



Fourth Quarter 2023 Earnings Conference Call

February 22, 2024

SHYFT GROUP

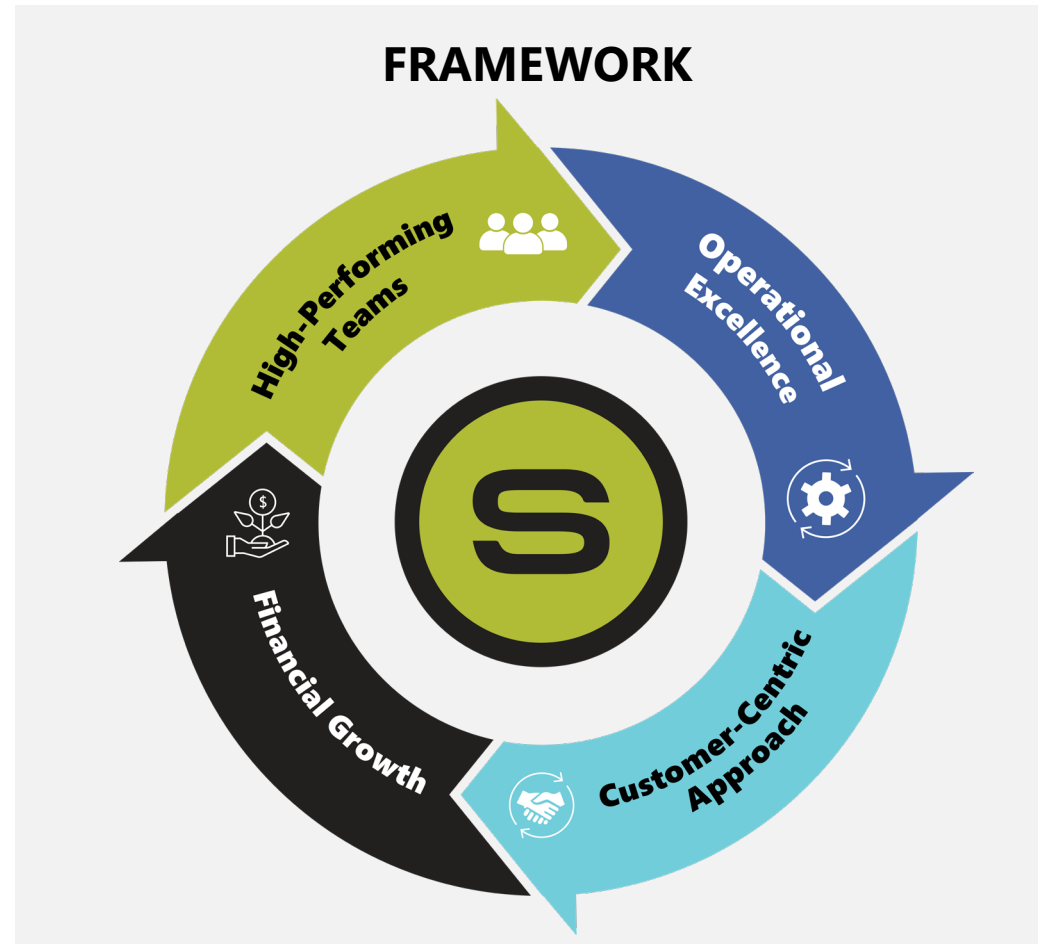
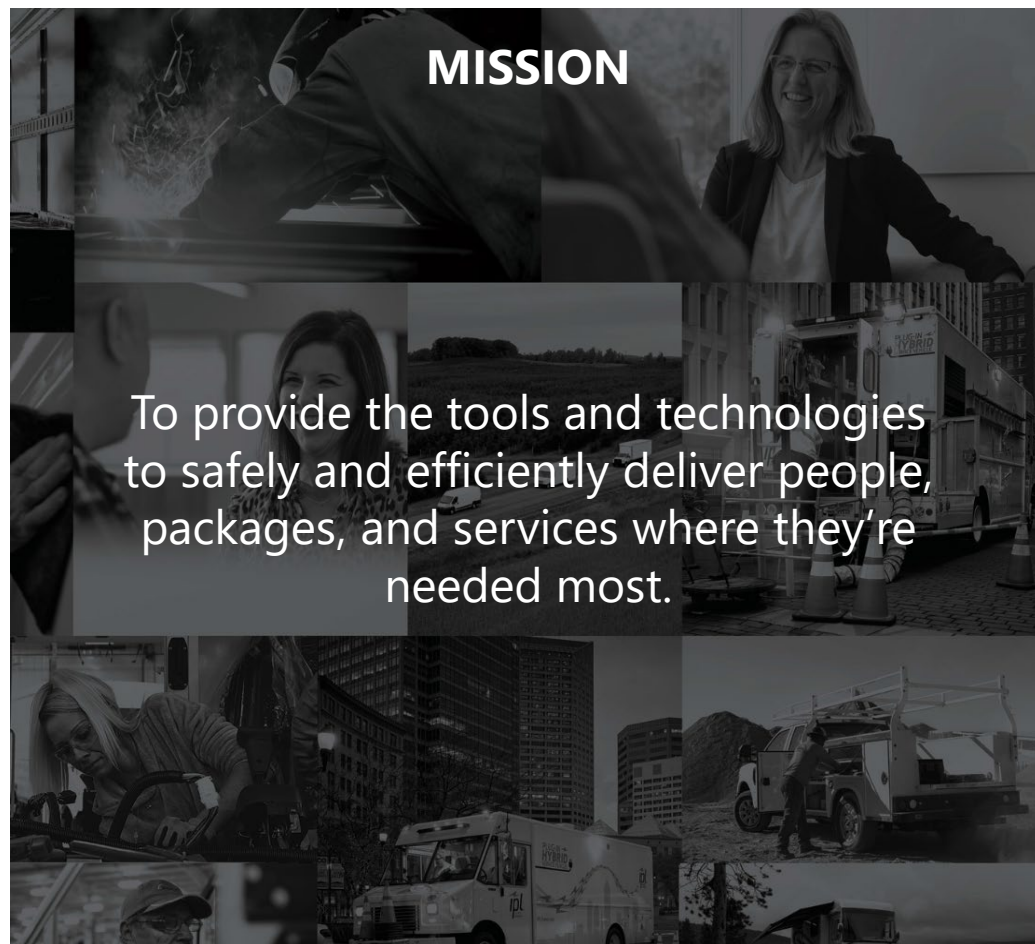


Forward-Looking Statement

This presentation contains information, including our sales and earnings guidance, all other information provided with respect to our outlook for 2024 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, 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, 2023, and those described from time to time in our 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.



Building on our Foundation



Executing our mission and implementing framework to create long-term shareholder value

Driving Decisive Actions

Initial Observations

Actions Taken

High Performing Teams

Need **focused leadership** given current market challenges



- **Upgraded talent in key production and sales leadership roles**
- **Solidified FVS leadership with appointment of new President**
- **Completed initial organization review and pushed accountability to the business**

Operational Excellence

Opportunity to **optimize performance** by leveraging 'One Shyft' mentality



- **Held first Shyft sales summit and adjusted comp structure to drive new business**
- **Expanded project pipeline for procurement and footprint optimization**
- **Revised KPIs and operating rhythms to drive actions and improved performance**

Customer Centric Approach (Blue Arc)

Well-positioned to **lead in commercial EV** transition - focused on **delivering vehicles in 2024**



- **Reassessed market and validated growth potential for Blue Arc**
- **Engaged with key customers to promote Blue Arc and accelerate order activity**
- **Completed Blue Arc program deep dive and refocused project timeline**

Acting with urgency to deliver improved operating results and financial growth

Blue Arc Class 3 to 4 EV Walk in Van Update

Product Development

- Vehicle continues to perform well during testing
- Key customer visits confirm final production design meets their needs
- Recent performance tests confirm multiple battery suppliers deliver consistent results with ~200+ mile range
- Rigorous durability testing remains ongoing to confirm robustness and quality

Production Readiness

- Initial vehicles being built on Charlotte production line
- Start of production targeted for late 2024



First production intent Blue Arc vehicle in Charlotte, MI

Recent progress reinforces confidence in the vehicle and growth opportunity



Fourth Quarter 2023 Financial Review and 2024 Outlook



2023 Financial Results & Highlights

\$872M

(15%) decline YoY

Sales

\$40M

4.6% of Sales

Adjusted EBITDA

\$409M

(12%) decline vs Q3'23

Backlog

\$36M

+\$75M increase YoY

Free Cash Flow

- ✓ **Delivered record SV profitability** with 20% Adjusted EBITDA driven by vocational truck demand
- ✓ **Drove down working capital** to generate significant cash flow improvement vs. 2023
- ✓ **Enabled future growth** with key investments in Blue Arc, geographic expansion, and innovation
- ✓ **Returned \$26M to shareholders** through regular dividends and share repurchase

Strong cash generation from core business funding growth opportunities

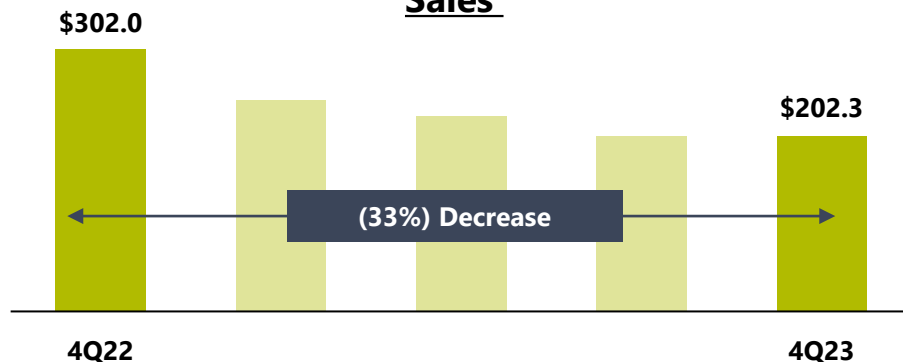


Shyft Financial Summary – 4Q23

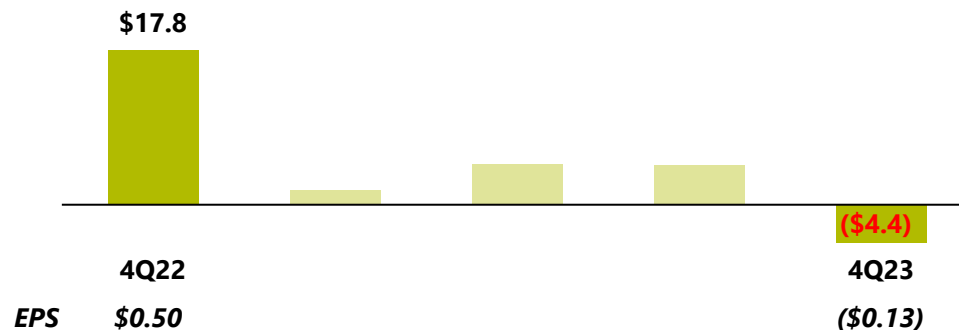
Reported Financials

(\$ million, except EPS)

Sales



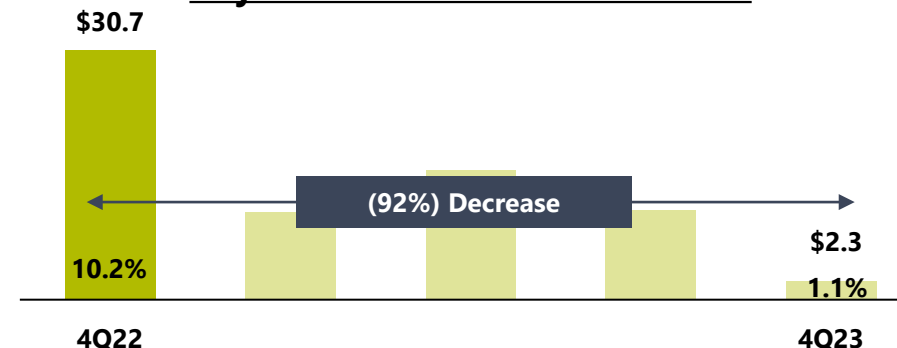
Net Income and EPS



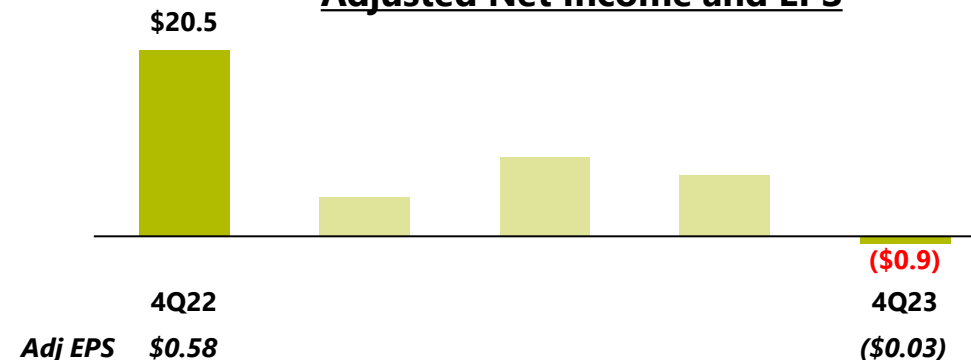
Adjusted Financials

(\$ million, except EPS)

Adjusted EBITDA and % of Sales



Adjusted Net Income and EPS



Operating environment remained challenging in the quarter



Segment Results Summary – 4Q23

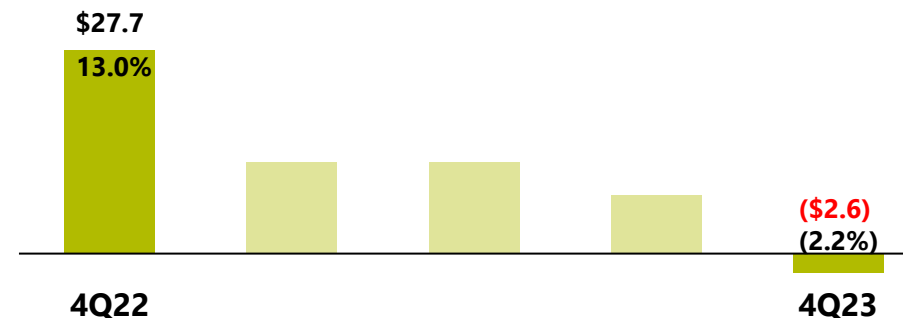
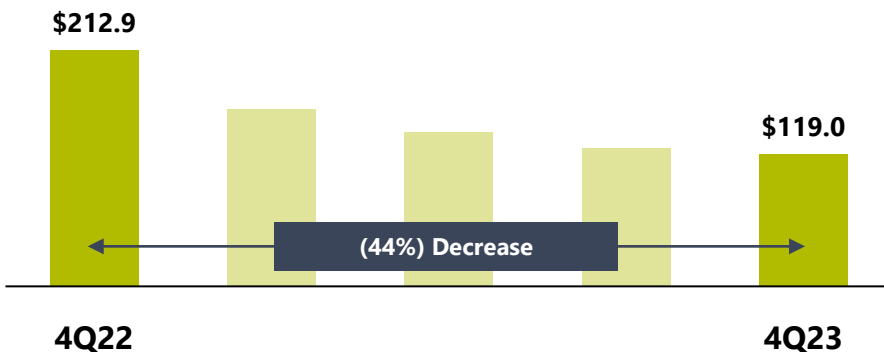
Sales

(in millions)

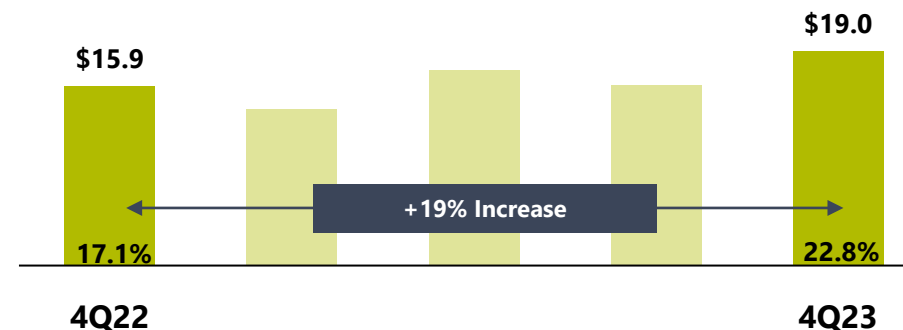
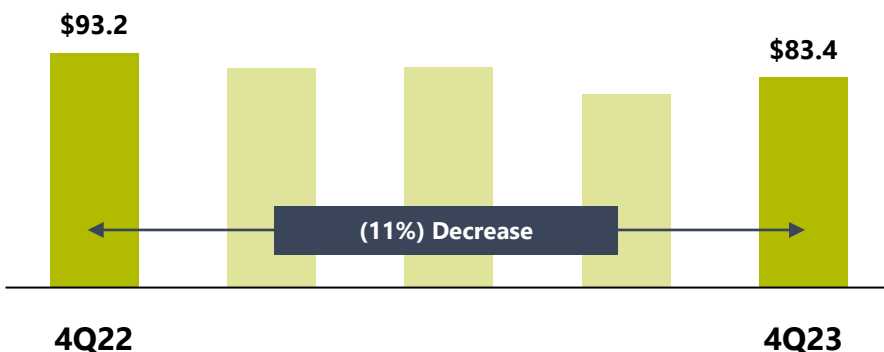
Adjusted EBITDA and % of Sales

(\$ in millions)

FVS



SV



Record SV profitability driven by vocational truck demand



2024 Outlook

Revenue

\$850 to \$900M

~Flat YoY at midpoint

- Vocational truck growth continues driven by infrastructure spend
- Expect first half parcel and motorhome market to remain soft
- No revenue from Blue Arc assumed in guidance

Adjusted EBITDA

\$40 to \$50M

+13% YoY at midpoint

- Blue Arc spending of \$20 to 25M vs. \$33M in 2023
- Tightly managing spending

Adjusted EPS

\$0.28 to \$0.51

(26%) YoY at midpoint

- Assumes share count of ~35M
- Tax headwind driven by prior year tax benefit

Free Cash Flow

\$25 to \$35M

- ~70% EBITDA conversion
- Continued working capital reduction
- Capex of \$20 to \$25M

Taking urgent commercial and operational actions to improve performance

Why Invest in the Shyft Group?



Attractive End-Markets

Leading positions in last mile delivery and infrastructure



Customer Focused Innovation

Solutions focused on our customers and their needs



Operational Excellence

Leveraging the power of Shyft to return to historical profitability levels



Financial Strength

Ability to generate cash drives flexibility to invest for future growth and return capital



Attractive long-term value creation opportunity



Q&A Session

Appendix



Reconciliation of Non-GAAP Financial Measures



This presentation presents Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, adjusted earnings per share, and free cash flow, each of which is a non-GAAP financial measure.

We define Adjusted EBITDA as income 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.

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.

We define free cash flow as Net cash provided by (used in) operating activities less purchases of property, plant and equipment and add proceeds from sale of property, plant and equipment. We believe this measure of free cash flow provides management and investors further useful information on cash generation or use in our operations.

We believe that the presentation of these 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.

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 December 31,				Twelve Months Ended December 31,			
	2023	% of sales	2022	% of sales	2023	% of sales	2022	% of sales
Net income (loss)	\$ (4,417)	(2.2%)	\$ 17,841	5.9%	\$ 6,464	0.7%	\$ 36,558	3.6%
Net loss attributable to non-controlling interest	-		-		32		-	
Add (subtract):								
Restructuring and other related charges	368		243		1,741		757	
Acquisition related expenses and adjustments	-		84		440		884	
Non-cash stock-based compensation expense	2,647		2,697		7,834		7,619	
CEO transition	107		-		2,629		-	
Loss from write-off of assets	1,872		-		1,872		-	
Legacy legal matters	-		-		956		-	
Non-recurring professional fees	128		-		288		-	
Tax effect of adjustments	(1,636)		(371)		(3,565)		(1,348)	
Adjusted net income (loss)	\$ (931)	(0.5%)	\$ 20,494	6.8%	\$ 18,691	2.1%	\$ 44,470	4.3%
Net income (loss)	\$ (4,417)	(2.2%)	\$ 17,841	5.9%	\$ 6,464	0.7%	\$ 36,558	3.6%
Net loss attributable to non-controlling interest	-		-		32		-	
Add (subtract):								
Depreciation and amortization	4,593		4,719		16,953		14,774	
Taxes on income	(4,803)		4,022		(5,768)		7,368	
Interest expense	1,830		1,079		6,527		2,833	
EBITDA	\$ (2,797)	(1.4%)	\$ 27,661	9.2%	\$ 24,208	2.8%	\$ 61,533	6.0%
Add (subtract):								
Restructuring and other related charges	368		243		1,741		757	
Acquisition related expenses and adjustments	-		84		440		884	
Non-cash stock-based compensation expense	2,647		2,697		7,834		7,619	
CEO transition	107		-		2,629		-	
Loss from write-off of assets	1,872		-		1,872		-	
Legacy legal matters	-		-		956		-	
Non-recurring professional fees	128		-		288		-	
Adjusted EBITDA	\$ 2,325	1.1%	\$ 30,685	10.2%	\$ 39,968	4.6%	\$ 70,793	6.9%
Diluted net earnings (loss) per share	\$ (0.13)		\$ 0.50		\$ 0.19		\$ 1.03	
Add (subtract):								
Restructuring and other related charges	0.01		0.01		0.05		0.02	
Acquisition related expenses and adjustments	-		-		0.01		0.02	
Non-cash stock-based compensation expense	0.08		0.08		0.22		0.21	
CEO transition	-		-		0.08		-	
Loss from write-off of assets	0.05		-		0.05		-	
Legacy legal matters	-		-		0.03		-	
Non-recurring professional fees	-		-		0.01		-	
Tax effect of adjustments	(0.04)		(0.01)		(0.10)		(0.03)	
Adjusted diluted net earnings (loss) per share	\$ (0.03)		\$ 0.58		\$ 0.54		\$ 1.25	

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

The Shyft Group, Inc.	Year Ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 56,244	\$ (18,843)
Purchases of property, plant and equipment	(20,733)	(20,564)
Proceeds from sale of property, plant and equipment	119	148
Free cash flow	\$ 35,630	\$ (39,259)

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.	Outlook		
	Year Ended December 31, 2024		
	Low	Mid	High
Net income	\$ 2,479	\$ 6,481	\$ 10,483
Add:			
Depreciation and amortization	21,000	21,000	21,000
Interest expense	7,000	7,000	7,000
Taxes	621	1,619	2,617
EBITDA	\$ 31,100	\$ 36,100	\$ 41,100
Add:			
Non-cash stock-based compensation and other charges	8,900	8,900	8,900
Adjusted EBITDA	<u>\$ 40,000</u>	<u>\$ 45,000</u>	<u>\$ 50,000</u>
Earnings per share	\$ 0.07	\$ 0.19	\$ 0.30
Add:			
Non-cash stock-based compensation and other charges	0.26	0.26	0.26
Less: tax effect of adjustments	(0.05)	(0.05)	(0.05)
Adjusted earnings per share	<u>\$ 0.28</u>	<u>\$ 0.40</u>	<u>\$ 0.51</u>



Thank you.