3	1.0 %
APAC	23.6	41.2	(17.6)	(42.7)%
Total	$ 278.3	$ 266.0		

Regional sales performance in the third quarter compared to the prior year quarter was driven by:
Americas - demand lessened but pricing efforts contributed to a 1.2% increase in sales
EMEA - excluding unfavorable changes in foreign currency rates of $0.3 million, sales declined 27.9%, primarily from lower demand in the health and wellness end market
APAC - sales declined 77.2% from reduced demand in the health and wellness end market in China; impacts from foreign currency exchange rates were minimal

Regional sales performance in the year-to-date period compared to the prior year period was driven by:
Americas - demand, pricing and capacity improvements contributed to a 15.3% increase in sales
EMEA - excluding unfavorable changes in foreign currency rates of $1.1 million, sales improved 4.4%, primarily from pricing
APAC - sales declined 42.7%, from lower demand in the health and wellness end market in China; impacts from foreign currency exchange rates were minimal

Third quarter gross profit decreased $8.5 million, 27.2%, compared with the third quarter of the prior year, primarily due to lower sales volume and material cost increases. Impacts from changes in foreign currency exchange rates compared to the prior-year period reduced gross profit by $0.3 million. Gross margin declined over the same period by 4.9 percentage points to 30.0%. The segment continues to experience increases in raw material costs, due to high demand and shortages of materials in the market for electronic and other components used in our products. Pricing efforts have offset some of the impact but did not recover the full margin. Material costs as a percentage of sales, excluding pricing changes and acquisition-related sales, increased in the third quarter by 3.9 percentage points compared to the prior-year quarter. In addition, the segment experienced reduced labor efficiency from lower production due to the demand decline.

In the third quarter of 2022, we executed an organizational restructure to adjust our labor base in line with current demand levels. We incurred $0.8 million of restructuring costs for severance; $0.4 million of the costs are included in direct labor in cost of goods sold and $0.4 million are reflected in SEA expenses.

During the 2022 year-to-date period, the segment experienced a $4.1 million, 4.4%, decrease in gross profit over the comparable prior-year period, primarily due to higher material costs and unfavorable impacts from changes in foreign currency exchange rates compared to the prior-year period of $0.9 million. Gross margin for the first three quarters of 2022 decreased 3.0 percentage points from the higher material costs as margin was not fully recovered by pricing efforts. Material costs as a percentage of sales, excluding pricing changes and acquisition-related sales, increased in the first three quarters of 2022 by 5.5 percentage points compared to the prior-year period.

SEA expenses decreased by $1.1 million, 8.5%, in the third quarter of 2022, compared with the third quarter of 2021, impacted by savings of $0.9 million realized from lower benefit costs, primarily from performance-based incentive compensation accruals and lower R&D costs of $0.2 million. SEA costs as a percentage of sales increased 1.1 percentage points, to 15.5%, in the third quarter of 2022 compared with the prior-year third quarter from lost leverage of our fixed costs on the lower sales.

Year-to-date SEA expenses increased $0.4 million, 1.1%, in 2022 compared with the prior-year period primarily from our 2021 acquisition offset by lower benefit costs of $1.1 million, mainly from performance-based incentive compensation accruals, and lower R&D costs of $0.4 million. SEA as a percent of sales decreased 0.4 percentage points to 13.2% in 2022 from 13.6% in 2021 from improved leverage of our fixed costs on the higher sales.

Corporate and Other

Certain costs are excluded from business segment results as they are not used in evaluating the results of, or in allocating resources to, our operating segments. For the third quarter of 2022, these costs totaled $9.6 million for (i) amortization of acquisition-related intangible assets of $6.8 million and (ii) $2.8 million related to other acquisition and integration activities. Year-to-date, corporate and other costs totaled $27.3 million for (i) transition costs for one of our executive officers of $0.3 million, (ii) amortization of acquisition-related intangible assets of $20.6 million and (iii) $6.4 million related to other acquisition and integration activities.

Interest Expense, net

Net interest expense increased $0.3 million to $4.1 million in the third quarter of 2022 compared with $3.8 million in the prior-year third quarter. While average debt balances were lower compared to the prior year quarter, the impact was offset by higher interest rates. Average net debt decreased to $399.2 million during the third quarter of 2022 compared with $413.2 million during the third quarter of 2021. Year-to-date net interest expense decreased $1.3 million to $11.7 million compared with $13.0 million during the comparable 2021 period. The decrease is primarily a result of lower debt balances during the first three quarters of 2022. Average net debt for the 2022 year-to-date period totaled $418.6 million compared with $430.4 million in the corresponding period of 2021.

Income Taxes

The provision for income taxes for the third quarter of 2022 was 23.6% of pretax income compared to 25.5% for the prior-year third quarter. The year-to-date provision was 22.7% and 22.0% of pretax income for 2022 and 2021, respectively. The 2021 year-to-date tax rate includes benefit from the settlement of a transfer pricing dispute resolved through competent authority between the United States and Germany. These effective rates fluctuate relative to the levels of income and different tax rates in effect among the countries in which we sell our products.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was enacted into law in response to the COVID-19 pandemic. The Company has evaluated the various income and payroll tax provisions and expects little or no impact to income tax expense. However, the Company is taking advantage of the various payment deferments allowed and employee retention credits afforded by the CARES Act and other similar state and/or foreign liquidity measures. The CARES Act allowed employers to defer the deposit and payment of the employer's share of Social Security taxes. We deferred 50% of the $1.7 million in payroll taxes normally due between March 27, 2020 and December 31, 2020. We paid 50% of this amount during the fourth quarter of 2021. The remaining balance will be paid during the fourth quarter of 2022 and is included in the Accrued compensation and benefits line item in the accompanying Consolidated Balance Sheets.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary source of capital has been cash generated from operations. In recent years, we have used borrowings on our credit facilities to fund acquisitions. During the first nine months of 2022, cash provided by operating activities totaled $74.2 million. At the end of the third quarter, we had $36.8 million of available cash and cash equivalents on hand and $131.4 million of available credit on our revolving credit facilities. We also have a $300.0 million accordion feature available on our credit facility, subject to certain pro forma compliance requirements, intended to support potential future acquisitions.

Our principal uses of cash have been paying operating expenses, making capital expenditures, servicing debt, making acquisition-related payments and paying dividends to shareholders.

We believe that cash generated from operations and our borrowing availability under our credit facilities will be sufficient to satisfy our operating expenses. In the event that economic conditions were to severely worsen for a protracted period of time, we would have several options available to ensure liquidity in addition to increased borrowings. Capital expenditures could be postponed since they primarily pertain to long-term improvements in operations, operating expense reductions could be made and finally, the dividend to shareholders could be reduced or suspended.

Cash Flows

The following table summarizes our cash flows for the periods (in millions):

	Nine Months Ended		
	October 1, 2022	October 2, 2021	$ Change
Net cash provided by operating activities	$ 74.2	$ 82.0	$ (7.8)
Net cash used in investing activities	(85.2)	(68.2)	(17.0)
Net cash provided by financing activities	15.6	4.3	11.3
Effect of exchange rate changes on cash	3.7	4.4	(0.7)
Net increase in cash	$ 8.3	$ 22.5	$ (14.2)

Cash on hand increased $8.3 million in the first three quarters of 2022 to $36.8 million as of October 1, 2022. Changes in exchange rates during the nine months ended October 1, 2022, favorably impacted cash and cash equivalents by $3.7 million. Cash balances on hand are a result of our cash management strategy, which focuses on maintaining sufficient cash to fund operations while reinvesting cash in the Company and paying down borrowings on our credit facilities.

Operating activities

Cash from operations declined by $7.8 million in the first nine months of 2022 compared to the prior-year comparable period. Year-to-date cash earnings (calculated as net income plus adjustments to reconcile net income to net cash provided by operating activities, excluding changes in net operating assets and liabilities) decreased by $10.1 million over the prior-year period. Changes in net operating assets and liabilities increased cash by $2.3 million, compared to the prior-year period, primarily from favorable cash flows from AR and inventories only partially offset by reductions in AP and accrued expenses. Strategic investments in inventory reduced cash by $19.7 million and $35.8 million in the first three quarters of 2022 and 2021, respectively. Days of inventory on hand increased to 118 days as of October 1, 2022, compared with 92 days as of October 2, 2021. The increase in inventory levels is primarily from higher material costs and supply chain challenges such as (i) making earlier purchases of material to avoid shortages, (ii) inventory on hand that is waiting on delayed components to complete and (iii) delayed orders by customers after we have already started the production process. Changes in accounts receivable reduced cash by $2.9 million and $36.6 million in the first three quarters of 2022 and 2021, respectively. Days sales outstanding increased slightly from the prior-year period at 58 days as of October 1, 2022, compared to 56 days as of October 2, 2021, as our collection patterns remain consistent with the prior period.

Investing activities

Capital expenditures totaled $21.9 million for the first nine months of 2022, an increase of $4.9 million over the prior-year comparable period. Capital expenditures for 2022 are forecasted to be approximately 3%-4% of sales, for investments in machinery and equipment for capacity expansion projects, improvements to manufacturing technology and maintaining/replacing existing machine capabilities.

Cash used for acquisition related activities in the first nine months of 2022 totaled $67.3 million, compared to $50.9 million in the prior-year period.

Financing activities

Cash provided by financing activities totaled $15.6 million during the first nine months of 2022, compared with $4.3 million in the prior-year period. Borrowings, net of repayments, on our credit facilities totaled $27.9 million for the first nine months of 2022 compared to $14.5 million during the same period of 2021.

During the third quarter of 2022, we declared a quarterly cash dividend of $0.09 per share payable on October 20, 2022, to shareholders of record as of October 5, 2022. The declaration and payment of future dividends is subject to the sole discretion of the board of directors, and any determination as to the payment of future dividends will depend upon our profitability, financial condition, capital needs, future prospects and other factors deemed pertinent by the board of directors.

Off Balance Sheet Arrangements

We do not engage in any off-balance sheet financing arrangements. In particular, we do not have any material interest in variable interest entities, which include special purpose entities and structured finance entities.

Inflation

As more fully described throughout Item 2 above, we are experiencing supply shortages and increasing material and logistics costs. Continued increases in the global demand for the materials used in our products could result in significant increases in the costs of the components we purchase, and we may not be able to fully offset such higher costs through price increases. There is no assurance that our business will not be materially affected by inflation in the future.

Critical Accounting Policies and Estimates

We currently apply judgment and estimates that may have a material effect on the eventual outcome of assets, liabilities, revenues and expenses for impairment of long-lived assets, inventory, goodwill, accruals, income taxes and fair value measurements. Our critical accounting policies and estimates are included in our Form 10-K, and any changes made during the first nine months of 2022, are disclosed in Note 2 to the Consolidated, Unaudited Financial Statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See “Item 7A – Quantitative and Qualitative Disclosures about Market Risk” in our Form 10-K. There were no material changes during the nine months ended October 1, 2022.

Item 4. CONTROLS AND PROCEDURES.

The Company’s management, with the participation of the Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company’s “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report, have concluded that our disclosure controls and procedures are effective and are designed to ensure that the information we are required to disclose is recorded, processed, summarized and reported within the necessary time periods. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit pursuant to the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Securities Exchange Act of 1934, as amended, during the period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

None.

Item 1A. RISK FACTORS.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors that affect our business and financial results that are discussed in Part I, Item 1A, “Risk Factors” of our Form 10-K and Part II, Item 1A, "Risk Factors" of our second quarter Form 10Q. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. Other than as set forth below, there have been no material changes to such risk factors.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

None.

Item 4. MINE SAFETY DISCLOSURES.

Not applicable.

Item 5. OTHER INFORMATION.

None.

Item 6. EXHIBITS.

Exhibits:

Exhibit Number	Exhibit Description
10.1+	Form of Performance Stock Option Agreement for Helios employees (filed herewith).
10.2+	Form of Performance Stock Option Agreement for business unit officers (filed herewith).
10.3	Third Amendment to Second Amended and Restated Credit Agreement among Helios Technologies, Inc. as Borrower, the Guarantor parties thereto, the financial institutions party thereto from time to time as lenders, and PNC Bank, National Association, as Administrative Agent, dated July 29, 2022 (filed herewith).
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	CEO Certification pursuant to 18 U.S.C. § 1350.
32.2	CFO Certification pursuant to 18 U.S.C. § 1350.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2022, has been formatted in Inline XBRL.
+	Executive management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 8, 2022

HELIOS TECHNOLOGIES, INC.

By: /s/ Tricia L. Fulton
Tricia L. Fulton
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

PERFORMANCE STOCK OPTION AGREEMENT

THIS PERFORMANCE STOCK OPTION AGREEMENT (the "***Agreement***"), made effective as of October 1, 2022 (the "***Date of Grant***"), between HELIOS TECHNOLOGIES, INC, a Florida corporation (the "***Corporation***"), and Helios Employee ("***Participant***").

WITNESSETH:

WHEREAS, Participant is an employee of the Corporation and/or a Subsidiary;

WHEREAS, the Corporation has adopted the Helios Technologies 2019 Equity Incentive Plan (the "***Plan***") in order to provide its officers, employees and directors with incentives to achieve long-term corporate objectives, which Plan was adopted by the Board of Directors on March 8, 2019 and approved by the shareholders of the Corporation at the Corporation's June 13, 2019 Annual Meeting of Shareholders; and

WHEREAS, the Compensation Committee of the Corporation's Board of Directors desires to grant a special award of Nonqualified Stock Options under the Plan to Participant on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the various covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1.Grant of Performance Options.

Subject to the provisions of this Agreement and to the provisions of the Plan, the Corporation hereby grants to Participant, as of the Date of Grant, ___ Nonqualified Stock Options with an Exercise Price of $50.60 per Share (the "***Performance Options***"). The Performance Options granted hereunder are not intended to qualify as incentive stock options pursuant to Section 422 of the Code. Subject to the degree of attainment of the performance goals established for the Performance Options as set forth in the Statement of Performance Goals approved by the Committee and delivered to the Participant (the "***Statement of Performance Goals***"), Participant may earn from 0% to 100% of the Performance Options. All capitalized terms used in this Agreement, to the extent not defined herein, shall have the meanings set forth in the Plan.

2.Vesting of Performance Options.

(a)Service-Based and Performance-Based Vesting Requirements. Subject to and except as otherwise provided for pursuant to the terms and conditions of this Agreement, the Performance Options covered by this Agreement shall vest and become exercisable ("***Vest***," or similar terms) (i) on the second anniversary of the Date of Grant (the "***Target Vesting Date***") to the extent that the Performance Options have been earned based on achievement of the performance goals described in the Statement of Performance Goals (the "***Performance Goals***") as of such Target Vesting Date or (ii) to the extent that any of the Performance Options have not been earned as of the Target Vesting Date, on any subsequent date between the Target Vesting Date and the tenth (10th) anniversary of the Date of Grant on which Performance Options are earned based on achievement of the Performance Goals (any such subsequent date, a "***Catch-Up Vesting Date***") (each of such Target Vesting Date and Catch-Up Vesting Dates referred to herein as an "***Applicable Vesting Date***"). Any Performance Options that do not so Vest will be forfeited, including, if Participant experiences a Termination of Service on or before one (1) year from the date of this Agreement.

(b)Other Vesting Events. Notwithstanding the foregoing, the Performance Options shall Vest at such earlier time as the restrictions may lapse pursuant to **Sections** **7** or **9** of this Agreement. The foregoing notwithstanding, in the event of a pending or threatened Change in Control, or in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or like occurrence in which the Corporation is involved, the Board of Directors may, in its sole discretion, take such actions as permitted under the Plan.

(c)Forfeiture for Cause. Any Performance Options that are not Vested shall be forfeited if Participant is determined to have engaged in an act that constitutes Cause (regardless of whether Participant's service with the Corporation is terminated as a result of such Cause). If any Performance Options would become Vested while Participant is under investigation for any event that would constitute Cause, the Vesting of such Performance Options shall be delayed pending the outcome of such investigation.

For purposes of this Agreement, "Cause" means (i) the commission of an act of fraud, embezzlement, theft, or any other illegal act or practice (whether or not resulting in criminal prosecution or conviction), including theft or destruction of property of the Corporation or a Subsidiary, or any other act or practice which the Committee shall, in good faith, deem to have resulted in the recipient's becoming unbondable under the Corporation or any Subsidiary's fidelity bond. For purposes of this Agreement, no act or failure to act by the recipient shall be deemed "willful" unless done or omitted to be done by the recipient not in good faith and without reasonable belief that the recipient's action or omission was in the best interest of the Corporation and/or the Subsidiary. Notwithstanding the foregoing, if Participant has entered into an employment agreement that is binding as of the date of such event, and if such employment agreement defines "Cause," then the definition of "Cause" in such agreement shall apply. The determination of whether a Participant has engaged in an act that constitutes Cause shall be made by the Committee, which prior to making such determination shall provide written notice of the event of Cause to Participant and allow Participant a reasonable opportunity to cure such event.

3.Exercise of Performance Options.

(a)Performance Options, to the extent Vested, shall be exercised by Participant by providing notice of such exercise via the written or electronic medium specified by the Corporation, setting forth the number of Shares with respect to which the Performance Option is to be exercised, accompanied by full payment for the Shares, including satisfaction of any applicable withholding taxes.

(b)Upon the exercise of any Performance Option, the Exercise Price shall be payable to the Corporation in full in cash or its equivalent. The Committee, in its sole discretion, also may permit exercise (i) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price (such previously acquired Shares must have been held for the requisite period necessary to avoid a charge to the Corporation's earnings for the financial reporting purposes, unless otherwise determined by the Committee), or (ii) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan.

4. Non-Transferability.

(a) The Performance Options shall not be transferable by Participant by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise. Any attempt to dispose of the Performance Options in a manner contrary to the restrictions set forth in this Agreement shall be ineffective. Notwithstanding the foregoing, (i) Performance Options may be transferred to Participant's spouse, former spouse or dependent pursuant to a court-approved domestic relations order which relates to the provision of child support, alimony payments or marital property rights; and (ii) in the event of Participant's death, the administrator or executor of Participant's estate may exercise any outstanding Vested Performance Options within the time period specified in **Section 7(b)** below.

5. Rights as a Shareholder.

Participant shall not be deemed for any purpose to be the owner of any Shares subject to any Performance Options unless and until (a) the Performance Options have been exercised pursuant to the terms hereof, (b) the Corporation shall have issued and delivered the Shares to Participant (or made a book entry registration thereof) and (c) Participant's name shall have been entered as a stockholder of record on the books of the Corporation. Thereupon, Participant shall have full voting, dividend and other ownership rights with respect to such Shares.

6. Tax Withholding.

Whenever Participant exercises Performance Options under **Section 5** of this Agreement, the Corporation shall notify Participant of the amount of tax which must be withheld by the Corporation under all applicable federal, state and local tax laws. Participant agrees to make arrangements with the Corporation to (a) remit a cash payment of the required amount to the Corporation, (b) authorize the deduction of such amounts from Participant's compensation; (c) perform a cashless exercise through the Corporation's equity plan administration system; or (d) to otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Corporation.

7. Forfeiture On Termination of Employment, Expiration of Performance Options.

(a) All Performance Options will be forfeited if Participant experiences a Termination of Service on or before one (1) year from the date of this Agreement.

(b) In the event of a Termination of Service by reason of death, Disability, or Retirement prior to an Applicable Vesting Date, any Performance Options that are not then Vested shall immediately Vest.

(c) If not previously exercised, the Performance Options shall terminate at the close of business on the tenth (10th) anniversary of the Date of Grant, or, if earlier, twelve (12) months after the Termination of Service if such termination is due to Participant's Retirement, death or

Disability). Participant shall have no right to exercise the Performance Options at any time after such date unless otherwise permitted by the Corporation.

8.Performance Options Not to Affect Employment.

Neither this Agreement nor the Performance Options granted hereunder shall confer upon Participant any right to continued employment with the Corporation or any Subsidiary, and shall not in any way modify or restrict the Corporation's or such Subsidiary's right to terminate such employment.

9.Agreement Subject to the Plan.

This Agreement and the rights and obligations of the parties hereto are subject to and governed by the terms of the Plan as the same may be amended from time to time, the provisions of which are incorporated by reference into this Agreement.

10.Award Subject to Clawback or Recoupment.

The Performance Options shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Corporation or required by law that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Performance Options (whether Vested or not Vested) and the recoupment of any gains realized with respect to Shares acquired by Participant via exercise of the Performance Options.

11.Miscellaneous.

(a)The award of Performance Options is subject to adjustment, including as provided in Sections 10 and 4.3 of the Plan.

(b)This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(c)The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto.

(d)The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Florida, without giving effect to principles of conflicts of law.

(e)This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated herein.

(f)Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and of Participant and Participant's personal representatives.

(g)The Corporation may, in its sole discretion, deliver any documents related to the Performance Options and Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation.

(h)Participant acknowledges that Participant (i) has received a copy of the Plan, (ii) has had an opportunity to review the terms of this Agreement and the Plan, (iii) understands the terms and conditions of this Agreement and the Plan and (iv) agrees to such terms and conditions.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Performance Stock Option Agreement as of the day and year first above written.

ATTEST:	**HELIOS TECHNOLOGIES, INC.**
By:	By:
Witness:	

STATEMENT OF PERFORMANCE GOALS

This Statement of Performance Goals applies to the Performance Options granted to Participant on the Date of Grant and applies with respect to the Performance Stock Option Agreement between the Corporation and Participant (the "***Agreement***"). Capitalized terms used in this Statement of Performance Goals that are not specifically defined in this Statement of Performance Goals have the meanings assigned to them in the Agreement.

The actual number of Performance Options earned by Participant will be determined by the Committee under the rules described below. Except as otherwise provided for in the Agreement, any Performance Options not earned hereunder will be canceled and forfeited.

1. The actual number of Performance Options that will be earned by Participant under the Agreement will be determined based on actual performance results as described below, subject to the terms of the Agreement.

2. The Performance Options subject to the Agreement are earned based on Stock Price Achievement as determined by the Committee.

3. Definitions. For purposes hereof:

(A)"***Exchange***" means the New York Stock Exchange or, if the Shares are not then listed on the New York Stock Exchange, on the primary national securities exchange on which the Shares are then listed.

(B)"***Stock Price Achievement for a Catch-Up Vesting Date***" means the Trading Price on any Trading Day that occurs between the Target Vesting Date and the Catch-Up Vesting Date.

(C)"***Stock Price Achievement for the Target Vesting Period***" means the highest Trading Price during the Target Vesting Period.

(D)"***Target Vesting Period***" means the period starting on the Date of Grant and ending on the Target Vesting Date.

(E) "***Trading Day***" means a day on which the Shares are trading on the Exchange.

(F) "***Trading Price***" means, with respect to any Trading Day, the closing price per Share (as reasonably determined by the Corporation) on the Exchange.

4. Stock Price Achievement Performance Matrix. From 0% to 100% of the Performance Options will be earned based on the Stock Price Achievement for the Target Vesting Period or Stock Price Achievement for a Catch-Up Vesting Date, as applicable, as follows:

Stock Price Achievement	Performance Options Earned
Below $70.00	0% of Performance Options
$70.00 or higher (but less than $80.00)	1/3 of Performance Options
$80.00 or higher (but less than $90.00)	2/3 of Performance Options
$90.00 or higher	100% of Performance Options

5. Performance Options Earned on the Target Vesting Date. Following the Target Vesting Period, the Committee shall determine whether and to what extent the Stock Price Achievement for the Target Vesting Period has been achieved and shall determine the number of Performance Options earned pursuant to the Stock Price Achievement Performance Matrix set forth in **Section 4** using the Stock Price Achievement for the Target Vesting Period as the Stock Price Achievement. For the avoidance of doubt, there shall be no interpolation between Stock Price Achievement hurdles under this **Section 5** or **Section 6**.

6. Performance Options Earned on a Catch-Up Vesting Date. To the extent 100% of the Performance Options are not earned as of the Target Vesting Date, any unearned Performance Options will be earned based on Stock Price Achievement for a Catch-Up Vesting Date in an amount equal to the positive difference, if any, between (a) the number of Performance Options earned pursuant to the Stock Price Achievement Performance Matrix set forth in **Section 4** using the Stock Price Achievement for a Catch-Up Vesting Date as the Stock Price Achievement (as determined by the Committee) and (b) the aggregate number of Performance Options which previously were earned under **Section 5** or this **Section 6**.

7. Total Number of Performance Options Earned. The total number of Performance Options earned shall be the sum of the number of Performance Options earned pursuant to **Section 5** and the number of Performance Options earned pursuant to **Section 6**. In no event may the number of Performance Options earned exceed 100% of the Performance Options granted. Any Performance Options earned shall Vest conditioned upon Participant's continuous employment with the Corporation or a Subsidiary through one year from the date of this Agreement.

Exhibit 10.2

PERFORMANCE STOCK OPTION AGREEMENT

THIS PERFORMANCE STOCK OPTION AGREEMENT (the “***Agreement***”), made effective as of October 1, 2022 (the “***Date of Grant***”), between HELIOS TECHNOLOGIES, INC, a Florida corporation (the “***Corporation***”), and Business Unit Officer (“***Participant***”).

WITNESSETH:

WHEREAS, Participant is an employee of the Corporation and/or a Subsidiary;

WHEREAS, the Corporation has adopted the Helios Technologies 2019 Equity Incentive Plan (the “***Plan***”) in order to provide its officers, employees and directors with incentives to achieve long-term corporate objectives, which Plan was adopted by the Board of Directors on March 8, 2019 and approved by the shareholders of the Corporation at the Corporation’s June 13, 2019 Annual Meeting of Shareholders; and

WHEREAS, the Compensation Committee of the Corporation’s Board of Directors desires to grant a special award of Nonqualified Stock Options under the Plan to Participant on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the various covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1.Grant of Performance Options.

Subject to the provisions of this Agreement and to the provisions of the Plan, the Corporation hereby grants to Participant, as of the Date of Grant, ____ Nonqualified Stock Options with an Exercise Price of $50.60 per Share (the “***Performance Options***”). The Performance Options granted hereunder are not intended to qualify as incentive stock options pursuant to Section 422 of the Code. Subject to the degree of attainment of the performance goals established for the Performance Options as set forth in the Statement of Performance Goals approved by the Committee and delivered to the Participant (the “***Statement of Performance Goals***”), Participant may earn from 0% to 100% of the Performance Options. All capitalized terms used in this Agreement, to the extent not defined herein, shall have the meanings set forth in the Plan.

2.Vesting of Performance Options.

(a)Service-Based and Performance-Based Vesting Requirements. Subject to and except as otherwise provided for pursuant to the terms and conditions of this Agreement, the Performance Options covered by this Agreement shall vest and become exercisable (“***Vest***,” or similar terms) (i) on the second anniversary of the Date of Grant (the “***Target Vesting Date***”) to the extent that the Performance Options have been earned based on achievement of the performance goals described in the Statement of Performance Goals (the “***Performance Goals***”) as of such Target Vesting Date or (ii) to the extent that any of the Performance Options have not been earned as of the Target Vesting Date, on any subsequent date between the Target Vesting Date and the tenth (10th) anniversary of the Date of Grant on which Performance Options are earned based on achievement of the Performance Goals (any such subsequent date, a “***Catch-Up Vesting Date***”) (each of such Target Vesting Date and Catch-Up Vesting Dates referred to herein as an "***Applicable Vesting Date***"). Any Performance Options that do not so Vest will be forfeited, including, if Participant experiences a Termination of Service prior to the Vesting of such Performance Options.

(b)Other Vesting Events. Notwithstanding the foregoing, the Performance Options shall Vest at such earlier time as the restrictions may lapse pursuant to **Sections 7** or **9** of this Agreement. The foregoing notwithstanding, in the event of a pending or threatened Change in Control, or in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or like occurrence in which the Corporation is involved, the Board of Directors may, in its sole discretion, take such actions as permitted under the Plan.

(c)Forfeiture for Cause. Any Performance Options that are not Vested shall be forfeited if Participant is determined to have engaged in an act that constitutes Cause (regardless of whether Participant's service with the Corporation is terminated as a result of such Cause). If any Performance Options would become Vested while Participant is under investigation for any event that would constitute Cause, the Vesting of such Performance Options shall be delayed pending the outcome of such investigation.

For purposes of this Agreement, "Cause" means (i) the commission of an act of fraud, embezzlement, theft, or any other illegal act or practice (whether or not resulting in criminal prosecution or conviction), including theft or destruction of property of the Corporation or a Subsidiary, or any other act or practice which the Committee shall, in good faith, deem to have resulted in the recipient's becoming unbondable under the Corporation or any Subsidiary's fidelity bond. For purposes of this Agreement, no act or failure to act by the recipient shall be deemed "willful" unless done or omitted to be done by the recipient not in good faith and without reasonable belief that the recipient's action or omission was in the best interest of the Corporation and/or the Subsidiary. Notwithstanding the foregoing, if Participant has entered into an employment agreement that is binding as of the date of such event, and if such employment agreement defines "Cause," then the definition of "Cause" in such agreement shall apply. The determination of whether a Participant has engaged in an act that constitutes Cause shall be made by the Committee, which prior to making such determination shall provide written notice of the event of Cause to Participant and allow Participant a reasonable opportunity to cure such event.

3.Exercise of Performance Options.

(a)Performance Options, to the extent Vested, shall be exercised by Participant by providing notice of such exercise via the written or electronic medium specified by the Corporation, setting forth the number of Shares with respect to which the Performance Option is to be exercised, accompanied by full payment for the Shares, including satisfaction of any applicable withholding taxes.

(b)Upon the exercise of any Performance Option, the Exercise Price shall be payable to the Corporation in full in cash or its equivalent. The Committee, in its sole discretion, also may permit exercise (i) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price (such previously acquired Shares must have been held for the requisite period necessary to avoid a charge to the Corporation's earnings for the financial reporting purposes, unless otherwise determined by the Committee), or (ii) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan.

4.Non-Transferability.

(a)The Performance Options shall not be transferable by Participant by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise. Any attempt to dispose of the Performance Options in a manner contrary to the restrictions set forth in this Agreement shall be ineffective. Notwithstanding the foregoing, (i) Performance Options may be transferred to Participant's spouse, former spouse or dependent pursuant to a court-approved domestic relations order which relates to the provision of child support, alimony payments or marital property rights; and (ii) in the event of Participant's death, the administrator or executor of Participant's estate may exercise any outstanding Vested Performance Options within the time period specified in **Section 7(b)** below.

5.Rights as a Shareholder.

Participant shall not be deemed for any purpose to be the owner of any Shares subject to any Performance Options unless and until (a) the Performance Options have been exercised pursuant to the terms hereof, (b) the Corporation shall have issued and delivered the Shares to Participant (or made a book entry registration thereof) and (c) Participant's name shall have been entered as a stockholder of record on the books of the Corporation. Thereupon, Participant shall have full voting, dividend and other ownership rights with respect to such Shares.

6.Tax Withholding.

Whenever Participant exercises Performance Options under **Section 5** of this Agreement, the Corporation shall notify Participant of the amount of tax which must be withheld by the Corporation under all applicable federal, state and local tax laws. Participant agrees to make arrangements with the Corporation to (a) remit a cash payment of the required amount to the Corporation, (b) authorize the deduction of such amounts from Participant's compensation; (c) perform a cashless exercise through the Corporation's equity plan administration system; or (d) to otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Corporation.

7.Forfeiture On Termination of Employment, Expiration of Performance Options.

(a)In the event of a Termination of Service by reason of death, Disability, or Retirement prior to an Applicable Vesting Date, any Performance Options that are not then Vested shall immediately Vest.

(b)If not previously exercised, the Performance Options shall terminate at the close of business on the tenth (10^{th}) anniversary of the Date of Grant, or, if earlier, three (3) months after Participant's Termination of Service (12 months after the Termination of Service if such termination is due to Participant's Retirement, death or Disability). Participant shall have no right to exercise the Performance Options at any time after such date unless otherwise permitted by the Corporation.

8. Performance Options Not to Affect Employment.

Neither this Agreement nor the Performance Options granted hereunder shall confer upon Participant any right to continued employment with the Corporation or any Subsidiary, and shall not in any way modify or restrict the Corporation's or such Subsidiary's right to terminate such employment.

9. Agreement Subject to the Plan.

This Agreement and the rights and obligations of the parties hereto are subject to and governed by the terms of the Plan as the same may be amended from time to time, the provisions of which are incorporated by reference into this Agreement.

10. Award Subject to Clawback or Recoupment.

The Performance Options shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Corporation or required by law that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Performance Options (whether Vested or not Vested) and the recoupment of any gains realized with respect to Shares acquired by Participant via exercise of the Performance Options.

11. Miscellaneous.

(a) The award of Performance Options is subject to adjustment, including as provided in Sections 10 and 4.3 of the Plan.

(b) This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(c) The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto.

(d) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Florida, without giving effect to principles of conflicts of law.

(e) This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated herein.

(f) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and of Participant and Participant's personal representatives.

(g) The Corporation may, in its sole discretion, deliver any documents related to the Performance Options and Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation.

(h)Participant acknowledges that Participant (i) has received a copy of the Plan, (ii) has had an opportunity to review the terms of this Agreement and the Plan, (iii) understands the terms and conditions of this Agreement and the Plan and (iv) agrees to such terms and conditions.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Performance Stock Option Agreement as of the day and year first above written.

ATTEST:	**HELIOS TECHNOLOGIES, INC.**
By:	By:
Witness:	

STATEMENT OF PERFORMANCE GOALS

This Statement of Performance Goals applies to the Performance Options granted to Participant on the Date of Grant and applies with respect to the Performance Stock Option Agreement between the Corporation and Participant (the "***Agreement***"). Capitalized terms used in this Statement of Performance Goals that are not specifically defined in this Statement of Performance Goals have the meanings assigned to them in the Agreement.

The actual number of Performance Options earned by Participant will be determined by the Committee under the rules described below. Except as otherwise provided for in the Agreement, any Performance Options not earned hereunder will be canceled and forfeited.

1. The actual number of Performance Options that will be earned by Participant under the Agreement will be determined based on actual performance results as described below, subject to the terms of the Agreement.

2. The Performance Options subject to the Agreement are earned based on Stock Price Achievement as determined by the Committee.

3. Definitions. For purposes hereof:

(A)"***Exchange***" means the New York Stock Exchange or, if the Shares are not then listed on the New York Stock Exchange, on the primary national securities exchange on which the Shares are then listed.

(B)"***Stock Price Achievement for a Catch-Up Vesting Date***" means the Trading Price on any Trading Day that occurs between the Target Vesting Date and the Catch-Up Vesting Date.

(C)"***Stock Price Achievement for the Target Vesting Period***" means the highest Trading Price during the Target Vesting Period.

(D)"***Target Vesting Period***" means the period starting on the Date of Grant and ending on the Target Vesting Date.

(E) "***Trading Day***" means a day on which the Shares are trading on the Exchange.

(F) "***Trading Price***" means, with respect to any Trading Day, the closing price per Share (as reasonably determined by the Corporation) on the Exchange.

4. Stock Price Achievement Performance Matrix. From 0% to 100% of the Performance Options will be earned based on the Stock Price Achievement for the Target Vesting Period or Stock Price Achievement for a Catch-Up Vesting Date, as applicable, as follows:

Stock Price Achievement	Performance Options Earned
Below $70.00	0% of Performance Options
$70.00 or higher (but less than $80.00)	1/3 of Performance Options
$80.00 or higher (but less than $90.00)	2/3 of Performance Options
$90.00 or higher	100% of Performance Options

5. Performance Options Earned on the Target Vesting Date. Following the Target Vesting Period, the Committee shall determine whether and to what extent the Stock Price Achievement for the Target Vesting Period has been achieved and shall determine the number of Performance Options earned pursuant to the Stock Price Achievement Performance Matrix set forth in **Section 4** using the Stock Price Achievement for the Target Vesting Period as the Stock Price Achievement. For the avoidance of doubt, there shall be no interpolation between Stock Price Achievement hurdles under this **Section 5** or **Section 6**.

6. Performance Options Earned on a Catch-Up Vesting Date. To the extent 100% of the Performance Options are not earned as of the Target Vesting Date, any unearned Performance Options will be earned based on Stock Price Achievement for a Catch-Up Vesting Date in an amount equal to the positive difference, if any, between (a) the number of Performance Options earned pursuant to the Stock Price Achievement Performance Matrix set forth in **Section 4** using the Stock Price Achievement for a Catch-Up Vesting Date as the Stock Price Achievement (as determined by the Committee) and (b) the aggregate number of Performance Options which previously were earned under **Section 5** or this **Section 6**.

6. Total Number of Performance Options Earned. The total number of Performance Options earned shall be the sum of the number of Performance Options earned pursuant to **Section 5** and the number of Performance Options earned pursuant to **Section 6**. In no event may the number of Performance Options earned exceed 100% of the Performance Options granted. Any Performance Options earned shall Vest conditioned upon Participant's continuous employment with the Corporation or a Subsidiary through the Applicable Vesting Date.

THIRD AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (the "Amendment"), dated as of June [__], 2022 (the "Third Amendment Effective Date"), is made by HELIOS TECHNOLOGIES, INC., a Florida corporation (the "Borrower"), the Guarantors (as defined in the Credit Agreement (as hereinafter defined)), each of the Lenders (as defined in the Credit Agreement), and PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantors party thereto, the Lenders party thereto and the Administrative Agent are parties to that certain Second Amended and Restated Credit Agreement dated as of October 28, 2020 (as further amended, restated, modified or supplemented, the "Credit Agreement"; except as otherwise defined in this Amendment, defined terms used herein shall have the meanings given to them in the Credit Agreement);

WHEREAS, the Borrower has requested that, as of the Third Amendment Effective Date, the Lenders amend certain terms of the Credit Agreement as set forth herein; and the Lenders are willing to do so upon and subject to the terms and conditions of this Amendment.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1.Amendments to Credit Agreement. Upon the effectiveness of this Amendment, the Credit Agreement is amended as follows:

(a)In Section 8.2.1(vii)(A) of the Credit Agreement, the text “$50,000,000” is replaced with the text “$100,000,000”.

(b)In Section 8.2.4(ix) of the Credit Agreement, the text “$20,000,000.00” is hereby replaced with the text “$50,000,000.00”.

(c)Section 8.2.5 of the Credit Agreement is hereby amended and restated in its entirety as follows:

8.2.5 Dividends and Related Distributions. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, make or pay, or agree to become or remain liable to make or pay, any dividend or other distribution of any nature (whether in cash, property, securities or otherwise) on account of or in respect of its shares of Capital Stock, on account of the purchase, redemption, retirement or acquisition of its shares of Capital Stock (or warrants, options or rights therefor), including, for the avoidance of doubt, all stock repurchases by the Borrower (collectively, “**Restricted Payments**”), except (i) each Subsidiary may make Restricted Payments to other Loan Parties, (ii) the Borrower and its Subsidiaries may declare and make Restricted Payments payable solely in the

Capital Stock of such Person, (iii) the Borrower may make other Restricted Payments payable to holders of its Capital Stock so long as, in the case of this clause (iii), (A) no Potential Default or Event of Default has occurred and is continuing or exists after giving effect thereto, and (B) the Loan Parties shall be in pro forma compliance with the covenants contained in Section 8.2.14 [Maximum Leverage Ratio] and Section 8.2.15 [Minimum Interest Coverage Ratio] after giving pro forma effect to such Restricted Payments (including any Indebtedness incurred in connection therewith), in each case, calculated as of the last day of the most recently ended fiscal quarter of the Borrower for which financial statements have been delivered hereunder pursuant to Section 8.3.1 [Quarterly Financial Statements] or 8.3.2 [Annual Financial Statements], and (iv) the Borrower and its Subsidiaries may pay dividends and distributions within sixty (60) days after the date of declaration thereof, if at the date of declaration of such payment, such payment would have complied with the other provisions of this Section.

(d)Section 8.2.7(vi) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(vi) the sale, lease or transfer of other property or assets not to exceed $15,000,000 in any fiscal year; provided that (1) at least 75% of the consideration received therefor by the Loan Parties or any such Subsidiary shall be in the form of cash or Permitted Investments, (2) no Event of Default or Potential Default shall exist or shall result therefrom and (3) any such disposition shall be for fair market value;

1.General.

(a)Conditions Precedent. The Loan Parties, the Administrative Agent and the Lenders acknowledge and agree that the amendments set forth herein shall only be effective upon the occurrence of all the following conditions precedent:

(i)Amendment. The Loan Parties, the Administrative Agent and the Required Lenders shall have executed and delivered this Amendment to the Administrative Agent.

(ii)USA Patriot Act Diligence. Administrative Agent and each Lender shall have received, in form and substance acceptable to Administrative Agent and each Lender, such documentation and other information requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act. If the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, the Borrower shall have delivered to Administrative Agent and each Lender that so requests, a Beneficial Ownership Certification in relation to the Borrower.

(iii)Fees and Expenses. The Borrower shall have paid to the Administrative Agent all fees due and payable on or before the date hereof and any documented out-of-pocket costs and expenses of the Administrative Agent, including without limitation, the reasonable and invoiced out-of-pocket fees of the Administrative Agent's outside counsel in connection with this Amendment.

(b)Representations, Warranties and Covenants. The Borrower and each Guarantor covenants and agrees with and represents and warrants to the Administrative Agent and the Lenders as follows:

(i)the Obligations under the Credit Agreement are and shall remain secured by the Collateral, pursuant to the terms of the Credit Agreement and the other Loan Documents;

(ii)the Borrower and each of the Guarantors possess all of the powers requisite to enter into and carry out the transactions of the Borrower and such Guarantor referred to herein and to execute, enter into and perform the terms and conditions of this Amendment, the Credit Agreement and the other Loan Documents to which it is a party and any other documents contemplated herein that are to be performed by the Borrower or such Guarantor; any and all actions required or necessary pursuant to the Borrower's or such Guarantor's organizational documents or otherwise have been taken to authorize the due execution, delivery and performance by the Borrower and such Guarantor of the terms and conditions of this Amendment; the officers of the Borrower and each Guarantor executing this Amendment are the duly elected, qualified, acting and incumbent officers of such Loan Party and hold the titles set forth below their names on the signature lines of this Amendment; and such execution, delivery and performance will not conflict with, constitute a default under or result in a breach of (A) any applicable law, (B) except as would not reasonably be expected to result in a Material Adverse Change, any material agreement or instrument or (C) any order, writ, judgment, injunction or decree to which the Borrower or such Guarantor is a party or by which the Borrower or such Guarantor or any of its properties is bound, and that all consents, authorizations and/or approvals required or necessary from any third parties in connection with the entry into, delivery and performance by the Borrower and such Guarantor of the terms and conditions of this Amendment, the Credit Agreement, the other Loan Documents and the transactions contemplated hereby have been obtained by the Borrower or such Guarantor, as applicable, and are full force and effect;

(iii)this Amendment, the Credit Agreement, and the other Loan Documents constitute valid and legally binding obligations of the Borrower and each Guarantor, enforceable against the Borrower and each Guarantor in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and by general equitable principles, whether enforcement is sought by proceedings at law or in equity;

(iv)all representations and warranties made by the Borrower and each Guarantor in the Credit Agreement and the other Loan Documents are true and correct in all material respects (or in the case of any such representation and warranty that is qualified by materiality or reference to Material Adverse Change, in all respects), except for representations and warranties which (A) specifically refer to an earlier date which shall have been true and correct in all material respects as of such earlier date referred to therein, and (B) are qualified by materiality which will be true and correct in all respects and the Borrower and each Guarantor has complied with all covenants and undertakings in the Credit Agreement and the other Loan Documents;

(v)this Amendment is not a substitution, novation, discharge or release of the Borrower's or any Guarantor's obligations under the Credit Agreement or any of the other Loan Documents, all of which shall and are intended to remain in full force and effect;

(vi)no Event of Default or Potential Default has occurred and is continuing under the Credit Agreement or the other Loan Documents; there exist no defenses, offsets, counterclaims or other claims with respect to the Borrower's or any Guarantor's obligations and liabilities under the Credit Agreement or any of the other Loan Documents;

(vii)no Material Adverse Change has occurred since January 2, 2022; and

(viii)the Borrower and each Guarantor hereby ratify and confirm in full its duties and obligations under the Credit Agreement and the other Loan Documents applicable to it, each as modified hereby.

(c)Incorporation into the Credit Agreement and other Loan Documents. This Amendment shall be incorporated into the Credit Agreement by this reference and each reference to the Credit Agreement that is made in the Credit Agreement or any other document executed or to be executed in connection therewith shall hereafter be construed as a reference to the Credit Agreement as amended hereby. The term "Loan Documents" as defined in the Credit Agreement shall include this Amendment.

(d)Severability. If any one or more of the provisions contained in this Amendment, the Credit Agreement, or the other Loan Documents shall be held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained in this Amendment, the Credit Agreement or the other Loan Documents shall not in any way be affected or impaired thereby, and this Amendment shall otherwise remain in full force and effect.

(e)Successors and Assigns. This Amendment shall apply to and be binding upon the Borrower and each Guarantor in all respects and shall inure to the benefit of each of the Administrative Agent and the Lenders and their respective successors and assigns, provided that neither the Borrower nor any Guarantor may assign, transfer or delegate its duties and obligations hereunder. Nothing expressed or referred to in this Amendment is intended or shall be construed to give any person or entity other than the parties hereto a legal or equitable right, remedy or claim under or with respect to this Amendment, the Credit Agreement or any of the other Loan Documents, it being the intention of the parties hereto that this Amendment and all of its provisions and conditions are for the sole and exclusive benefit of the Borrower, the Guarantors, the Administrative Agent and the Lenders.

(f)Reimbursement of Expenses. The Borrower unconditionally agrees to pay and reimburse the Administrative Agent and save the Administrative Agent harmless against liability for the payment of reasonable out-of-pocket costs, expenses and disbursements, including without limitation, the reasonable fees and expenses of counsel actually incurred by the Administrative Agent in connection with the development, preparation, execution, administration, interpretation or performance of this Amendment and all other documents or instruments to be delivered in connection herewith.

(g)Counterparts. This Amendment may be executed by different parties hereto in any number of separate counterparts, each of which, when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

(h)Entire Agreement. This Amendment sets forth the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersedes all prior understandings and agreements, whether written or oral, between the parties hereto relating to the subject matter hereof. No representation, promise, inducement or statement of intention has been made by any party which is not embodied in this Amendment, and no party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not set forth herein.

(i)Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

(j)No Novation. This Amendment amends the Credit Agreement, but is not intended to constitute, and does not constitute, a novation of the Obligations of the Borrower and/or the Guarantors under the Credit Agreement or any other Loan Document.

(k)Construction. The rules of construction set forth in Section 1.2 [Construction] of the Credit Agreement shall apply to this Amendment.

(l)Governing Law. This Amendment shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to its conflict of laws principles.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Amendment as of the day and year first above written.

BORROWER:

HELIOS TECHNOLOGIES, INC.
a Florida corporation

By: ________________________________
Name: Tricia Fulton
Title: Chief Financial Officer

GUARANTORS:

ENOVATION CONTROLS, LLC,
an Oklahoma limited liability company

By: Helios Technologies, Inc.,
its managing member

By: ________________________________
Name: Tricia Fulton
Title: Chief Financial Officer

SUN HYDRAULICS, LLC,
a Florida limited liability company

By: Helios Technologies, Inc.,
its sole manager

By: ________________________________
Name: Tricia Fulton
Title: Chief Financial Officer

FASTER, INC.,
an Ohio corporation

By: ________________________________
Name: Tricia Fulton
Title: Vice President and Chief Financial Officer

SPA & BATH HOLDINGS, INC.,
a Delaware corporation

By: _
Name: Tricia Fulton
Title: Chairwoman

BALBOA WATER GROUP, LLC,
a Delaware limited liability company

By: _
Name: Tricia Fulton
Title: Vice President

HELIOS CENTER OF ENGINEERING EXCELLENCE, LLC,
a Delaware limited liability company

By: _
Name: Tricia Fulton
Title: President

PNC BANK, NATIONAL ASSOCIATION, as the Administrative Agent, the Issuing Lender, the Swing Loan Lender and a Lender

By: ______________________________
Name:
Title:

TRUIST BANK, as a Lender

By: _
Name: _
Title: _

REGIONS BANK, as a Lender

By: _
Name: _
Title: _

BANK OF MONTREAL, as an Issuing Lender

By: _
Name: _
Title: _

BMO HARRIS BANK, N.A., as a Lender

By: _
Name: _
Title: _

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: _
Name: _
Title: _

MUFG UNION BANK, N.A., as a Lender

By: _
Name: _
Title: _

CITIBANK, N.A., as a Lender

By: _
Name: _
Title: _

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: _
Name: _
Title: _

SYNOVUS BANK, as a Lender

By: _
Name: _
Title: _

PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION, as a Lender

By: _
Name: _
Title: _

Exhibit 31.1

CERTIFICATION

I, Josef Matosevic, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended October 1, 2022, of Helios Technologies;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

/s/ Josef Matosevic
Josef Matosevic
President, Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Tricia L. Fulton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended October 1, 2022, of Helios Technologies;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

/s/ Tricia L. Fulton
Tricia L. Fulton
Executive Vice President and Chief Financial Officer
(Principle Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. § 1350

I, Josef Matosevic, the Chief Executive Officer of Helios Technologies (the “Company”), certify that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended October 1, 2022 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2022

/s/ Josef Matosevic
Josef Matosevic
President, Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. § 1350

I, Tricia L. Fulton, the Chief Financial Officer of Helios Technologies (the "Company"), certify that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended October 1, 2022 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2022

/s/ Tricia L. Fulton
Tricia L. Fulton
Executive Vice President and Chief Financial Officer
(Principle Financial and Accounting Officer)