



# SHYFT GROUP

March 2021



**“By all accounts, 2020 proved to be a historic and transformative year for The Shyft Group, as we strategically aligned our product portfolio to take advantage of more profitable growth markets after the sale of the ER business.**

**We emerge from 2020 in a stronger position, well equipped to drive growth in each of our businesses for years to come.”**

***Daryl Adams***

*President and CEO, The Shyft Group*

# Forward-Looking Statement

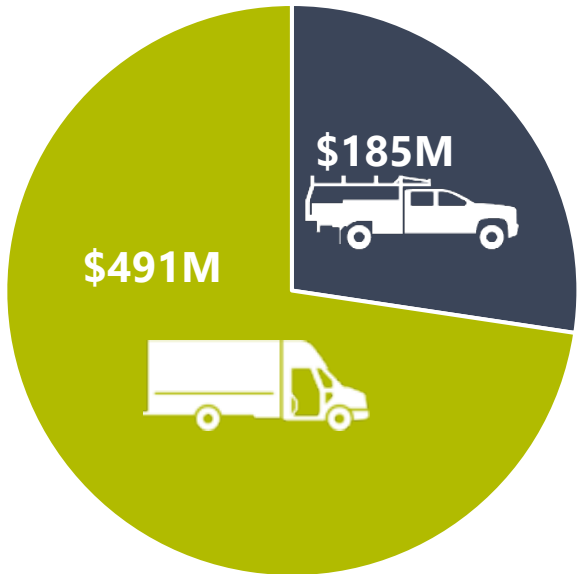
*This presentation contains several forward-looking statements that are not historical facts, including our revenue and earnings guidance, all other information provided with respect to our outlook for 2021 and future periods, and other statements concerning our business, strategic position, financial projections, financial strength, future plans, objectives, and the performance of our products and operations that are not historical facts. These statements can be identified by words such as "believe," "expect," "intend," "potential," "future," "may," "will," "should," and similar expressions regarding future expectations. Furthermore, statements contained in this presentation relating to the COVID-19 pandemic, the impact of which remains inherently uncertain on our financial results, are forward-looking statements. These forward-looking statements involve various known and unknown risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, and likelihood. Therefore, actual performance and results may materially differ from what may be expressed or forecasted in such forward-looking statements. Factors that could contribute to these differences include future developments relating to the COVID-19 pandemic, including governmental responses, supply chain shortages, and potential labor issues; operational and other complications that may arise affecting the implementation of our plans and business objectives; continued pressures caused by economic conditions including weaknesses resulting from the COVID-19 pandemic; challenges that may arise in connection with the integration of new businesses or assets we acquire or the disposition of assets; restructuring of our operations, and/or our expansion into new geographic markets; issues unique to government contracting, such as competitive bidding processes, qualification requirements, and delays or changes in funding; disruptions within our dealer network; changes in our relationships with major customers, suppliers, or other business partners; changes in the demand or supply of products within our markets or raw materials needed to manufacture those products; and changes in laws and regulations affecting our business. Other factors that could affect outcomes are set forth in our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission (SEC), which are available at [www.sec.gov](http://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.*

**The Financial Results Included Within This Presentation Are From  
Continuing Operations Unless Otherwise Noted**

# Shyft Group at a Glance

## Segment Overview

2020 sales



- Specialty Vehicles (SV)
- Fleet Vehicles & Services (FVS)

*\*Includes \$91M of nonrecurring USPS sales*



**\$757M\***  
2019 Sales

**\$676M**  
2020 Sales



**\$37M**  
2019 Income

**\$38M**  
2020 Income

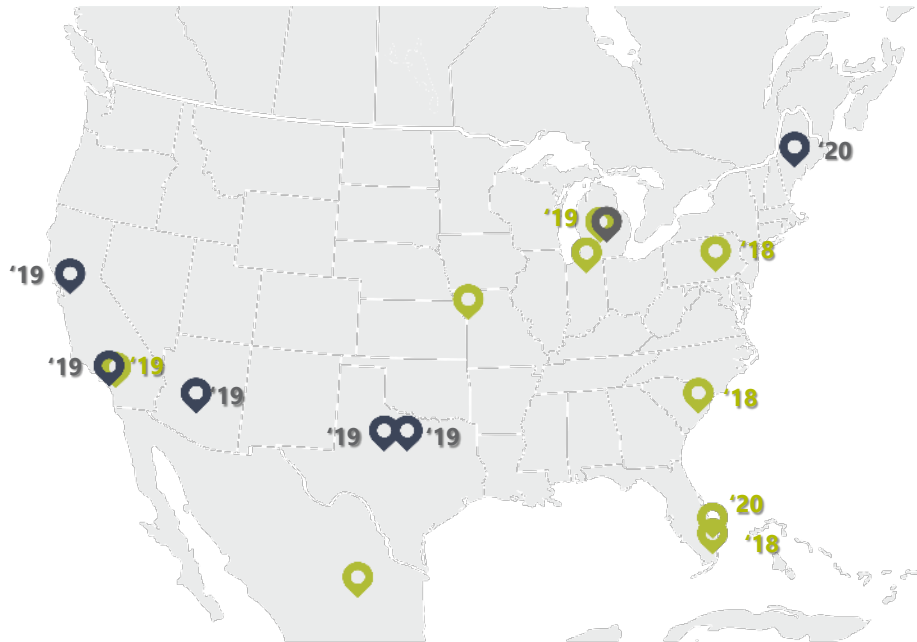
**\$64M**  
2019 Adj. EBITDA

**\$76M**  
2020 Adj. EBITDA



**16 MFG OPERATIONS**  
in 10 States & 2 Countries

**North American leader in specialty vehicle manufacturing and assembly for the commercial vehicle market**



# Company Timeline

**1975**

Four young engineers joined to form Spartan Motors, Inc. and produced the first custom fire truck cab and chassis in a few short months.



**1985**

Spartan enters the Class A diesel RV chassis market.

**2005**

Spartan builds the MRAP and ILAV to support U.S. efforts in the Iraq War.

**2011**

Spartan builds low cab-forward N-Series assembly and final inspection for Isuzu Work Truck, North America.



**2015**

Daryl Adams is appointed President & CEO.



**2017**

Spartan acquires Smeal Fire Apparatus and it's Ladder Tower and UST brands.

**2019**

Spartan acquires General Truck Body, and with it, the company's first West Coast facility.



**2020**

Spartan Motors announces business transformation to focus on it's Delivery and Specialty Vehicle Segments; divests Emergency Response business unit.

**2020**

The Shyft Group acquires DuraMag® work truck bodies and Magnum® headache racks, providing entrance into both the aluminum service body and the light duty truck accessories markets.



**1975**

**1990**

**2010**

**2015**

**2020**

**1984**

Spartan Motors goes public on NASDAQ under the symbol **SPAR**.

**2009**

Spartan Motors, Inc. acquires Utilimaster, Inc.



**2010**

Spartan creates the Reach—the next generation commercial walk-in van.



**2013**

Production begins at the state-of-the-art new facility in Bristol, IN.



**2016**

Spartan builds Plant 12, a flexible manufacturing facility, to accommodate growing contract manufacturing business with Isuzu.



**2018**

Spartan acquires Strobes-R-Us.



**2019**

Spartan acquires Royal Truck Body, gaining six facilities in three additional sunbelt states, and coast-to-coast manufacturing and distribution capabilities with an expanded presence in the truck body market.



**2020**

The Company punctuates its transformation by rebranding the corporation and introduces The Shyft Group.



# Leadership Operations

## QUICK STATS & DRIVERS

- 120 years of combined executive leadership
- “One-team” mentality
- Culture of accountability and ownership
- Mantra of “no surprises”
- Solution and proactive based mindset

## SHARED SKILL SETS

- Big-company DNA with growth experience
- Blended automotive and non-automotive experience
- Lean manufacturing expertise
- Successful M&A activity
- Progressive experience



**Daryl Adams**  
President & CEO



**Todd Heavin**  
COO



**Jon Douyard**  
CFO



**Chad Heminover**  
President, Fleet  
Vehicles & Services

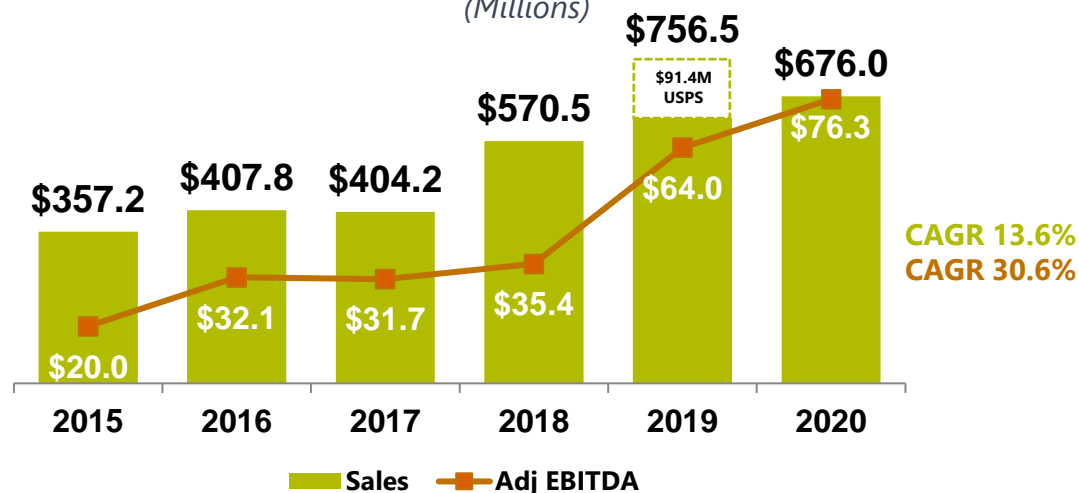


**Steve Guillaume**  
President, Specialty  
Vehicles

# Shyft Group - Business Snapshot

## Sales & Adj. EBITDA

(Millions)



## Market Stats (TAM: \$4.6B)



**FVS: \$3.0B**

eCommerce to grow 9x  
the rate of other retail sales  
through 2022

TAM Source: 2019/2020 SpecialtyTransportation.net Reports



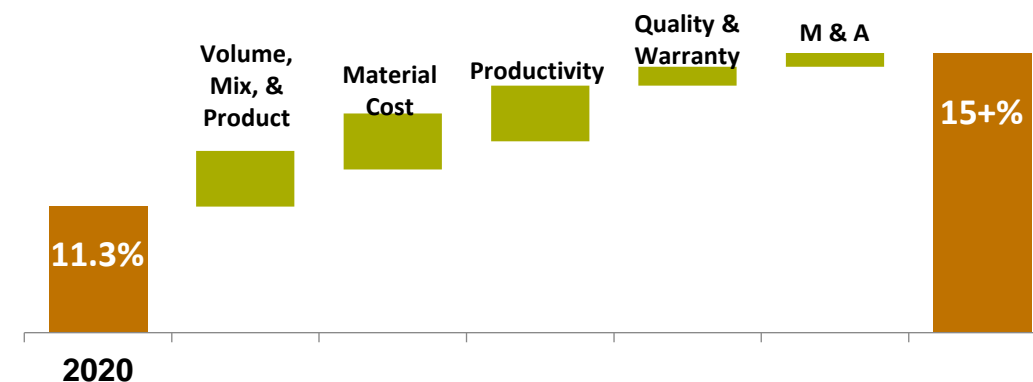
**SV: \$1.6B**

10% CAGR Class A Diesel  
>400 H.P. shipments ('12-'19)

## FY21 Financial Guidance

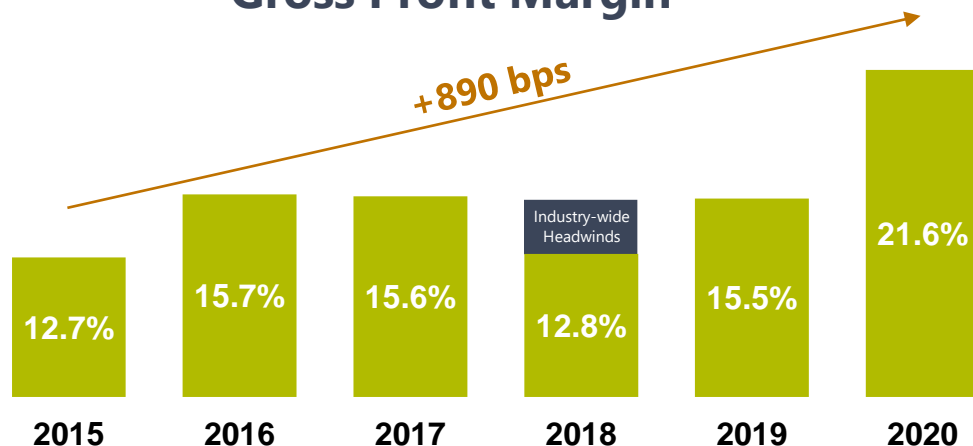
	Low	Mid-point	High	% Inc 2020
(\$M except per share)				
Revenue	\$850	\$875	\$900	29%
Income from continuing operations	\$51	\$55	\$58	45%
Adjusted EBITDA	\$95	\$100	\$105	32%
EPS	\$1.42	\$1.52	\$1.62	45%
Adjusted EPS	\$1.65	\$1.75	\$1.85	31%

## Financial Objective – Adj. EBITDA %

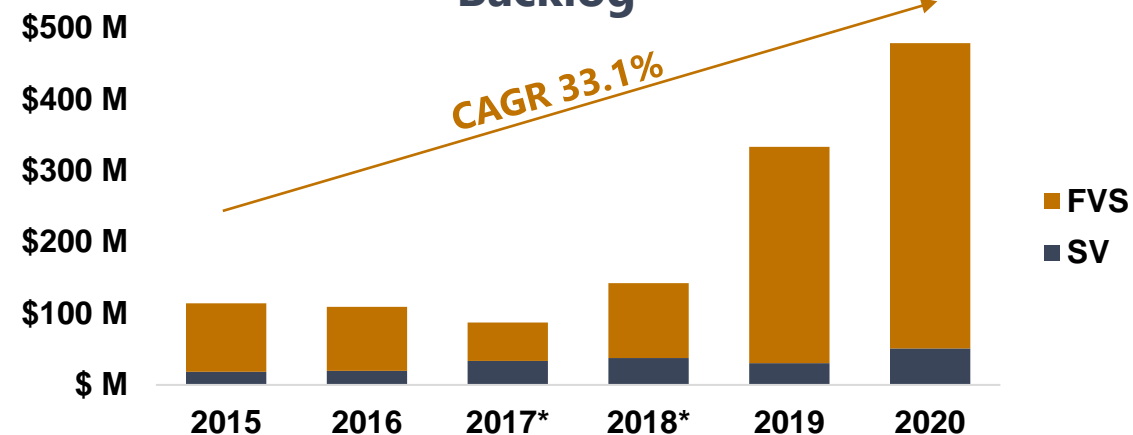


# Manufacturing Improvements – Gaining Traction

## Gross Profit Margin

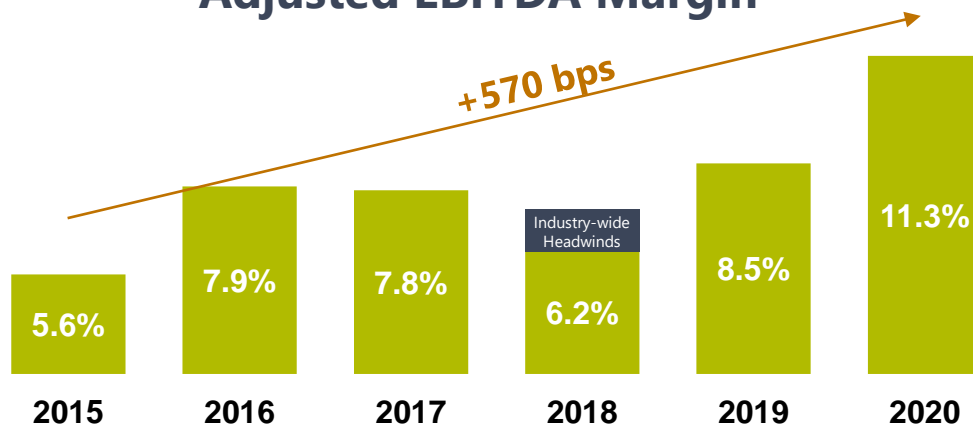


## Backlog

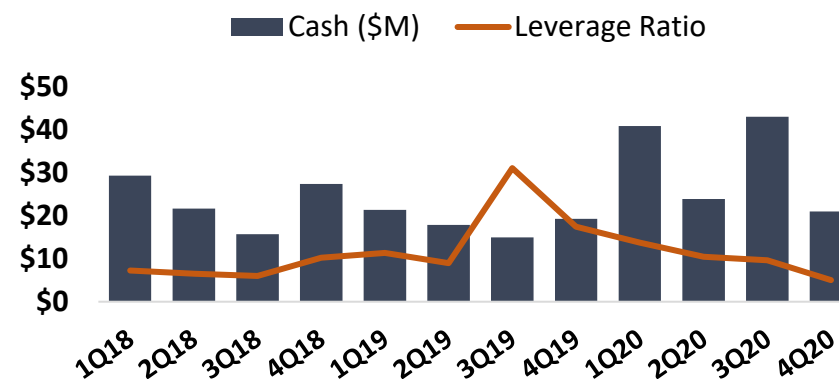


\*Excluding USPS Order

## Adjusted EBITDA Margin



## Liquidity



**\$147M total liquidity at 4Q20**

**\$21M cash on hand**

**\$126M of borrowing capacity**

**~0.4X adjusted EBITDA leverage ratio**



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# Fleet Vehicle & Services



# Fleet Vehicles & Services (FVS)

A leader in the fleet vehicle market, including truck bodies, walk-in vans, highly-customized global fleets, and vocation-specific vehicle upfits



# FVS: Go-to-Market Strategy

## National Accounts/ Large Business Fleets

## Leasing Companies

## OEM Dealerships

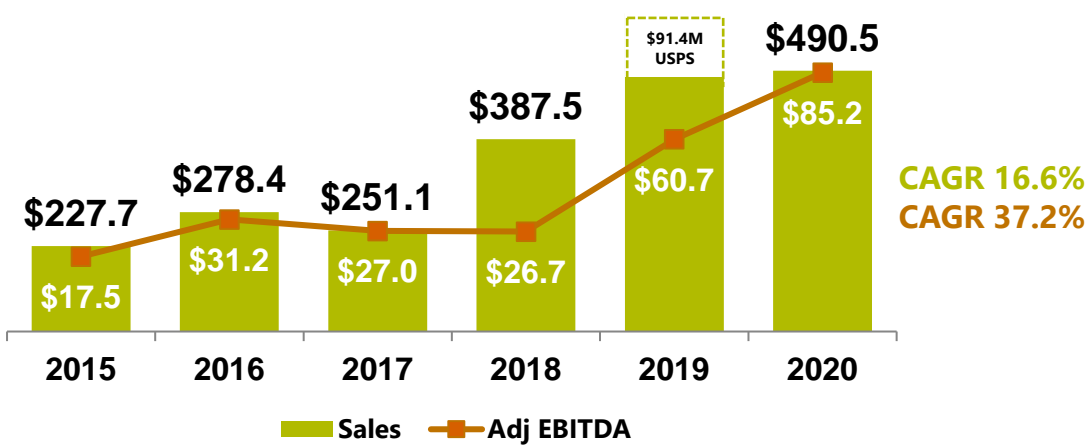


Mercedes-Benz

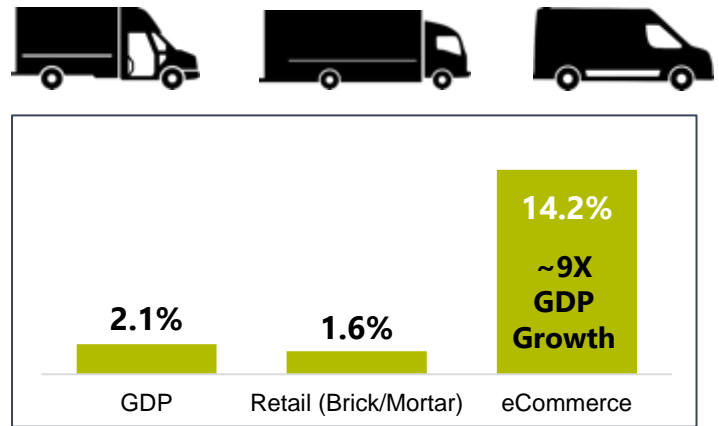


# FVS: Business Snapshot

**Sales & Adj. EBITDA**  
(Millions) **\$575.9**



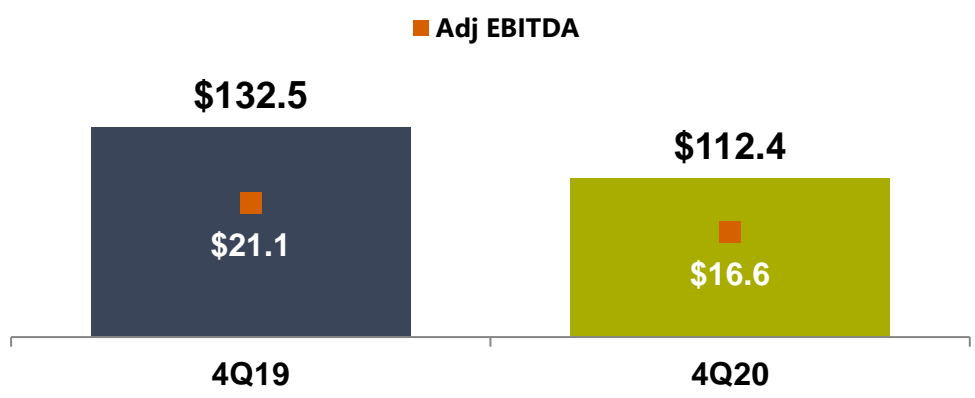
**Market Stats (TAM \$3.0B)**



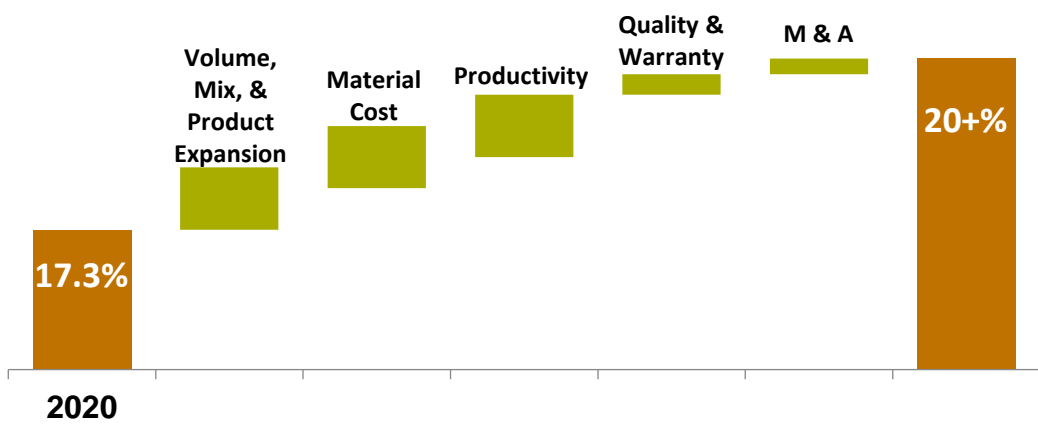
**US eCommerce expected to double from \$575B in 2019 to over \$1.2T by 2028**

Note: Nominal GDP  
Sources: FedEx, UPS Rates & Forecasting, eMarketer, FTI Consulting Report, CBO GDP Report

**4Q20 Sales and Adj. EBITDA**  
(Millions)



**Financial Objective – Adj. EBITDA %**



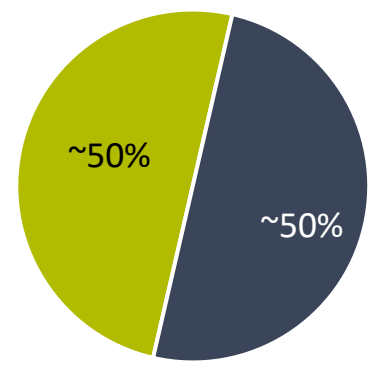


# FVS: Market Share



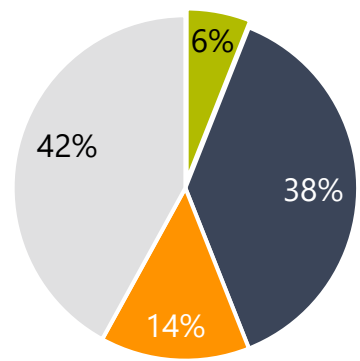
<b>WALK- IN VANS</b>	<b>TRUCK BODIES</b>	<b>CARGO VAN UPFITS</b>
<b>TAM: \$2.0 Billion</b>		<b>TAM: \$1.0 Billion</b>

Walk-in Van Market Share



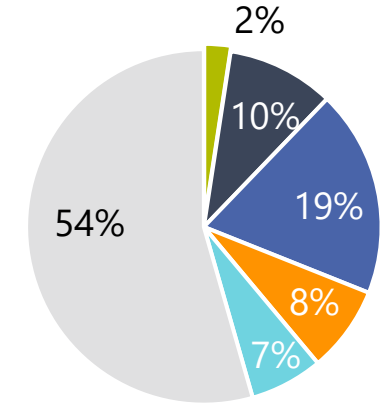
■ Shyft/Utilimaster   ■ Morgan Olson

Truck Body Market Share



■ Shyft/Utilimaster   ■ Morgan Corp  
■ Wabash/Supreme   ■ Others

Van Up-fit Market Share



■ Shyft/Utilimaster   ■ MasterRack  
■ Adrian Steel   ■ Ranger Design  
■ Weather Guard   ■ Regional Upfitters

**Shyft's Utilimaster is #2 in the Van/Truck Body Market**

# FVS Business Update – Velocity Portfolio Expansion

## Utilimaster's Velocity line-up boasts:

- 12-16' body options
- 575-785 cu. ft.
- ~5-7-year replacement cycle
- Purpose-built design (vocation and customer-specific option content available)
- EV options available



### October 2020 Launch

#### Velocity F2 (Ford chassis, Class 2)



- 9,950 GVWR
- 3,500 lbs. payload
- Gas engine – 18 MPG

#### Velocity F3 (Ford chassis, Class 3)



- 10,360 GVWR
- 3,900 lbs. payload
- Gas engine – 18 MPG

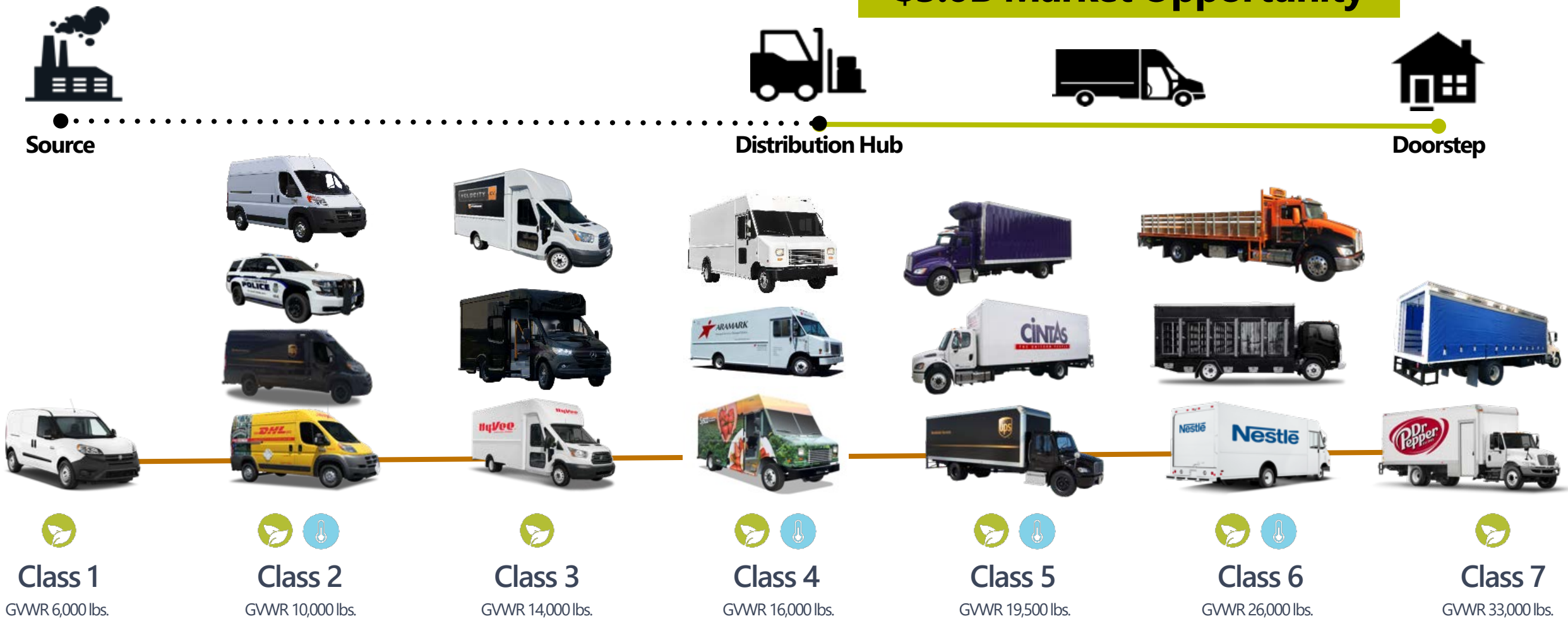
#### Velocity M3 (Mercedes chassis, Class 3)



- 12,125 GVWR
- 4,500 lbs. payload
- Diesel engine – 16-18 MPG

# Fleet Growth Opportunities

**\$3.0B Market Opportunity**





# Commercial EV – The Shyft Strategy

## Global commercial EV adoption is approaching rapidly

- By 2030\* – 1 in 4 light commercial vehicles (LCV) will be EV
- By 2040\* – More than 60% of LCV's will be EV
- Governmental incentives and commercial vehicle OEM's will drive LCV EV adoption

## Shyft is proactively addressing customer's "green" mandates

- Shyft is propulsion agnostic – currently available on Class 1-7 – EV, CNG, propane
- Shyft has more than 800 purpose-built alternative fuel vehicles on the road today
- Shyft EV Strategy to fulfill customer's needs currently include:
  1. Converting ICE chassis to EV chassis
  2. EV skateboard – partnering with EV chassis suppliers to manufacture EV vehicles
  3. Builtmore Contract Assembly – contract to assemble EV vehicles



# FVS: Competitive Advantage



## Utility

WIV | TB

ConEd | SDG&E | LAPW  
Consumers Power | COM Ed



## Food & Beverage

WIV | TB

Coca-Cola | Frito Lay  
Bimbo | Sara Lee



## Parcel

WIV | TB | Upfit

UPS | FedEx | USPS |  
Purolator Speedy | Canada  
Post | Canpar



## Linen & Laundry

WIV | TB

Cintas | Aramark  
Virginia Linen | Ziker |  
CTS



## Retail

WIV | TB | Upfit

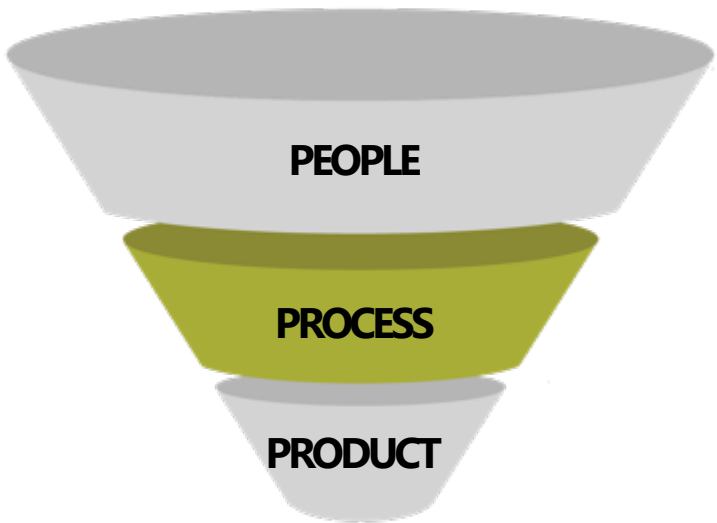
Sysco | Starbucks | Walmart  
GFS | Compass



## Government

WIV | TB | Upfit

GSA | Military | State  
US Customs/Border  
Protection



## Work-Driven Design<sup>®</sup> = The Utilimaster Difference



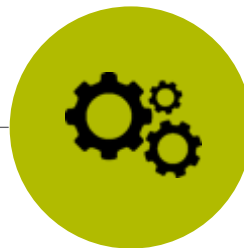
Learn & Listen



Needs  
Assessment



Design &  
Innovate



Build &  
Implement



Optimize



# Specialty Vehicles





# Specialty Vehicles

The "Premier Foundation" (custom chassis) for the Class A diesel Luxury Motor Coach (LMC) market, with a core competency in custom manufacturing and assembly for the light duty truck, specialty vehicle, and defense markets.

## RV Chassis/Customers



## Service Bodies



## Contract Manufacturing



## EV/AV

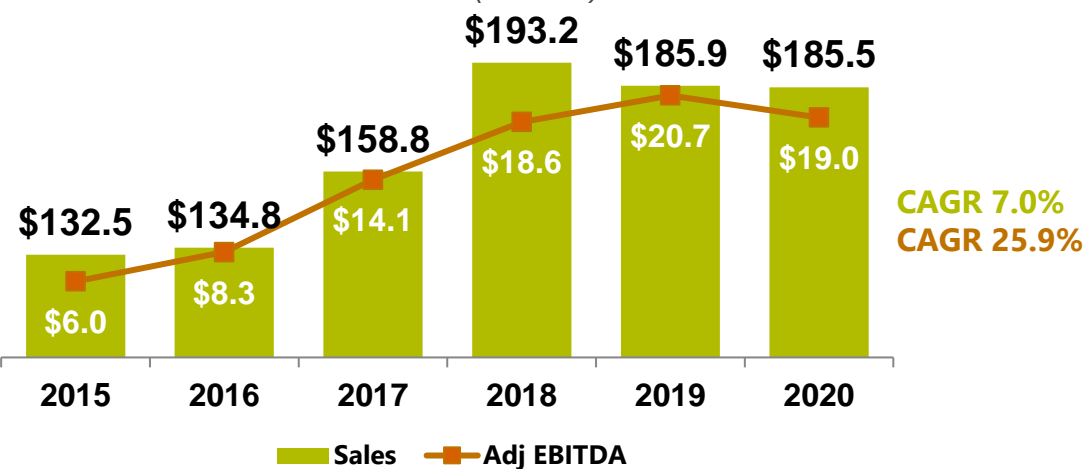




# SV: Business Snapshot

## Sales & Adj. EBITDA

(Millions)

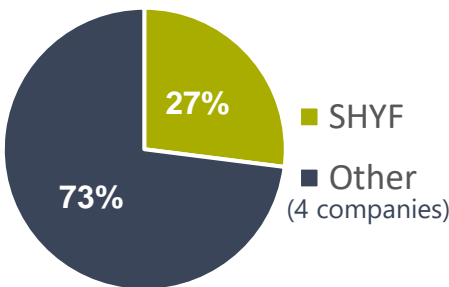


## Market Stats (TAM \$1.6B)

LMC: (\$420M > 400HP | \$200M < 400HP)

Service Truck Body: \$960M

Class A Diesel >400hp



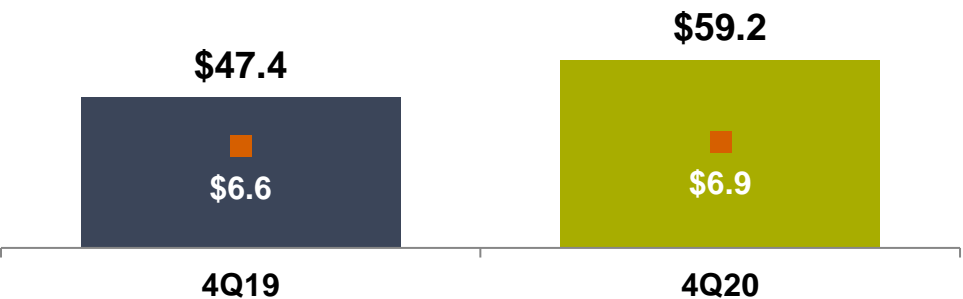
**Spartan Chassis LMC market share has seen positive growth of 50% since 2014**

Source: Statistical Surveys MarketScope, 1/2008 – 12/2020, U.S. Data and Management's estimates; SpecialityResearch.net 2019 Report

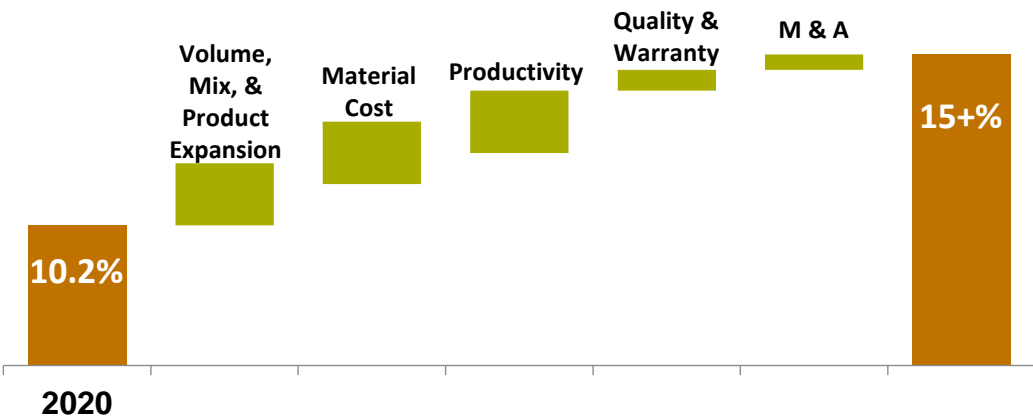
## 4Q20 Sales and Adj. EBITDA

(Millions)

Adj. EBITDA



## Financial Objective – Adj. EBITDA %



# SV Business Update – F3 MFG Acquisition

## Leading Aluminum Service Body Manufacturer

- ◆ Designs and produces service bodies, equipment and accessories
- ◆ Two industry recognized brands - DuraMag® & Magnum®
- ◆ Based in Waterville, Maine with a strong US distribution network
- ◆ 2015 – 2019 Sales CAGR 73.8%
- ◆ Generated \$25M of revenues in 2019

**DURAMAG®**



## Value Creation – Highly Complementary Offerings to Royal Truck Body

- ◆ Expands service body portfolio to include leading Aluminum and Steel brands
  - ◆ Aluminum products - light weight, fuel efficient, better corrosion properties
- ◆ Creates coast-to-coast manufacturing and distribution footprint
- ◆ Brings additional aftermarket business – light truck aluminum accessories



**MAGNUM®**



## Transaction Terms

- ◆ Financed with available cash
- ◆ Accretive to earnings in 2021
- ◆ Transaction effective October 1, 2020

# SV: Royal Truck Body

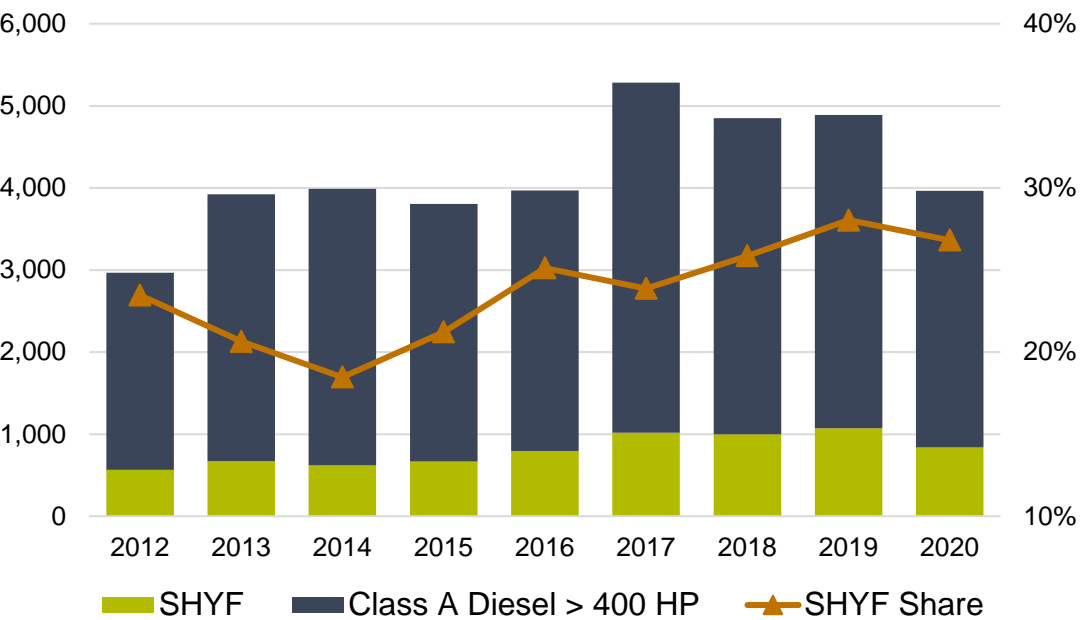


- Purchased Royal Truck Body 3Q19
  - ♦ California based manufacturer of service truck bodies
  - ♦ \$90M in cash, or \$80M net of tax benefits
  - ♦ Full year revenues of approximately \$45M - \$50M
  - ♦ Adjusted EBITDA margins significantly higher than SCV margins
- Provides coast-to-coast geographic coverage
  - ♦ Six facilities located in California, Arizona and Texas
  - ♦ Together with General Truck Body, provides significant West Coast and Southwest truck body operations
  - ♦ Better serve current and prospective customers in the region
    - Expanded manufacturing capabilities
    - Fleet customers
    - New regional customers



# RV chassis: Class A Diesel LMC Market Share and Outlook

**Spartan Chassis LMC market share has seen positive growth of 50% since 2014**



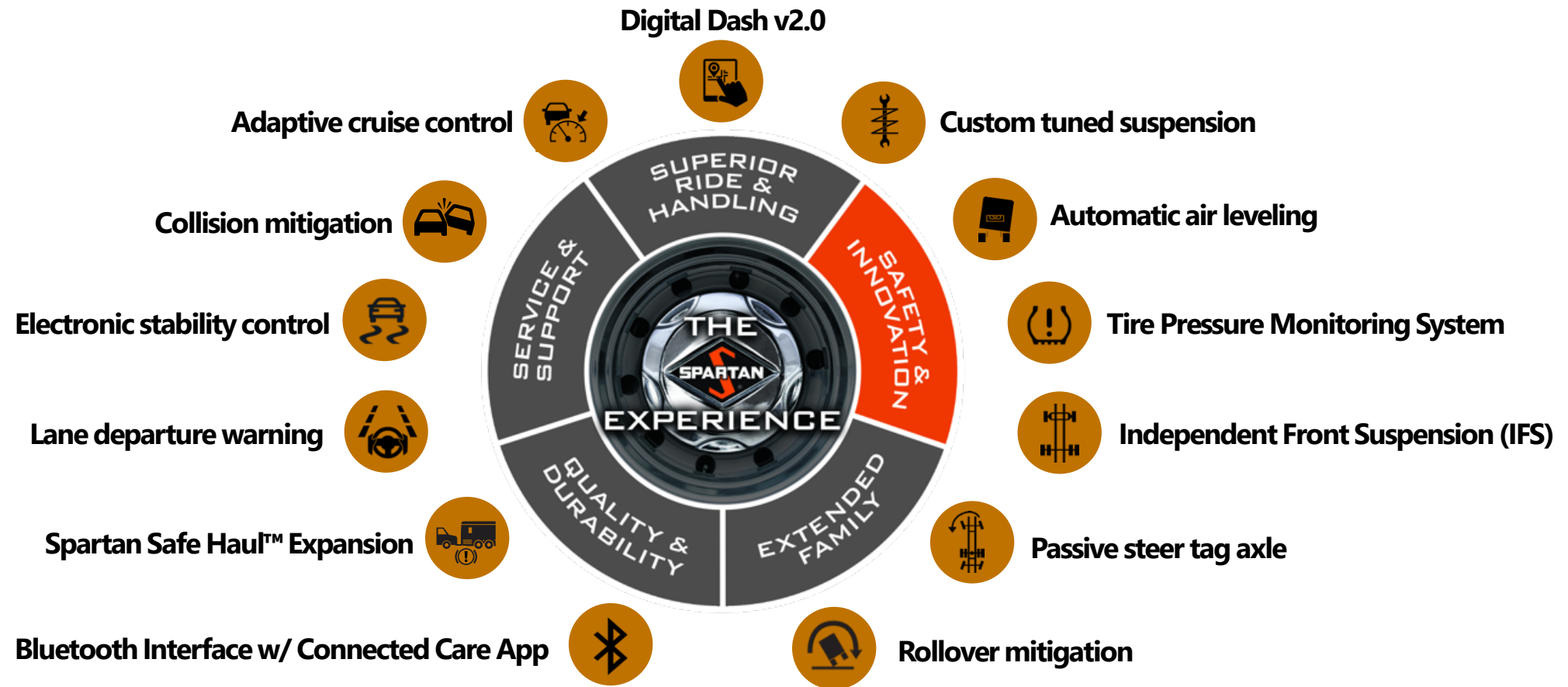
## STRATEGY AT WORK – LUXURY MOTOR COACH

- SV increasing LMC market share with Entegra, Newmar, Foretravel, Jayco and NeXus manufacturers
  - Benefiting from new customer platform introductions that are gaining share
  - <400HP diesel growing as % of diesel
    - \$200M addressable market
- Industry trends should support continued momentum, including:
  - Population and demographic trends
  - “Active/outdoor lifestyle” continues to grow
  - RV manufacturers are broadening offerings

**Total Addressable Market**  
**\$620 Million** (\$420M > 400HP | \$200M < 400HP)  
 Shyft makes chassis for Class A Diesel > 400 HP - 27% share



# SV: First-to-Market Innovation



# The Path Forward



## Our Goal

To become #1 or #2 in each market we serve

*Leading purpose-built vehicle manufacturer*



## Well-positioned

Focused management team  
Operational improvements  
Improved product portfolio  
Customer-centric focus  
Financial strength

*Strengthen and grow the core business*



## Financial Objectives

\$1 Billion in Sales  
15+% Adj. EBITDA Margins  
Improved Cash Flows  
Increase ROIC  
Enhance shareholder returns

*Accelerate the path forward*



## Shareholder Alignment


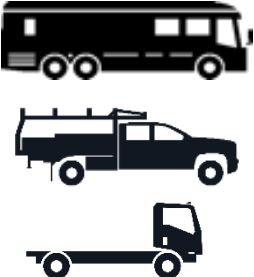
Management's long-term goals closely aligned with shareholders

*Increase shareholder value*

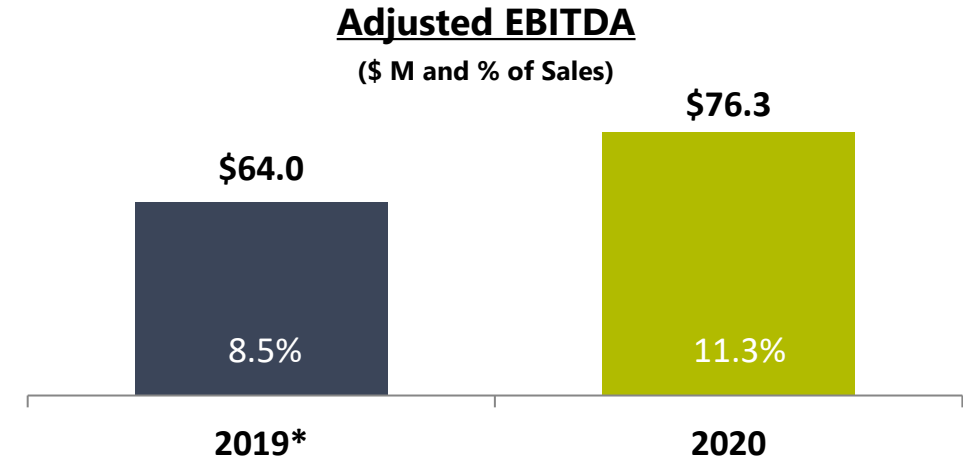
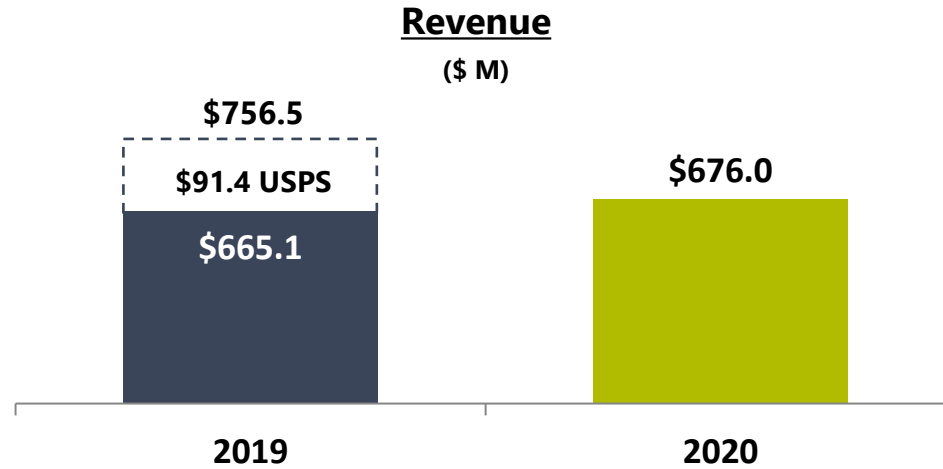
# Financial Review 4th Quarter 2020



# Current Environment

Segment (% sales)	Backlog	Highlights & Learnings
<b>Fleet Vehicle Services (~73%)</b> 	<b>\$427M</b> <b>Up 40%</b>	<ul style="list-style-type: none"><li>• Demand for parcel delivery vehicles continues to accelerate – orders ramping, including truck body</li><li>• Velocity orders validate the need for our Class 2/3 solutions</li><li>• Investing in facility expansions across the U.S. to support growth</li><li>• Increased focus on EV in support of customers growing interest in transitioning to greener technology</li><li>• Monitoring semi-conductor chip shortage on OEM's</li></ul>
<b>Specialty Vehicles (~27%)</b> 	<b>\$51M</b> <b>Up 67%</b>	<ul style="list-style-type: none"><li>• Motorcoach chassis demand continues – strong backlog</li><li>• Service body demand robust, expanding to other Shyft locations – DuraMag performed well in Q4 and integration on track</li><li>• Isuzu new Class 5 vehicle announced in February</li></ul>

# 2020 Results

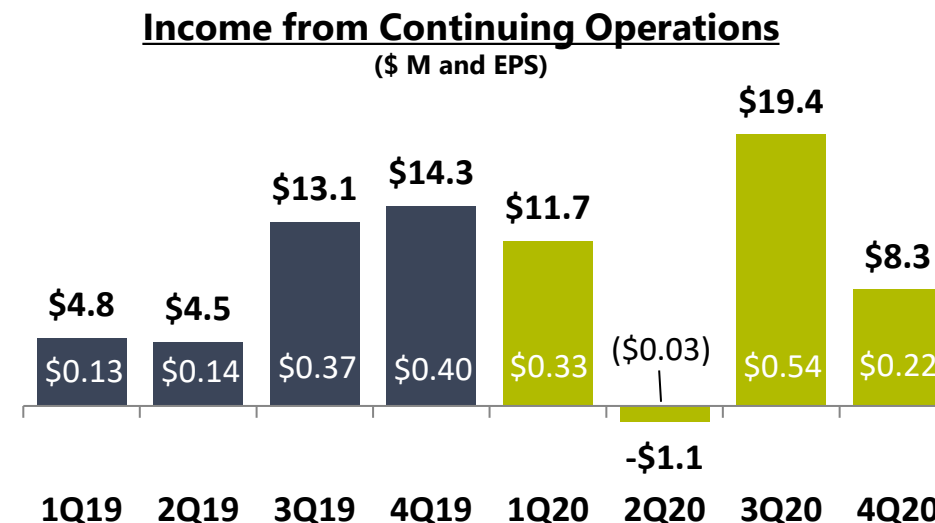
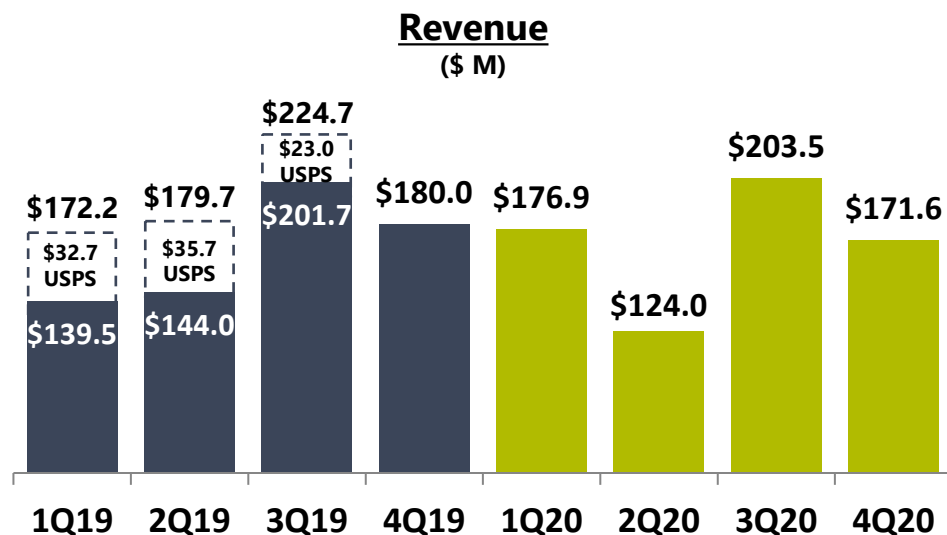


*\*Includes USPS impact of 110 basis points*

## Delivered record profit year while managing through pandemic

- 2020 Revenue up \$10.9M, or 2% (excluding USPS)
  - ♦ FVS up \$6.0M, or 1% (excluding USPS)
  - ♦ SV down \$0.5M, or essentially flat
- Adjusted EBITDA up \$12.3M, or 19%
- Adjusted EBITDA margin of 11.3%, up 280 bps
  - ♦ FVS Adj EBITDA margin of 17.4%, up 690 bps
  - ♦ SV Adj EBITDA margin of 10.2%, down 90 bps

# Overview – 4Q20 vs. 4Q19

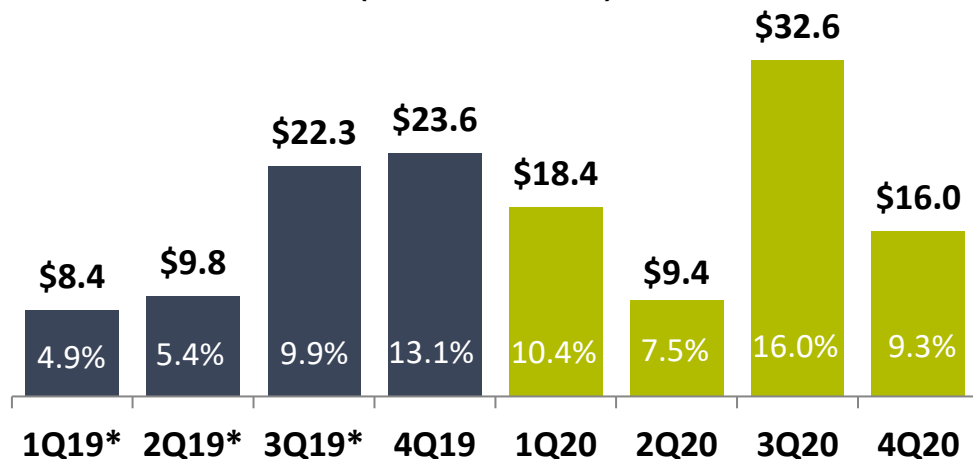


## Strong 2<sup>nd</sup> half rebound after challenging Q2

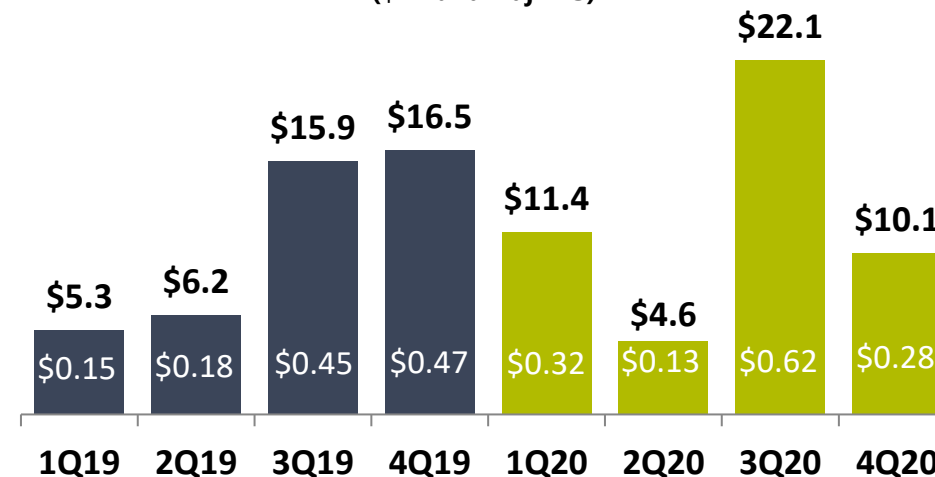
- Revenue of \$171.6M, down 5%
  - FVS down \$20.1M, or 15%
  - SV up \$11.8M, or 25%
- Gross Profit Margin of 20.5%, down 30 bps
- Income of \$8.3M, down 42%
- EPS of \$0.22, down 45%

# Overview – 4Q20 vs. 4Q19

## Adjusted EBITDA (\$ M and % of Sales)



## Adjusted Net Income (\$ M and Adj EPS)

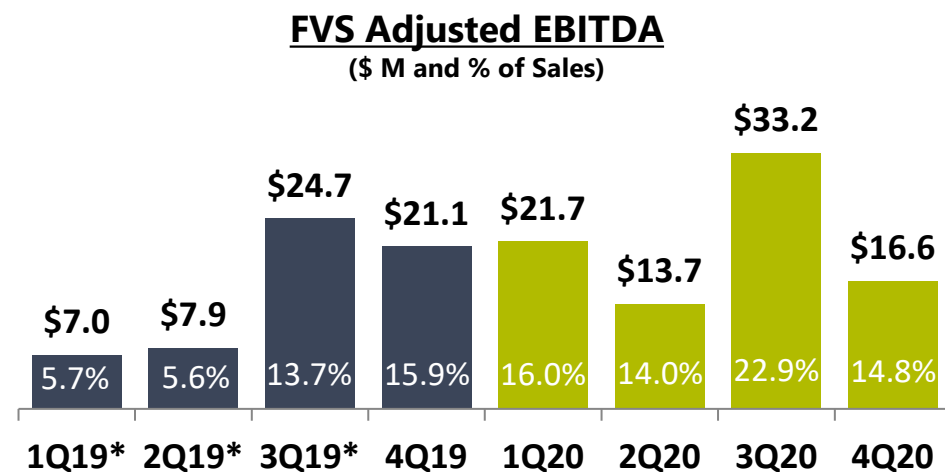
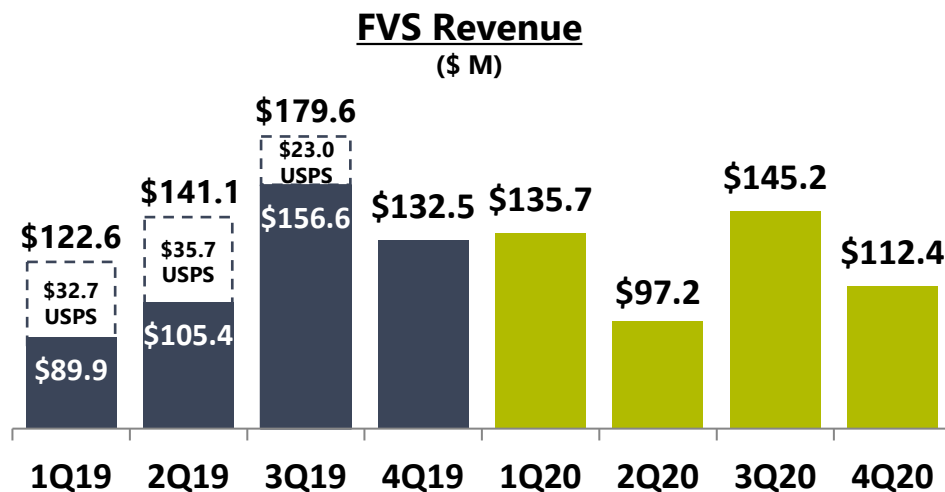


**Generated \$37M in cash from operations in 4Q20, up 48%**

- Adjusted EBITDA of \$16.0M, down 32%
- Adjusted EBITDA margin of 9.3%, down 380 bps
- Adjusted net income of \$10.1M, down 39%
- Adjusted EPS of \$0.28, down 39%

*\*Includes USPS impact of 110, 130 and 110 basis points in 1Q19, 2Q19 and 3Q19, respectively*

# Fleet Vehicles & Services – 4Q20



- Revenue of \$112.4M, down 15.2%
- Adjusted EBITDA of \$16.6M, down 21%
- Adjusted EBITDA margin of 14.8%, down 110 bps
- Backlog totaled \$427.3M, up 40%

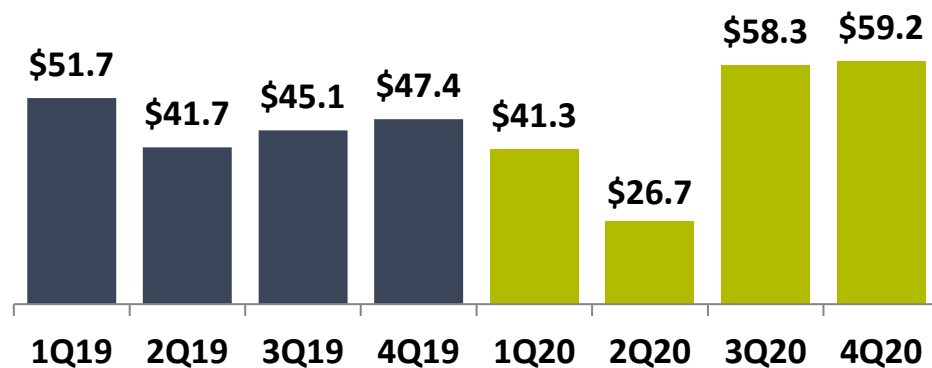
**Backlog nearly doubles sequentially based on strong orders**

\*Includes USPS impact of 210, 190 and 200 basis points in 1Q19, 2Q19 and 3Q19, respectively

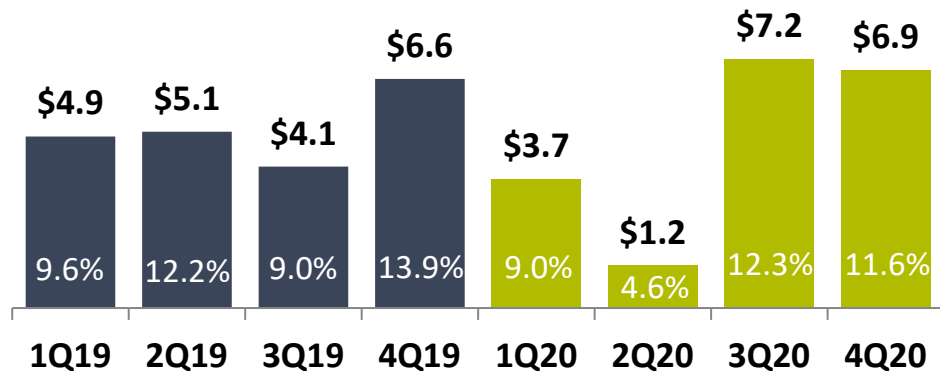


# Specialty Vehicles – 4Q20

**SV Revenue**  
(\$ M)



**SV Adjusted EBITDA**  
(\$ M and % of Sales)

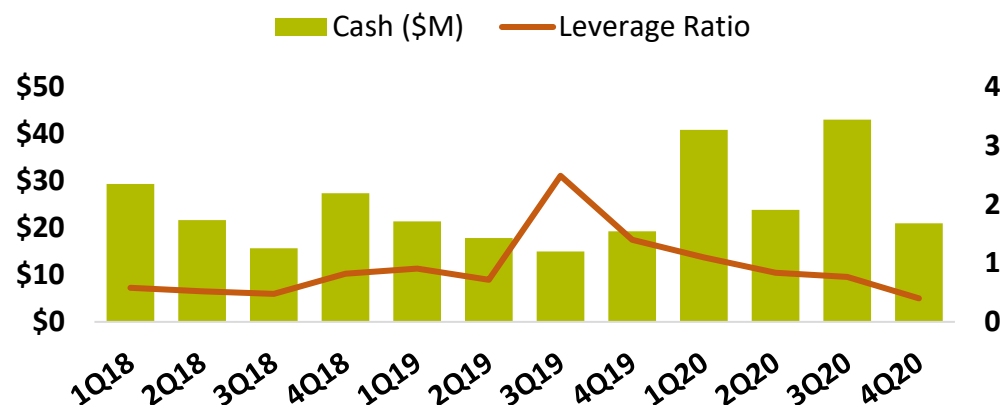


- Revenue of \$59.2M, up 25%
- Adjusted EBITDA of \$6.9M, up 3.8%
- Adjusted EBITDA margin of 11.6%, down 230 bps
- Backlog totaled \$51.3M, up 67%

**Backlog positioned favorably - provides good visibility going into 2021**

# Liquidity, 2021 Outlook & Guidance

## Liquidity



- Generated \$66M in cash from operating activities in 2020
- Total liquidity of \$147M
  - \$21M cash on hand
  - \$126M of borrowing capacity
  - Current leverage ratio at 0.4x adj EBITDA
  - Returned \$11M in cash to shareholders

## 2021 Outlook

- Strong momentum coming out of 2020
- Robust, growing backlog
- Improving end markets, driven by parcel delivery

## FY21 Financial Guidance

(\$M except per share)	Low	Mid-point	High	% Inc 2020
Revenue	\$850	\$875	\$900	29%
Income from continuing operations	\$51	\$55	\$58	45%
Adjusted EBITDA	\$95	\$100	\$105	32%
EPS	\$1.42	\$1.52	\$1.62	45%
Adjusted EPS	\$1.65	\$1.75	\$1.85	31%



# 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

**Financial Summary**  
(In thousands, except per share data)  
(Unaudited)

Spartan Motors, Inc.	Three Months Ended March 31,			
	2020	% of sales	2019	% of sales
Income from continuing operations	\$ 11,742	6.6%	\$ 4,835	2.8%
Net (income) loss attributable to non-controlling interest	(67)		(140)	
Add (subtract):				
Restructuring and other related charges	992		27	
Acquisition related expenses and adjustments	93		45	
Non-cash stock-based compensation expense	1,991		847	
Favorable tax rate in income taxes receivable	(2,577)		(99)	
Tax effect of adjustments	(748)		(221)	
Adjusted net income	<u>\$ 11,426</u>	<u>6.5%</u>	<u>\$ 5,294</u>	<u>3.1%</u>
Income from continuing operations	\$ 11,742	6.6%	\$ 4,835	2.8%
Net (income) loss attributable to non-controlling interest	(67)		(140)	
Add (subtract):				
Depreciation and amortization	2,517		1,312	
Taxes on income	377		1,076	
Interest expense	731		374	
EBITDA	<u>\$ 15,300</u>	<u>8.6%</u>	<u>\$ 7,457</u>	<u>4.3%</u>
Add (subtract):				
Restructuring and other related charges	992		27	
Acquisition related expenses and adjustments	93		45	
Non-cash stock-based compensation expense	1,991		847	
Adjusted EBITDA	<u>\$ 18,376</u>	<u>10.4%</u>	<u>\$ 8,376</u>	<u>4.9%</u>
Diluted net earnings per share	\$ 0.33		\$ 0.13	
Add (subtract):				
Restructuring and other related charges	0.03		-	
Acquisition related expenses and adjustments	-		-	
Non-cash stock-based compensation expense	0.06		0.02	
Favorable tax rate in income taxes receivable	(0.08)		-	
Tax effect of adjustments	(0.02)		-	
Adjusted diluted net earnings per share	<u>\$ 0.32</u>		<u>\$ 0.15</u>	

# Reconciliation of Non-GAAP Financial Measures

**Financial Summary**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,			
	2020	% of sales	2019	% of sales
<b>The Shyft Group, Inc.</b>				
Income (loss) from continuing operations	\$ (1,134)	(0.9%)	\$ 4,544	2.5%
Net (income) loss attributable to non-controlling interest	(70)		215	
Add (subtract):				
Restructuring and other related charges	562		-	
Acquisition related expenses and adjustments	179		420	
Non-cash stock-based compensation expense	2,126		1,450	
Loss from write-off of construction in process	2,430		-	
Accelerated depreciation of property, plant and equipment	2,330		-	
Tax effect of adjustments	(1,849)		(431)	
Adjusted net income	<u>\$ 4,574</u>	<u>3.7%</u>	<u>\$ 6,198</u>	<u>3.4%</u>
Income (loss) from continuing operations	\$ (1,134)	(0.9%)	\$ 4,544	2.5%
Net (income) loss attributable to non-controlling interest	(70)		215	
Add (subtract):				
Depreciation and amortization	5,343		1,280	
Taxes on income	(546)		1,536	
Interest expense	460		313	
EBITDA	<u>\$ 4,053</u>	<u>3.3%</u>	<u>\$ 7,888</u>	<u>4.4%</u>
Add (subtract):				
Restructuring and other related charges	562		-	
Acquisition related expenses and adjustments	179		420	
Non-cash stock-based compensation expense	2,126		1,450	
Loss from write-off of construction in process	2,430		-	
Adjusted EBITDA	<u>\$ 9,350</u>	<u>7.5%</u>	<u>\$ 9,758</u>	<u>5.4%</u>
Diluted net earnings per share	<u>\$ (0.03)</u>		<u>\$ 0.14</u>	
Add (subtract):				
Restructuring and other related charges	0.02		-	
Acquisition related expenses and adjustments	0.01		0.01	
Non-cash stock-based compensation expense	0.06		0.04	
Loss from write-off of construction in process	0.06		-	
Accelerated depreciation of property, plant and equipment	0.06		-	
Tax effect of adjustments	(0.05)		(0.01)	
Adjusted diluted net earnings per share	<u>\$ 0.13</u>		<u>\$ 0.18</u>	

# Reconciliation of Non-GAAP Financial Measures

**Financial Summary**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended September 30,			
	2020	% of sales	2019	% of sales
<b>The Shyft Group, Inc.</b>				
Income from continuing operations	\$ 19,375	9.5%	\$ 13,126	5.8%
Net (income) attributable to non-controlling interest	(41)		(61)	
Add (subtract):				
Restructuring and other related charges	303		243	
Acquisition related expenses and adjustments	650		1,522	
Non-cash stock-based compensation expense	2,064		1,581	
Accelerated depreciation of property, plant and equipment	365		-	
Deferred tax assets valuation allowance	275		201	
Tax effect of adjustments	(842)		(752)	
Adjusted net income	\$ 22,149	10.9%	\$ 15,860	7.1%
Income from continuing operations	\$ 19,375	9.5%	\$ 13,126	5.8%
Net (income) loss attributable to non-controlling interest	(41)		(61)	
Add (subtract):				
Depreciation and amortization	2,978		1,453	
Taxes on income	7,253		4,317	
Interest expense	11		144	
EBITDA	\$ 29,576	14.5%	\$ 18,979	8.4%
Add (subtract):				
Restructuring and other related charges	303		243	
Acquisition related expenses and adjustments	650		1,522	
Non-cash stock-based compensation expense	2,064		1,581	
Adjusted EBITDA	\$ 32,593	16.0%	\$ 22,325	9.9%
Diluted net earnings per share	\$ 0.54		\$ 0.37	
Add (subtract):				
Restructuring and other related charges	0.01		0.01	
Acquisition related expenses and adjustments	0.02		0.05	
Non-cash stock-based compensation expense	0.05		0.04	
Accelerated depreciation of property, plant and equipment	0.01		-	
Deferred tax asset valuation allowance	0.01		-	
Tax effect of adjustments	(0.02)		(0.02)	
Adjusted diluted net earnings per share	\$ 0.62		\$ 0.45	

# Reconciliation of Non-GAAP Financial Measures

Financial Summary (In thousands, except per share data) (Unaudited)								
	Three Months Ended December 31,				Twelve Months Ended December 31,			
The Shyft Group, Inc.	2020	% of sales	2019	% of sales	2020	% of sales	2019	% of sales
Income from continuing operations	\$ 8,306	4.8%	\$ 14,285	7.9%	\$ 38,289	5.7%	\$ 36,790	4.9%
Net (income) loss attributable to non-controlling interest	(169)		(154)		(347)		(140)	
Add (subtract):								
Restructuring and other related charges	16		46		1,873		316	
Acquisition related expenses and adjustments	410		1,544		1,332		3,531	
Non-cash stock-based compensation expense	1,525		1,403		7,706		5,281	
Loss from write-off of construction in process	-		-		2,430		-	
Accelerated depreciation of property, plant and equipment	366		-		3,061		-	
Favorable tax rate in income taxes receivable	-		-		(2,610)		-	
Deferred tax asset adjustment	56		-		376		135	
Tax effect of adjustments	(441)		(619)		(3,892)		(2,056)	
Adjusted net income	\$ 10,069	5.9%	\$ 16,505	9.2%	\$ 48,218	7.1%	\$ 43,857	5.8%
Income from continuing operations	\$ 8,306	4.8%	\$ 14,285	7.9%	\$ 38,289	5.7%	\$ 36,790	4.9%
Net (income) loss attributable to non-controlling interest	(169)		(154)		(347)		(140)	
Add (subtract):								
Depreciation and amortization	3,065		2,028		13,903		6,073	
Taxes on income	2,783		3,426		9,867		10,355	
Interest expense	91		1,008		1,293		1,839	
EBITDA	\$ 14,076	8.2%	\$ 20,593	11.4%	\$ 63,005	9.3%	\$ 54,917	7.3%
Add (subtract):								
Restructuring and other related charges	16		46		1,873		\$ 316	
Acquisition related expenses and adjustments	410		1,544		1,332		3,531	
Non-cash stock-based compensation expense	1,525		1,403		7,706		5,281	
Loss from write-off of construction in process	-		-		2,430		-	
Adjusted EBITDA	\$ 16,027	9.3%	\$ 23,586	13.1%	\$ 76,346	11.3%	\$ 64,045	8.5%
Diluted net earnings per share	\$ 0.22		\$ 0.40		\$ 1.05		\$ 1.03	
Add (subtract):								
Restructuring and other related charges	-		-		0.05		-	
Acquisition related expenses and adjustments	0.01		0.04		0.04		0.11	
Non-cash stock-based compensation expense	0.04		0.05		0.21		0.15	
Loss from write-off of construction in process	-		-		0.07		-	
Accelerated depreciation of property, plant and equipment	0.01		-		0.09		-	
Deferred tax asset adjustment	-		-		0.01		-	
Favorable tax rate in income taxes receivable	-		-		(0.07)		-	
Tax effect of adjustments	(0.01)		(0.02)		(0.11)		(0.05)	
Adjusted diluted net earnings per share	\$ 0.27		\$ 0.47		\$ 1.34		\$ 1.24	



# Reconciliation of Non-GAAP Financial Measures

## Financial Summary (Non-GAAP)

### Consolidated

(In thousands, except per share data)

(Unaudited)

The Shyft Group, Inc.	Forecast		
	Twelve Months Ended December 31, 2021		
	Low	Mid	High
Income from continuing operations	\$ 51,028	\$ 54,628	\$ 58,328
Add:			
Depreciation and amortization	13,462	13,462	13,462
Interest expense	1,295	1,295	1,295
Taxes	17,793	19,193	20,493
EBITDA	\$ 83,578	\$ 88,578	\$ 93,578
Add (subtract):			
Non-cash stock-based compensation and other charges	11,422	11,422	11,422
Adjusted EBITDA	<u>\$ 95,000</u>	<u>\$ 100,000</u>	<u>\$ 105,000</u>
Earnings per share	\$ 1.42	\$ 1.52	\$ 1.62
Add:			
Non-cash stock-based compensation and other charges	0.32	0.32	0.32
Less tax effect of adjustments	(0.09)	(0.09)	(0.09)
Adjusted earnings per share	<u>\$ 1.65</u>	<u>\$ 1.75</u>	<u>\$ 1.85</u>

# Reconciliation of Non-GAAP Financial Measures

## Financial Summary (Non-GAAP)

### Continuing Operations

(In thousands, except per share data)

(Unaudited)

(\$000)	Twelve Months Ended December 31,				
	2019	2018	2017	2016	2015
<b>Spartan Motors, Inc.</b>					
Net income attributable to Spartan Motors, Inc.	36,790	18,116	17,472	16,309	(218)
Net (income) loss attributable to non-controlling interest	(140)	-	-	-	-
Add (subtract):					
Restructuring charges	316	662	798	-	-
Asset impairments	-	-	-	-	-
Acquisition related expenses	3,531	1,952	588	14	-
Executive compensation plan	5,281	4,027	3,536	1,536	1,198
Purchase accounting impact-inventory	-	-	-	-	-
Purchase accounting impact-net working capital	-	-	-	-	-
Deferred tax asset adjustment	135	(313)	(4,226)	(2,932)	9,379
Tax effect of adjustments	(2,056)	(1,433)	(1,713)	(550)	(447)
Adjusted net income attributable to Spartan Motors, Inc.	<u>43,857</u>	<u>23,011</u>	<u>16,455</u>	<u>14,377</u>	<u>9,912</u>
Net income attributable to Spartan Motors, Inc.	36,790	18,116	17,472	16,309	(218)
Net (income) loss attributable to non-controlling interest	(140)	-	-	-	-
Add (subtract):					
Depreciation and amortization	6,073	6,214	6,032	5,215	4,959
Taxes on income	10,355	3,334	2,382	8,616	13,733
Interest expense	<u>1,839</u>	<u>1,080</u>	<u>864</u>	<u>410</u>	<u>365</u>
EBITDA	<u>54,917</u>	<u>28,744</u>	<u>26,750</u>	<u>30,550</u>	<u>18,839</u>
Add (subtract):					
Restructuring charges	316	662	798	-	-
Asset impairments	-	-	-	-	-
Acquisition related expenses	3,531	1,952	588	14	-
Executive compensation plan	5,281	4,027	3,536	1,536	1,198
Purchase accounting impact-inventory	-	-	-	-	-
Purchase accounting impact-net working capital	-	-	-	-	-
Adjusted EBITDA	<u>64,045</u>	<u>35,385</u>	<u>31,672</u>	<u>32,100</u>	<u>20,037</u>
Diluted net earnings per share	1.03	0.52	0.50	0.47	(0.01)
Add (subtract):					
Restructuring charges	(0.00)	0.02	0.02	-	-
Asset impairments	-	-	-	-	-
Acquisition related expenses	0.11	0.06	0.02	0.00	-
Executive compensation plan	0.15	0.11	0.10	0.04	0.04
Purchase accounting impact-inventory	-	-	-	-	-
Purchase accounting impact-net working capital	-	-	-	-	-
Deferred tax asset adjustment	0.00	(0.01)	(0.12)	(0.09)	0.28
Tax effect of adjustments	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.01)</u>
Adjusted diluted net earnings per share	<u>1.24</u>	<u>0.66</u>	<u>0.47</u>	<u>0.42</u>	<u>0.29</u>



Thank you.

- Consumers spent \$602B online in 2019
  - Up 31% from \$461B in 2017
  - \$1.2 Trillion by 2028
  - E-commerce captured 16% of all retail sales in 2019
    - E-com expected to grow 22% thru 2022
  - Customers are moving towards smaller class vehicles
  - Global parcel delivery volume growing at a CAGR of 19%
    - More than doubled in last 4 years, up 104%

