

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): July 27, 2023

THE SHYFT GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction
of Incorporation)

001-33582
(Commission File No.)

38-2078923
(IRS Employer
Identification No.)

41280 Bridge Street, Novi, Michigan
(Address of Principal Executive Offices)

48375
(Zip Code)

517-543-6400
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Section Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	SHYF	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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.

Item 2.02 Results of Operations and Financial Condition

On July 27, 2023, The Shyft Group, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2023, along with an accompanying investor presentation. Copies of the press release and investor presentation are attached to this Current Report as Exhibits 99.1 and 99.2.

The information in this Item 2.02 and the attached Exhibits 99.1 and 99.2 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated July 27, 2023 regarding the financial results for the quarter ended June 30, 2023.](#)

99.2 [Investor presentation dated July 27, 2023 regarding the financial results for the quarter ended June 30, 2023.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

THE SHYFT GROUP, INC.

Dated: July 27, 2023

By: /s/ Jonathan C. Douyard
Jonathan C. Douyard
Chief Financial Officer

The Shyft Group Reports Second Quarter 2023 Results

- Second quarter results in line with management expectations
- Solid operating cash flow performance in the quarter
- Revised full-year 2023 outlook primarily driven by softness in last-mile delivery and motorhome end markets

Novi, Mich., July 27, 2023 – The Shyft Group, Inc. (NASDAQ: SHYF) (“Shyft” or the “Company”), the North American leader in specialty vehicle manufacturing, assembly and upfit for the commercial, retail and service specialty vehicle markets, today reports operating results for the second quarter ending June 30, 2023.

Second Quarter 2023 Highlights

For the second quarter of 2023 compared to the second quarter of 2022:

- Sales of \$225.1 million, a decrease of \$7.1 million, or 3.1%, from \$232.2 million
- Net income of \$4.7 million, or \$0.13 per share, compared to \$5.3 million, or \$0.15 per share
- Adjusted EBITDA of \$15.9 million, or 7.0% of sales, an increase of \$2.2 million, from \$13.7 million, or 5.9% of sales; results include \$7.4 million of EV program costs versus \$7.3 million in the prior year
- Adjusted net income of \$8.7 million, or \$0.25 per share, compared to \$7.5 million, or \$0.21 per share in the prior year
- Consolidated backlog of \$510.2 million as of June 30, 2023, down 55.1%, compared to \$1.1 billion as of June 30, 2022
- Operating cash flow of \$29.7 million, up \$38.6 million, compared to an outflow of \$8.9 million in the prior year

“We delivered second quarter results in line with our expectations led by strong Specialty Vehicles performance while also driving robust cash generation,” said Daryl Adams, President and Chief Executive Officer. “We experienced challenges in the Fleet Vehicles and Services business as market conditions deteriorated and operational inefficiencies remain. We continue to flex our operations while implementing additional cost reductions to reflect lower short-term demand.”

Second Quarter 2023 Business Segment Highlights

For the second quarter of 2023 compared to the second quarter of 2022:

Fleet Vehicles and Services (FVS)

- Sales of \$139.0 million, an increase of \$2.1 million, or up 1.5%, from \$136.9 million
- Adjusted EBITDA of \$12.5 million, or 9.0% of sales, a decrease of \$2.0 million, from \$14.5 million, or 10.6% of sales
- Segment quarter-end backlog of \$437.8 million, down 56.2% compared to \$1.0 billion in the prior year

Specialty Vehicles (SV)

- Sales of \$87.6 million, a decrease of \$7.7 million, or 8.1%, from \$95.3 million
- Adjusted EBITDA of \$17.4 million, or 19.8% of sales, an increase of \$4.5 million, from \$12.9 million, or 13.5% of sales
- Segment quarter-end backlog of \$72.4 million as of June 30, 2023, down 46.4% compared to \$135.2 million as of June 30, 2022
- Achieved significant milestone with the 100,000th Isuzu N-Series gas-powered truck produced at Builtmore



Disciplined Capital Allocation

“Our balance sheet continues to be a strength and differentiator for the Company. We are confident in our long-term growth story and ability to generate cash, giving us the flexibility to efficiently deploy capital to maximize shareholder value,” said Jon Douyard, Chief Financial Officer.

The Company deployed \$8.3 million of capital in the quarter with the following actions:

- Funded \$6.5 million of capital expenditures, including investment in Blue Arc
- Paid regular dividends of \$1.8 million reflecting a dividend of \$0.05 per share
- \$233 million remaining under our existing share repurchase authorization

2023 Financial Outlook

Douyard continued, “Our prior concerns surrounding a tougher demand environment materialized late in the quarter. As softness in the parcel market continued and dealer inventories remained high, last-mile customers deferred and cancelled orders leading to lower OEM chassis production. In addition, consistent with broader recreational vehicle markets, we are experiencing incremental weakness in our motorhome chassis business. These headwinds have negatively impacted our full-year outlook.”

Our revised full-year 2023 outlook, notwithstanding further changes in the operating environment, is as follows:

- Sales to be in the range of \$850 million to \$950 million compared to the previous outlook of \$1.0 to \$1.2 billion
- Adjusted EBITDA of \$40 to \$60 million compared to the previous outlook of \$70 to \$100 million
- Net Income of \$1 to \$16 million compared to the previous outlook of \$28 to \$50 million
- Earnings per share of \$0.03 to \$0.46 compared to the previous outlook of \$0.77 to \$1.39
- Adjusted earnings per share of \$0.33 to \$0.76 compared to the previous outlook of \$0.98 to \$1.60
- Blue Arc EV second half production remains on track; expect approximately 50 vehicles to be delivered in the fourth quarter

Adams concluded, “We remain confident in the long-term growth profile of the Company. Despite market and economic uncertainty, we expect earnings growth in 2024 as we drive operational improvements and ramp Blue Arc production.”

Conference Call and Webcast

The Shyft Group will host a conference call and webcast at 8:30 a.m. ET today.

The U.S. toll-free dial-in for the conference call is 1-844-868-8845, and the international dial-in number is 412-317-6591. The conference passcode is 10176292.

A live webcast of the conference will also be available on the investor relations page of the company’s website at www.the-shyftgroup.com/webcasts.

About The Shyft Group

The Shyft Group is the North American leader in specialty vehicle manufacturing, assembly, and upfit for the commercial, retail, and service specialty vehicle markets. Our customers include first-to-last mile delivery companies across vocations, federal, state, and local government entities; the trades; and utility and infrastructure segments. The Shyft Group is organized into two core business units: Shyft Fleet Vehicles and Services™ and Shyft Specialty Vehicles™. Today, its family of brands include Utilimaster®, Blue Arc™ EV Solutions, Royal® Truck Body, DuraMag® and Magnum®, Strobes-R-Us, Spartan® RV Chassis, Red Diamond™ Aftermarket Solutions, and Builtmore Contract Manufacturing™. The Shyft Group and its go-to-market brands are well known in their respective industries for quality, durability, and first-to-market innovation. The Company employs approximately 4,200 employees and contractors across campuses, and operates facilities in Arizona, California, Florida, Indiana, Maine, Michigan, Missouri, Pennsylvania, Tennessee, Texas, and Saltillo, Mexico. The Company reported sales of \$1.0 billion in 2022. Learn more at TheShyftGroup.com.



The Shyft Group, Inc.

Forward Looking Statement

This release contains information, including our sales and earnings guidance, all other information provided with respect to our outlook for 2023 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, 2022, 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 release 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 release, whether as a result of new information, future events, or otherwise.

Contact

Randy Wilson
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The Shyft Group, Inc.

The Shyft Group, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,808	\$ 11,548
Accounts receivable, less allowance of \$270 and \$246	93,442	115,742
Contract assets	41,230	86,993
Inventories	101,303	100,161
Other receivables – chassis pool agreements	9,312	19,544
Other current assets	7,078	11,779
Total current assets	260,173	345,767
Property, plant and equipment, net	77,393	70,753
Right of use assets – operating leases	49,132	53,386
Goodwill	48,880	48,880
Intangible assets, net	47,173	49,078
Net deferred tax assets	10,390	10,390
Other assets	2,705	2,227
TOTAL ASSETS	\$ 495,846	\$ 580,481
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 85,733	\$ 124,309
Accrued warranty	6,018	7,161
Accrued compensation and related taxes	14,770	14,434
Contract liabilities	4,198	5,255
Operating lease liability	11,378	10,888
Other current liabilities and accrued expenses	8,549	19,452
Short-term debt – chassis pool agreements	9,312	19,544
Current portion of long-term debt	179	189
Total current liabilities	140,137	201,232
Other non-current liabilities	9,826	10,033
Long-term operating lease liability	39,501	44,256
Long-term debt, less current portion	45,184	56,266
Total liabilities	234,648	311,787
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, no par value: 2,000 shares authorized (none issued)	-	-
Common stock, no par value: 80,000 shares authorized; 34,956 and 35,066 outstanding	90,606	92,982
Retained earnings	170,523	175,611
Total Shyft Group, Inc. shareholders' equity	261,129	268,593
Non-controlling interest	69	101
Total shareholders' equity	261,198	268,694
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 495,846	\$ 580,481



The Shyft Group, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Sales	\$ 225,101	\$ 232,195	\$ 468,540	\$ 439,078
Cost of products sold	182,347	190,077	382,862	371,029
Gross profit	42,754	42,118	85,678	68,049
Operating expenses:				
Research and development	5,890	7,563	12,839	12,490
Selling, general and administrative	30,270	26,860	62,559	53,412
Total operating expenses	36,160	34,423	75,398	65,902
Operating income	6,594	7,695	10,280	2,147
Other income (expense)				
Interest expense	(1,477)	(463)	(3,125)	(617)
Other income (expense)	124	(488)	194	(523)
Total other expense	(1,353)	(951)	(2,931)	(1,140)
Income before income taxes	5,241	6,744	7,349	1,007
Income tax expense (benefit)	556	1,461	986	(424)
Net income	4,685	5,283	6,363	1,431
Less: net loss attributable to non-controlling interest	-	-	32	-
Net income attributable to The Shyft Group Inc.	\$ 4,685	\$ 5,283	\$ 6,395	\$ 1,431
Basic earnings per share	\$ 0.13	\$ 0.15	\$ 0.18	\$ 0.04
Diluted earnings per share	\$ 0.13	\$ 0.15	\$ 0.18	\$ 0.04
Basic weighted average common shares outstanding	34,935	35,049	34,995	35,078
Diluted weighted average common shares outstanding	34,991	35,243	35,161	35,437



The Shyft Group, Inc.

The Shyft Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands, except par value)
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 6,363	\$ 1,431
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	8,050	6,696
Non-cash stock based compensation expense	3,090	3,708
Deferred income taxes	-	(432)
Loss on disposal of assets	128	481
Changes in accounts receivable and contract assets	68,064	(12,863)
Changes in inventories	(1,142)	(34,826)
Changes in accounts payable	(38,567)	7,333
Changes in accrued compensation and related taxes	303	(6,146)
Changes in accrued warranty	(1,143)	(379)
Changes in other assets and liabilities	(9,525)	(1,672)
Net cash provided by (used in) operating activities	35,621	(36,669)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(10,963)	(10,010)
Proceeds from sale of property, plant and equipment	82	148
Acquisition of business, net of cash acquired	(500)	-
Net cash used in investing activities	(11,381)	(9,862)
Cash flows from financing activities:		
Proceeds from long-term debt	70,000	85,000
Payments on long-term debt	(81,000)	(30,000)
Payments of dividends	(3,653)	(3,640)
Purchase and retirement of common stock	(8,786)	(26,789)
Exercise and vesting of stock incentive awards	(4,541)	(8,591)
Net cash provided by (used in) financing activities	(27,980)	15,980
Net decrease in cash and cash equivalents	(3,740)	(30,551)
Cash and cash equivalents at beginning of period	11,548	37,158
Cash and cash equivalents at end of period	\$ 7,808	\$ 6,607



The Shyft Group, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Quarter Ended June 30, 2023 (in thousands of dollars)

	Business Segments			Consolidated
	Fleet Vehicles & Services	Specialty Vehicles	Eliminations & Other	
Fleet vehicle sales	\$ 125,291	\$ -	\$ -	\$ 125,291
Motorhome chassis sales	-	30,099	-	30,099
Other specialty vehicles sales	-	51,652	(1,443)	50,209
Aftermarket parts and accessories sales	13,692	5,810	-	19,502
Total Sales	\$ 138,983	\$ 87,561	\$ (1,443)	\$ 225,101
Adjusted EBITDA	\$ 12,468	\$ 17,367	\$ (13,968)	\$ 15,867

The Shyft Group, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Quarter Ended June 30, 2022 (in thousands of dollars)

	Business Segments			Consolidated
	Fleet Vehicles & Services	Specialty Vehicles	Eliminations & Other	
Fleet vehicle sales	\$ 126,181	\$ -	\$ -	\$ 126,181
Motorhome chassis sales	-	42,710	-	42,710
Other specialty vehicles sales	-	47,044	-	47,044
Aftermarket parts and accessories sales	10,716	5,544	-	16,260
Total Sales	\$ 136,897	\$ 95,298	\$ -	\$ 232,195
Adjusted EBITDA	\$ 14,525	\$ 12,859	\$ (13,695)	\$ 13,689



The Shyft Group, Inc.

The Shyft Group, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Period End Backlog (amounts in thousands of dollars)

	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022
Fleet Vehicles and Services	\$ 437,802	\$ 584,933	\$ 736,690	\$ 915,135	\$ 1,000,021
Total Specialty Vehicles	72,402	82,478	96,023	128,769	135,162
Motorhome Chassis	25,123	28,180	35,471	49,769	62,811
Other Specialty Vehicles	47,279	54,298	60,552	79,000	72,351
Total Backlog	<u>\$ 510,204</u>	<u>\$ 667,411</u>	<u>\$ 832,713</u>	<u>\$ 1,043,904</u>	<u>\$ 1,135,183</u>

Reconciliation of Non-GAAP Financial Measures

This release 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.



The Shyft Group, Inc.

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,			
	2023	% of sales	2022	% of sales
Net income	\$ 4,685	2.1%	\$ 5,283	2.3%
Add (subtract):				
Restructuring and other related charges	1,253		354	
Acquisition related expenses and adjustments	-		341	
Non-cash stock-based compensation expense	1,263		2,060	
CEO transition	2,287		-	
Non-recurring professional fees	160		-	
Tax effect of adjustments	(981)		(496)	
Adjusted net income	\$ 8,667	3.9%	\$ 7,542	3.2%
Net income	\$ 4,685	2.1%	\$ 5,283	2.3%
Add (subtract):				
Depreciation and amortization	4,186		3,727	
Income tax expense	556		1,461	
Interest expense	1,477		463	
EBITDA	\$ 10,904	4.8%	\$ 10,934	4.7%
Add:				
Restructuring and other related charges	1,253		354	
Acquisition related expenses and adjustments	-		341	
Non-cash stock-based compensation expense	1,263		2,060	
CEO transition	2,287		-	
Non-recurring professional fees	160		-	
Adjusted EBITDA	\$ 15,867	7.0%	\$ 13,689	5.9%
Diluted net earnings per share	\$ 0.13		\$ 0.15	
Add (subtract):				
Restructuring and other related charges	0.04		0.01	
Acquisition related expenses and adjustments	-		0.01	
Non-cash stock-based compensation expense	0.04		0.05	
CEO transition	0.07		-	
Non-recurring professional fees	-		-	
Tax effect of adjustments	(0.03)		(0.01)	
Adjusted diluted net earnings per share	\$ 0.25		\$ 0.21	



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

The Shyft Group, Inc.	Outlook		
	Twelve Months Ended December 31, 2023		
	Low	Mid	High
Net income	\$ 998	\$ 8,622	\$ 16,246
Add:			
Depreciation and amortization	19,500	20,000	20,500
Interest expense	6,000	6,000	6,000
Taxes	250	2,155	4,061
EBITDA	\$ 26,748	\$ 36,777	\$ 46,807
Add:			
Non-cash stock-based compensation and other charges	13,500	13,500	13,500
Adjusted EBITDA	<u>\$ 40,248</u>	<u>\$ 50,277</u>	<u>\$ 60,307</u>
Earnings per share	\$ 0.03	\$ 0.24	\$ 0.46
Add:			
Non-cash stock-based compensation and other charges	0.38	0.38	0.38
Less tax effect of adjustments	(0.08)	(0.08)	(0.08)
Adjusted earnings per share	<u>\$ 0.33</u>	<u>\$ 0.55</u>	<u>\$ 0.76</u>

*Table amounts may not add due to rounding



The Shyft Group, Inc.



Second Quarter 2023 Earnings Conference Call

July 27, 2023

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 2023 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, 2022, 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.

Shyft Group 2Q23 Highlights

"We delivered second quarter results in line with our expectations led by strong Specialty Vehicles performance while also driving robust cash generation."

Daryl Adams, President and CEO

(3%)

**Sales
Growth**

\$4.7M

**Net
Income**

\$15.9M

**Adjusted
EBITDA**

\$29.7M

**Operating
Cash Flow**

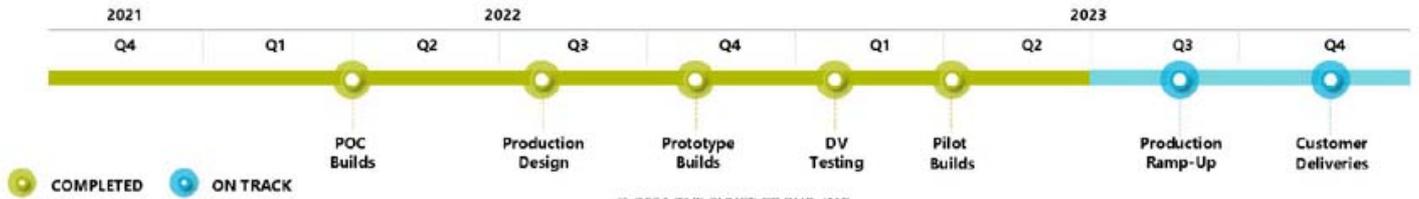
Market Commentary

Business Segment	End Market Dynamics	Backlog <small>(June 30, 2023)</small>
<p data-bbox="209 277 507 304">Fleet Vehicles and Services</p> 	<p data-bbox="722 322 1289 383">Long-term demand trends remain intact given the secular shift to e-commerce</p> <p data-bbox="715 409 1297 465">Near-term last-mile vehicle purchases pressured by lower package volume and higher dealer inventories</p> <p data-bbox="738 492 1273 521">Expect reduced 2nd half OEM chassis production</p>	<p>\$438M</p>
<p data-bbox="260 568 459 595">Specialty Vehicles</p> 	<p data-bbox="770 640 1241 669">Strong demand for vocational work trucks</p> <p data-bbox="703 741 1313 797">Broader RV market has further softened impacting RV manufacturer production schedules</p>	<p data-bbox="1425 640 1489 669">\$47M</p> <p data-bbox="1425 752 1489 781">\$25M</p>

Blue Arc EV Progress Remains on Track

Product	Production	Dealer and Service
<ul style="list-style-type: none"> Large parcel customer field testing underway with positive driver feedback 	<ul style="list-style-type: none"> Initiated manufacturing validation and team member training 	<ul style="list-style-type: none"> Entering final stages of agreements with additional dealers and national fleet service provider
<ul style="list-style-type: none"> Significant full vehicle durability testing completed 	<ul style="list-style-type: none"> 90% of construction completed on production and battery storage facility 	<ul style="list-style-type: none"> Dealers working with key customers on vehicle configurations and orders
<ul style="list-style-type: none"> Component testing completed and awaiting final supplier certification 	<ul style="list-style-type: none"> Start of production in September/October with initial customer deliveries in 4Q 	<ul style="list-style-type: none"> Finalize dealer floorplan support with national financing partners

Program Timeline and Manufacturing Plan





Second Quarter 2023 Financial Review and 2023 Outlook



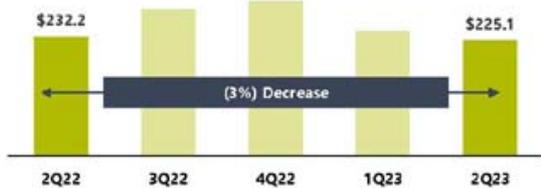
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Shyft Financial Summary – 2Q23

Reported Financials

(\$ million, except EPS)

Sales



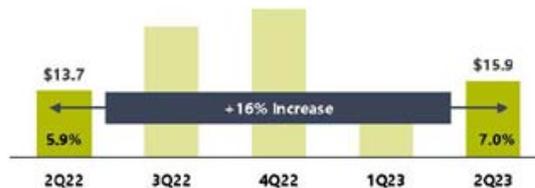
Net Income and EPS



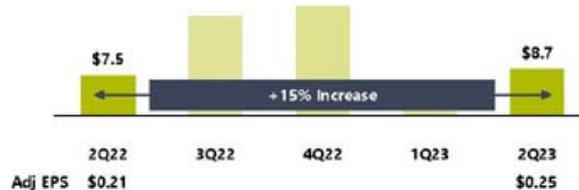
Adjusted Financials

(\$ million, except EPS)

Adjusted EBITDA and % of Sales



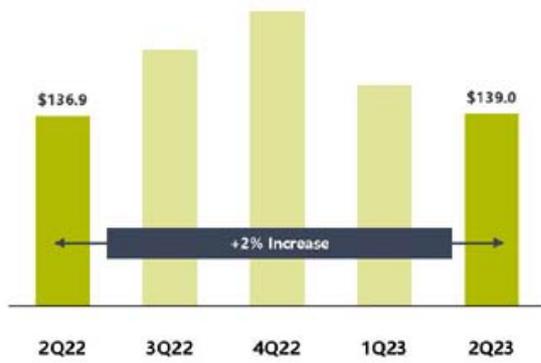
Adjusted Net Income and EPS



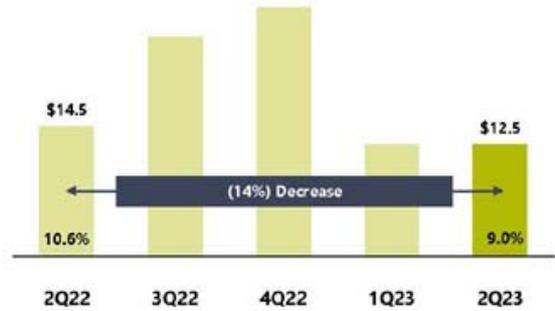
Solid year-over-year margin expansion

Fleet Vehicles and Services (FVS) – 2Q23

Sales
(in millions)



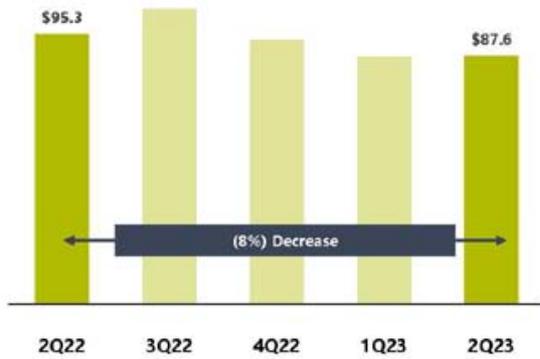
Adjusted EBITDA and % of Sales
(in millions)



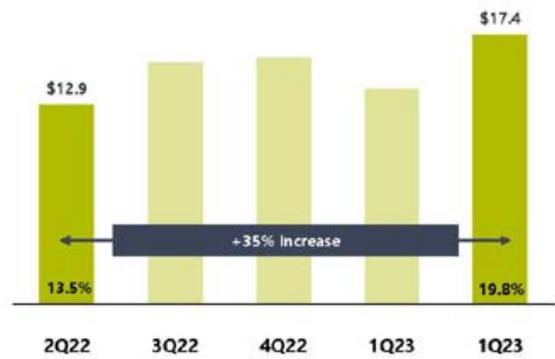
Truck body sales growth offset by softening in last-mile delivery vehicles

Specialty Vehicles (SV) – 2Q23

Sales
(in millions)



Adjusted EBITDA and % of Sales
(in millions)



Record profitability driven by strong service body performance

Revised 2023 Outlook

Full Year Outlook

\$ Millions	FY 2022 Actuals	FY 2023 Prior Outlook	FY 2023 Revised Outlook
Sales	\$1,027	\$1,000 - \$1,200	\$850 - \$950
Adjusted EBITDA	\$70.8	\$70-100	\$40 - \$60
Net Income	\$36.6	\$28 - \$50	\$1 - \$16
EPS	\$1.03	\$0.77 - \$1.39	\$0.03 - \$0.46
Adjusted EPS	\$1.25	\$0.98 - \$1.60	\$0.33 - \$0.76

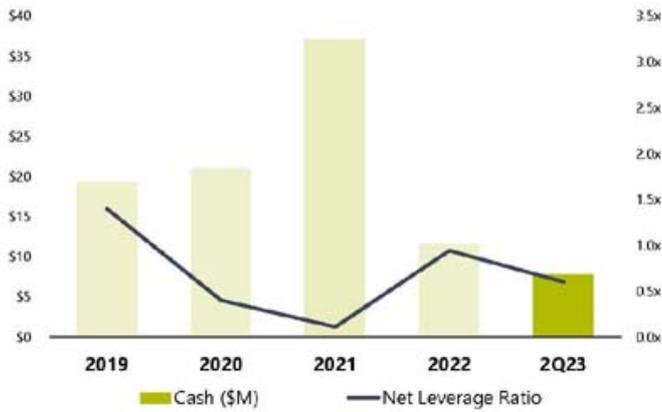
Commentary

- Sales decrease reflects further end market softness
- EBITDA reduction driven by lower volume and productivity expectations offset by cost savings initiatives
- Positive cash generation continues as further working capital reduction expected in the 2nd half
- Additional Assumptions
 - Capex ~\$34M driven by Blue Arc production
 - Effective Tax Rate ~20%
 - Share Count ~35.5M shares

Maintaining financial strength despite challenging near-term outlook

Disciplined Capital Allocation Strategy

Cash and Leverage Ratio



2Q23 Highlights

- 1 **Cash Flow Generation**
 - Generated \$29.7M of operating cash flow
- 2 **Capital Structure**
 - Net leverage remains low at ~0.6x
- 3 **Organic and Inorganic Growth**
 - Deployed \$6.5M in capital expenditures
- 4 **Efficient Return of Capital**
 - Funded \$1.8M of dividends in the quarter

Maintaining low leverage while efficiently deploying capital

Why Invest in the Shyft Group?



**Customer Focused
Innovation**

Win by delivering value to customers



Operational Excellence

Driving lean initiatives and automation



Financial Strength

Flexibility to invest and return capital



High Growth Markets

**Positive long-term, secular growth
trends**



**Compelling
industrial growth
investment**



Q&A Session

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Appendix



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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			
	2023		2022	
		% of		% of
Net income	\$ 4,685	2.1%	\$ 5,283	2.3%
Add (subtract):				
Restructuring and other related charges	1,253		354	
Acquisition related expenses and adjustments	-		341	
Non-cash stock-based compensation expense	1,263		2,060	
CEO transition	2,207		-	
Non-recurring professional fees	150		-	
Tax effect of adjustments	(983)		(496)	
Adjusted net income	\$ 9,667	3.9%	\$ 7,542	3.2%
Net income	\$ 4,685	2.1%	\$ 5,283	2.3%
Add (subtract):				
Depreciation and amortization	4,186		3,727	
Income tax expense	556		1,461	
Interest expense	1,477		463	
EBITDA	\$ 10,904	4.6%	\$ 10,934	4.7%
Add:				
Restructuring and other related charges	1,253		354	
Acquisition related expenses and adjustments	-		341	
Non-cash stock-based compensation expense	1,263		2,060	
CEO transition	2,287		-	
Non-recurring professional fees	150		-	
Adjusted EBITDA	\$ 15,867	7.0%	\$ 13,689	5.9%
Diluted net earnings per share	\$ 0.13		\$ 0.15	
Add (subtract):				
Restructuring and other related charges	0.04		0.01	
Acquisition related expenses and adjustments	-		0.01	
Non-cash stock-based compensation expense	0.04		0.05	
CEO transition	0.07		-	
Non-recurring professional fees	-		-	
Tax effect of adjustments	(0.03)		(0.01)	
Adjusted diluted net earnings per share	\$ 0.25		\$ 0.21	

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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		
	Twelve Months Ended December 31, 2023		
	Low	Mid	High
Net income	\$ 998	\$ 8,622	\$ 16,246
Add:			
Depreciation and amortization	19,500	20,000	20,500
Interest expense	6,000	6,000	6,000
Taxes	250	2,155	4,061
EBITDA	\$ 26,748	\$ 36,777	\$ 46,807
Add:			
Non-cash stock-based compensation and other charges	13,500	13,500	13,500
Adjusted EBITDA	\$ 40,248	\$ 50,277	\$ 60,307
Earnings per share	\$ 0.03	\$ 0.24	\$ 0.46
Add:			
Non-cash stock-based compensation and other charges	0.38	0.38	0.38
Less tax effect of adjustments	(0.08)	(0.08)	(0.08)
Adjusted earnings per share	\$ 0.33	\$ 0.55	\$ 0.76

* Table amounts may not add due to rounding



Thank you.

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