



Fireside Chat Daryl Adams, President & CEO Jon Douyard, CFO

D.A. Davidson 21st Annual Diversified Industrials & Services Conference
September 22, 2022

SHYFT GROUP | Investor
Presentation



Forward-Looking Statement

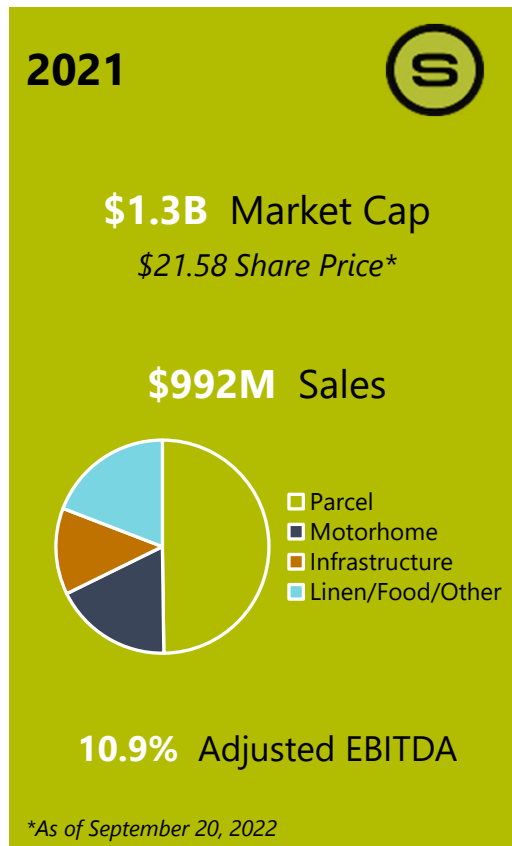
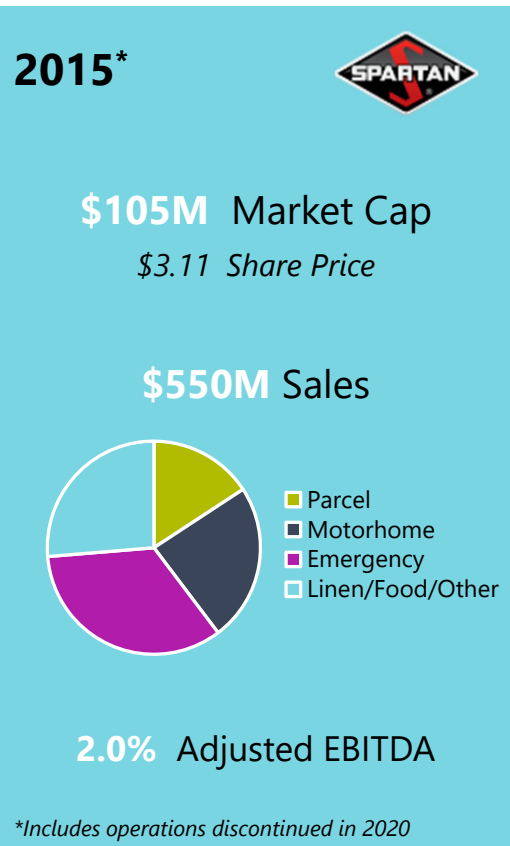
This presentation contains information, including our revenue and earnings guidance, all other information provided with respect to our outlook for 2022 and future periods, and other statements concerning our business, strategic position, financial projections, financial strength, future plans, objectives, and the performance of our products and operations that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using words such as “believe,” “expect,” “intend,” “potential,” “future,” “may,” “will,” “should,” and similar expressions or by using future dates in connection with any discussion of, among other things, the construction or operation of new or existing facilities, operating performance, trends, events or developments that we expect or anticipate will occur in the future, statements relating to volume changes, share of sales and earnings per share changes, anticipated cost savings, potential capital and operational cash improvements, anticipated disruptions to our operations and industry due to the COVID-19 pandemic, changes in supply and demand conditions and prices for our products, trade duties and other aspects of trade policy, statements regarding our future strategies, products and innovations, and statements expressing general views about future operating results. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. It is possible that the Company’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and our present expectations or projections. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the risks and uncertainties described in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, and those described from time to time in our future reports filed with the Securities and Exchange Commission (SEC), which are available at www.sec.gov or our website. All forward-looking statements in this presentation are qualified by this paragraph. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements in this presentation, whether as a result of new information, future events, or otherwise.

The financial results included within this presentation are from continuing operations unless otherwise noted.



The Shyft Group

We design, engineer, manufacture and service purpose-built specialty vehicles and chassis



A Transformative Growth Story

Shifted focus to higher growth segments of Last Mile Delivery and Infrastructure

Deployed over \$100M toward M&A on 4 strategic transactions

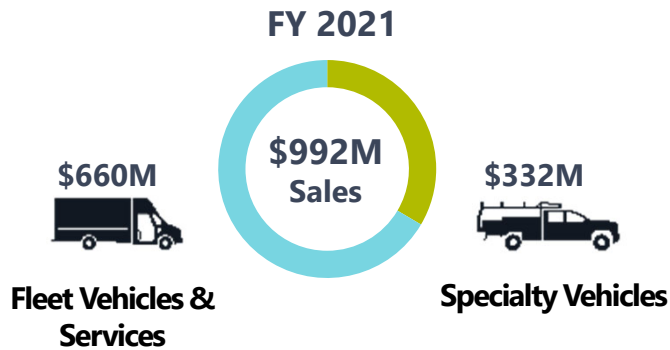
Focused on lean initiatives across factories

Built out footprint
Coast-to-coast flexible manufacturing

Strengthened management team to support accelerated growth

Foundation for Future Growth

16 Manufacturing Operations



Industry Leading Brands



2018

East coast expansion
 • Acquired Strobes-R-US

2019

West & Southwest expansion
 • Acquired General Truck Body
 • Acquired Royal Truck Body

2020

Acquired DuraMag
 Expanded product portfolio

2021

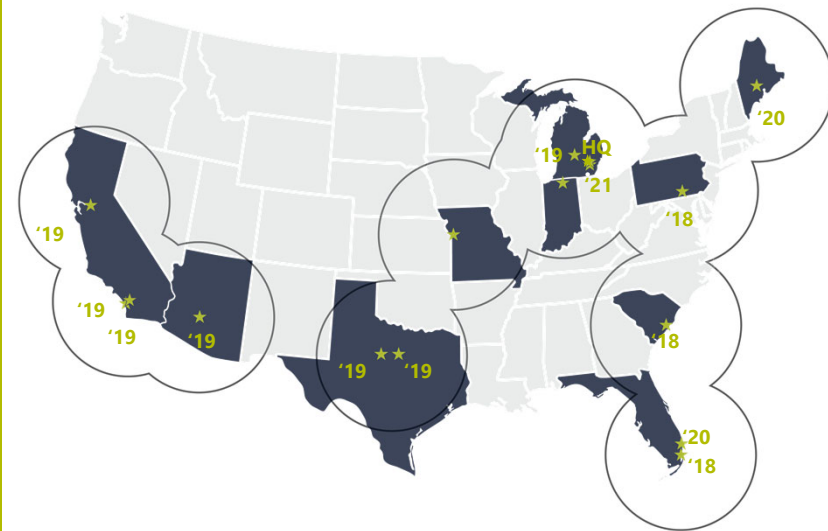
Launched key products
 • Velocity vehicle
 • EV modular chassis

2022

Launched Blue Arc™ Brand

North American Leader

in specialty vehicle manufacturing and assembly for the commercial vehicle market



Spanning 85% of US population

**Within 300-mile radius of manufacturing locations*

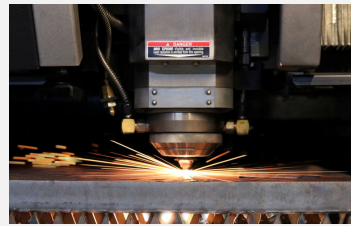
Four Strategic Objectives to Drive Shareholder Value

Customer focused innovation to drive growth



Organic Growth

- Product innovation
- Geographic expansion



Operational Excellence

- Lean initiatives
- Automation



Strategic Acquisitions

- Bolt-on / new product
- Leverage cost structure



Product Innovations

- Blue Arc Brand
- New technologies

Together with focused ESG effort



- Employee health and safety
- Continuous improvement
 - Energy efficient processes
 - Waste / water management
- Investment in electric vehicle portfolio



- Diversity, equity and inclusion
- Community and stakeholder engagement
- Signatory to UN Global Compact on Human Rights



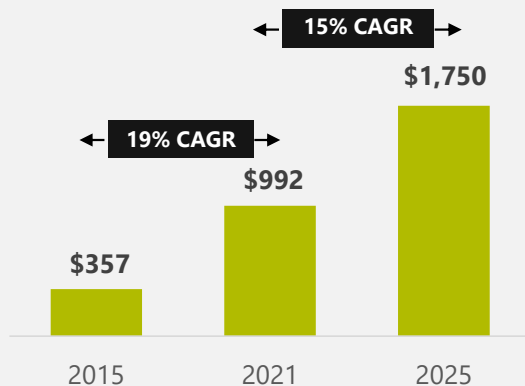
- Robust ethics, compliance and governance policies and practices
- Transparency, reporting and accountability



The Road Ahead

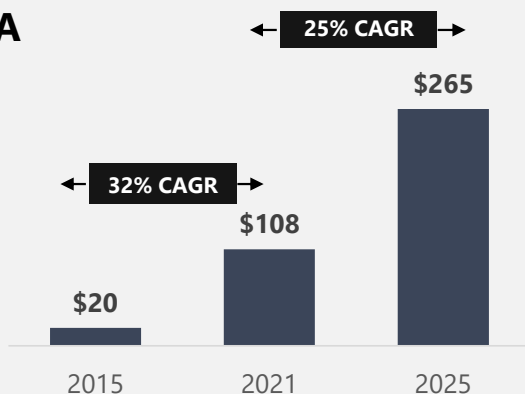
Revenue

(in millions)



Adjusted EBITDA

(in millions)



2025 Financial Objectives

Revenue **\$1.75B**

Adj. EBITDA Margin **15%**

Organic Growth

- Product innovation
- Geographic expansion

Operation Excellence

- Lean initiatives
- Automation

Strategic Acquisitions

- Product innovation
- Geographic expansion

Product Innovations

- New technologies



Thank you!



Appendix



Reconciliation of Non-GAAP Financial Measures

This presentation presents Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, and adjusted earnings per share, each of which is a non-GAAP financial measure. These non-GAAP measures are calculated by excluding items that we believe to be infrequent or not indicative of our underlying operating performance, as well as certain non-cash expenses. We define Adjusted EBITDA as income from continuing operations before interest, income taxes, depreciation and amortization, as adjusted to eliminate the impact of restructuring charges, acquisition related expenses and adjustments, non-cash stock-based compensation expenses, and other gains and losses not reflective of our ongoing operations.

We present the non-GAAP measure Adjusted EBITDA because we consider it to be an important supplemental measure of our performance. The presentation of Adjusted EBITDA enables investors to better understand our operations by removing items that we believe are not representative of our continuing operations and may distort our longer-term operating trends. We believe this measure to be useful to improve the comparability of our results from period to period and with our competitors, as well as to show ongoing results from operations distinct from items that are infrequent or not indicative of our continuing operating performance. We believe that presenting this non-GAAP measure is useful to investors because it permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate our historical performance. We believe that the presentation of this non-GAAP measure, when considered together with the corresponding GAAP financial measures and the reconciliations to that measure, provides investors with additional understanding of the factors and trends affecting our business than could be obtained in the absence of this disclosure.

Our management uses Adjusted EBITDA to evaluate the performance of and allocate resources to our segments. Adjusted EBITDA is also used, along with other financial and non-financial measures, for purposes of determining annual incentive compensation for our management team and long-term incentive compensation for certain members of our management team.

Reconciliation of Non-GAAP Financial Measures

The Shyft Group, Inc. and Subsidiaries
 Consolidated Financial Summary (Non-GAAP)
 (In thousands, except per share data)
 (Unaudited)

The Shyft Group, Inc.	Three Months Ended June 30,			
	2022	% of sales	2021	% of sales
Income from continuing operations	\$ 5,283	2.3%	\$ 16,953	6.9%
Net (income) attributable to non-controlling interest	-		(990)	
Add (subtract):				
Restructuring and other related charges	354		505	
Acquisition related expenses and adjustments	341		71	
Non-cash stock-based compensation expense	2,060		2,850	
Loss from liquidation of JV	-		643	
Tax effect of adjustments	(496)		(998)	
Adjusted net income	<u>\$ 7,542</u>	<u>3.2%</u>	<u>\$ 19,034</u>	<u>7.8%</u>
Income from continuing operations	\$ 5,283	2.3%	\$ 16,953	6.9%
Net (income) attributable to non-controlling interest	-		(990)	
Add (subtract):				
Depreciation and amortization	3,727		2,759	
Income tax expense	1,461		5,552	
Interest expense	463		227	
EBITDA	<u>\$ 10,934</u>	<u>4.7%</u>	<u>\$ 24,501</u>	<u>10.0%</u>
Add:				
Restructuring and other related charges	354		505	
Acquisition related expenses and adjustments	341		71	
Non-cash stock-based compensation expense	2,060		2,850	
Loss from liquidation of JV	-		643	
Adjusted EBITDA	<u>\$ 13,689</u>	<u>5.9%</u>	<u>\$ 28,570</u>	<u>11.7%</u>
Diluted net earnings per share	\$ 0.15		\$ 0.44	
Add (subtract):				
Restructuring and other related charges	0.01		-	
Acquisition related expenses and adjustments	0.01		-	
Non-cash stock-based compensation expense	0.05		0.08	
Loss from liquidation of JV	-		0.01	
Tax effect of adjustments	(0.01)		-	
Adjusted diluted net earnings per share	<u>\$ 0.21</u>		<u>\$ 0.53</u>	



Reconciliation of Non-GAAP Financial Measures

The Shyft Group, Inc. and Subsidiaries
Consolidated Financial Summary (Non-GAAP)
(In thousands, except per share data)
(Unaudited)

The Shyft Group, Inc.	Forecast		
	Twelve Months Ended December 31, 2022		
	Low	Mid	High
Income from continuing operations	\$ 21,097	\$ 31,116	\$ 41,135
Add:			
Depreciation and amortization	13,582	13,582	13,582
Interest expense	1,500	1,250	1,000
Taxes	6,481	9,212	11,943
EBITDA	\$ 42,660	\$ 55,160	\$ 67,660
Add:			
Non-cash stock-based compensation and other charges	12,340	12,340	12,340
Adjusted EBITDA	\$ 55,000	\$ 67,500	\$ 80,000
Earnings per share	\$ 0.59	\$ 0.87	\$ 1.15
Add:			
Non-cash stock-based compensation and other charges	0.34	0.34	0.34
Less tax effect of adjustments	(0.08)	(0.08)	(0.08)
Adjusted earnings per share	\$ 0.85	\$ 1.13	\$ 1.41