

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): April 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 April 27, 2023, The Shyft Group, Inc. issued a press release announcing its financial results for the quarter ended March 31, 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 April 27, 2023 regarding the financial results for the quarter ended March 31, 2023.](#)

99.2 [Investor presentation dated April 27, 2023 regarding the financial results for the quarter ended March 31, 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: April 27, 2023

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

The Shyft Group Reports First Quarter 2023 Results

- Reports Q1 sales of \$243 million, growth of 18% versus prior year; Significant year-over-year profitability improvement
- Deployed \$15 million of capital in the quarter towards share repurchases, capital expenditures and regular dividends
- Reaffirms 2023 sales and profit outlook in dynamic operating environment

Novi, Mich., April 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 first quarter ending March 31, 2023.

First Quarter 2023 Highlights

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

- Sales of \$243.4 million, an increase of \$36.5 million, or 17.7%, from \$206.9 million.
- Net income of \$1.7 million, or \$0.05 per share, compared to a loss of \$3.9 million, or loss of \$0.11 per share.
- Adjusted EBITDA of \$10.8 million, or 4.4% of sales, an increase of \$11.4 million, from a loss of \$0.6 million, or 0.3% of sales; Results include \$8.5 million of EV development costs versus \$4.4 million in the prior year.
- Adjusted net income of \$4.3 million, or \$0.12 per share, compared to adjusted net loss of \$2.1 million, or loss of \$0.06 per share in the prior year.
- Consolidated backlog of \$667.4 million as of March 31, 2023, down 47.6%, compared to \$1.3 billion as of March 31, 2022 as backlog continues to return to normalized levels.
- Operating cash flow of \$5.9 million, up \$33.7 million, compared to an outflow of \$27.8 million in the prior year.
- Blue Arc[™] EV Solutions completed California Air Resources Board (CARB) and Environmental Protection Agency (EPA) testing and received certifications for its Class 3, 4 and 5 all-electric delivery vehicles.

“Our team was able to generate increased revenues and improve profitability as we accomplished strategic milestones that will drive future growth,” said Daryl Adams, President and CEO. “Blue Arc EV delivery vehicles received CARB and EPA certifications, which included our Class 3 EV achieving a 225-mile city driving range. This new benchmark exceeds the minimum requirements of our fleet customers.”

First Quarter 2023 Business Segment Highlights

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

Fleet Vehicles and Services (FVS)

- Sales of \$159.4 million, an increase of \$46.7 million, or 41.5%, from \$112.7 million primarily driven by improved chassis supply and favorable growth in truck body as a result of prior year expansion efforts.
- Adjusted EBITDA of \$12.5 million, or 7.8% of sales, an increase of \$13.4 million, from a loss of \$0.9 million, or 0.8% of sales.
- Segment backlog of \$584.9 million as of March 31, 2023, down 49.1% compared to \$1.1 billion as of March 31, 2022, driven by production improvements.
- Awarded contracts to upfit 18,500 vehicles for commercial off-the-shelf (COTS) use with production beginning mid-2023.

Specialty Vehicles (SV)

- Sales of \$87.2 million, a decrease of \$7.0 million, or 7.4%, from \$94.2 million a year ago due to softer motorhome chassis demand offset by strength in service bodies.
- Adjusted EBITDA of \$13.9 million, or 15.9% of sales, an increase of \$3.8 million, from \$10.1 million, or 10.7% of sales.
- Segment backlog of \$82.5 million as of March 31, 2023, down 33.5% compared to \$124.0 million as of March 31, 2022, primarily driven by softness in motorhome chassis.
- Opened Tennessee operations for growing service body, police car upfit and accessory business, which has access to new chassis pools along with expanded dealer sales and support.



Disciplined Capital Allocation

“Our overall financial strength, coupled with positive cash generation in the quarter, allows us to continue to remain flexible with our capital allocation strategy while efficiently investing in growth. We remain committed to investing in the transformational Blue Arc™ EV development program while continuing to deploy capital to improve shareholder returns over time,” said Jon Douyard, Chief Financial Officer.

The Company deployed \$15.1 million of capital in the quarter with the following actions:

- Repurchased \$8.8 million of stock with \$233 million remaining under our existing repurchase authorization.
- Funded \$4.4 million of capital expenditures.
- Paid regular dividends of \$1.9 million reflecting a dividend of \$0.05 per share.

2023 Financial Outlook

“We are pleased with our first quarter results and core business performance in this dynamic operating environment. We remain cautious in the short term given mixed demand signals. Our teams remain agile and flexible to help drive cost efficiency and growth across the business, which positions us to reaffirm our 2023 outlook at this time,” said Douyard.

Outlook for full-year 2023, notwithstanding further changes in the operating environment, is as follows:

- Sales to be in the range of \$1.0 billion to \$1.2 billion
- Adjusted EBITDA of \$70 to \$100 million
- Net income of \$28 to \$50 million, with an income tax rate of approximately 25%
- Earnings per share of \$0.77 to \$1.39
- Adjusted earnings per share of \$0.98 to \$1.60
- Capital expenditures of approximately \$35 million
- Free cash flow conversion ratio as a percent of net income greater than 100%

Strategic Outlook

“We are pleased with the momentum of Blue Arc’s EV program development with production on track for the second half of the year,” said Adams. “We like our leadership position in the attractive last-mile delivery and infrastructure end-markets, which positions the Company to outperform over the long term.”



The Shyft Group, Inc.

Conference Call and Webcast Information

The Shyft Group will host a conference call at 10 a.m. ET today to discuss these results and current business trends. The conference call and webcast will be available via:

Webcast: www.the-shyftgroup.com/webcasts

Conference Call: 1-844-868-8845 (domestic) or 412-317-6591 (international); Passcode: 10176292

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-U's, 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, South Carolina, Tennessee, Texas, and Saltillo, Mexico. The Company reported sales of \$1.0 billion in 2022. Learn more at TheShyftGroup.com

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
Vice President, Investor Relations and Treasury
Randy.Wilson@theshyftgroup.com
248.727.3755



The Shyft Group, Inc.

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

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,378	\$ 11,548
Accounts receivable, less allowance of \$255 and \$246	120,141	115,742
Contract assets	60,094	86,993
Inventories	109,308	100,161
Other receivables - chassis pool agreements	16,112	19,544
Other current assets	4,908	11,779
Total current assets	317,941	345,767
Property, plant and equipment, net	73,939	70,753
Right of use assets – operating leases	54,931	53,386
Goodwill	48,880	48,880
Intangible assets, net	48,126	49,078
Net deferred tax asset	10,390	10,390
Other assets	2,805	2,227
TOTAL ASSETS	\$ 557,012	\$ 580,481
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 107,807	\$ 124,309
Accrued warranty	6,183	7,161
Accrued compensation and related taxes	16,038	14,434
Contract liabilities	7,719	5,255
Operating lease liability	11,576	10,888
Other current liabilities and accrued expenses	14,404	19,452
Short-term debt - chassis pool agreements	16,112	19,544
Current portion of long-term debt	183	189
Total current liabilities	180,022	201,232
Other non-current liabilities	9,557	10,033
Long-term operating lease liability	45,251	44,256
Long-term debt, less current portion	65,224	56,266
Total liabilities	300,054	311,787
Shareholders' equity:		
Preferred stock, no par value: 2,000 shares authorized (none issued)	-	-
Common stock, no par value : 80,000 shares authorized; 34,915 and 35,066 outstanding	89,260	92,982
Retained earnings	167,629	175,611
Total The Shyft Group, Inc. shareholders' equity	256,889	268,593
Non-controlling interest	69	101
Total shareholders' equity	256,958	268,694
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 557,012	\$ 580,481



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

	Three Months Ended	
	March 31,	
	<u>2023</u>	<u>2022</u>
Sales	\$ 243,439	\$ 206,883
Cost of products sold	200,515	180,952
Gross profit	<u>42,924</u>	<u>25,931</u>
Operating expenses:		
Research and development	6,949	4,927
Selling, general and administrative	32,289	26,552
Total operating expenses	<u>39,238</u>	<u>31,479</u>
Operating income (loss)	<u>3,686</u>	<u>(5,548)</u>
Other income (expense)		
Interest expense	(1,648)	(154)
Other income (expense)	70	(35)
Total other income (expense)	<u>(1,578)</u>	<u>(189)</u>
Income (loss) before income taxes	2,108	(5,737)
Income tax expense (benefit)	430	(1,885)
Net income (loss)	<u>1,678</u>	<u>(3,852)</u>
Less: net loss attributable to non-controlling interest	32	-
Net income (loss) attributable to The Shyft Group, Inc.	<u>\$ 1,710</u>	<u>\$ (3,852)</u>
Basic earnings (loss) per share	0.05	(0.11)
Diluted earnings (loss) per share	0.05	(0.11)
Basic weighted average common shares outstanding	<u>35,058</u>	<u>35,108</u>
Diluted weighted average common shares outstanding	<u>35,340</u>	<u>35,108</u>



The Shyft Group, Inc.

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

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 1,678	\$ (3,852)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	3,864	2,969
Non-cash stock based compensation expense	1,827	1,648
(Gain) on disposal of assets	-	(10)
Changes in accounts receivable and contract assets	22,500	(5,012)
Changes in inventories	(9,147)	(24,072)
Changes in accounts payable	(16,920)	7,594
Changes in accrued compensation and related taxes	419	(7,966)
Changes in accrued warranty	(978)	(326)
Changes in other assets and liabilities	2,644	1,243
Net cash provided by (used in) operating activities	5,887	(27,784)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,469)	(5,514)
Proceeds from sale of property, plant and equipment	25	29
Acquisition of business, net of cash acquired	(500)	-
Net cash used in investing activities	(4,944)	(5,485)
Cash flows from financing activities:		
Proceeds from long-term debt	40,000	45,000
Payments on long-term debt	(31,000)	(10,000)
Payments of dividends	(1,878)	(1,886)
Purchase and retirement of common stock	(8,765)	(26,789)
Exercise and vesting of stock incentive awards	(3,470)	(6,523)
Net cash used in financing activities	(5,113)	(198)
Net decrease in cash and cash equivalents	(4,170)	(33,467)
Cash and cash equivalents at beginning of period	11,548	37,158
Cash and cash equivalents at end of period	<u>\$ 7,378</u>	<u>\$ 3,691</u>



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

Quarter Ended March 31, 2023 (in thousands of dollars)

	Business Segments			Consolidated
	Fleet Vehicles & Services	Specialty Vehicles	Eliminations & Other	
Fleet vehicle sales	\$ 147,279	\$ -	\$ -	\$ 147,279
Motorhome chassis sales	-	27,960	-	27,960
Other specialty vehicles sales	-	54,697	(3,181)	51,516
Aftermarket parts and accessories sales	12,154	4,530	-	16,684
Total Sales	<u>\$ 159,433</u>	<u>\$ 87,187</u>	<u>\$ (3,181)</u>	<u>\$ 243,439</u>
Adjusted EBITDA	\$ 12,473	\$ 13,852	\$ (15,537)	\$ 10,788

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

Quarter Ended March 31, 2022 (in thousands of dollars)

	Business Segments			Consolidated
	Fleet Vehicles & Services	Specialty Vehicles	Eliminations & Other	
Fleet vehicle sales	\$ 103,142	\$ -	\$ -	\$ 103,142
Motorhome chassis sales	-	44,891	-	44,891
Other specialty vehicles sales	-	44,706	-	44,706
Aftermarket parts and accessories sales	9,555	4,589	-	14,144
Total Sales	<u>\$ 112,697</u>	<u>\$ 94,186</u>	<u>\$ -</u>	<u>\$ 206,883</u>
Adjusted EBITDA	\$ (871)	\$ 10,099	\$ (9,871)	\$ (643)



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)

	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Fleet Vehicles and Services	\$ 584,933	\$ 736,690	\$ 915,135	\$ 1,000,021	\$ 1,148,700
Motorhome Chassis	28,180	35,471	49,769	62,811	61,297
Other Specialty Vehicles	54,210	60,417	78,794	72,058	62,406
Aftermarket Parts and Accessories	88	135	206	293	296
Total Specialty Vehicles	82,478	96,023	128,769	135,162	123,999
Total Backlog	\$ 667,411	\$ 832,713	\$ 1,043,904	\$ 1,135,183	\$ 1,272,699

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 March 31,			
	2023	% of sales	2022	% of sales
Net income (loss)	\$ 1,678	0.7%	\$ (3,852)	(1.9%)
Net loss attributable to non-controlling interest	32		-	
Add (subtract):				
Restructuring and other related charges	62		107	
Acquisition related expenses and adjustments	291		216	
Non-cash stock-based compensation expense	1,827		1,648	
Legacy legal items	956		-	
Tax effect of adjustments	(585)		(255)	
Adjusted net income (loss)	<u>\$ 4,261</u>	<u>1.8%</u>	<u>\$ (2,136)</u>	<u>(1.0%)</u>
Net income (loss)	\$ 1,678	0.7%	\$ (3,852)	(1.9%)
Net loss attributable to non-controlling interest	32		-	
Add (subtract):				
Depreciation and amortization	3,864		2,969	
Income tax expense (benefit)	430		(1,885)	
Interest expense	1,648		154	
EBITDA	<u>\$ 7,652</u>	<u>3.1%</u>	<u>\$ (2,614)</u>	<u>(1.3%)</u>
Add:				
Restructuring and other related charges	62		107	
Acquisition related expenses and adjustments	291		216	
Non-cash stock-based compensation expense	1,827		1,648	
Legacy legal matters	956		-	
Adjusted EBITDA	<u>\$ 10,788</u>	<u>4.4%</u>	<u>\$ (643)</u>	<u>(0.3%)</u>
Diluted net earnings (loss) per share	\$ 0.05		\$ (0.11)	
Add (subtract):				
Acquisition related expenses and adjustments	0.01		0.01	
Non-cash stock-based compensation expense	0.05		0.05	
Legacy legal matters	0.03		-	
Tax effect of adjustments	(0.02)		(0.01)	
Adjusted diluted net earnings (loss) per share	<u>\$ 0.12</u>		<u>\$ (0.06)</u>	



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.	Outlook		
	Twelve Months Ended December 31, 2023		
	Low	Mid	High
Net Income	\$ 27,562	\$ 38,681	\$ 49,800
Add:			
Depreciation and amortization	19,250	19,925	20,600
Interest expense	4,000	3,500	3,000
Taxes	9,188	12,894	16,600
EBITDA	\$ 60,000	\$ 75,000	\$ 90,000
Add:			
Non-cash stock-based compensation and other charges	10,000	10,000	10,000
Adjusted EBITDA	<u>\$ 70,000</u>	<u>\$ 85,000</u>	<u>\$ 100,000</u>
Earnings per share	\$ 0.77	\$ 1.08	\$ 1.39
Add:			
Non-cash stock-based compensation and other charges	0.28	0.28	0.28
Less tax effect of adjustments	(0.07)	(0.07)	(0.07)
Adjusted earnings per share	<u>\$ 0.98</u>	<u>\$ 1.29</u>	<u>\$ 1.60</u>



The Shyft Group, Inc.



First Quarter 2023 Earnings Conference Call

April 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. 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 1Q23 Highlights

"Our team was able to generate increased revenues and improve profitability as we accomplished strategic milestones that will drive future growth. Blue Arc EV delivery vehicles received CARB and EPA certifications, which included our Class 3 EV achieving a 225-mile city driving range. This new benchmark exceeds the minimum requirements of our fleet customers."

Daryl Adams, President and CEO

+18%

**Sales
Growth**

\$1.7M

**Net
Income**

\$10.8M

**Adjusted
EBITDA**

\$5.9M

**Operating
Cash Flow**

Market Commentary

Business Segment	End Market Dynamics	Backlog (March 31, 2023)
<p data-bbox="209 277 507 304">Fleet Vehicles and Services</p> 	<p data-bbox="692 349 1319 409">Long-term demand trends remain intact as secular shift to e-commerce continues</p> <p data-bbox="703 439 1308 495">Customer feedback remains mixed as macroeconomic conditions influence near-term capital spending</p>	<p data-bbox="1417 409 1497 436">\$585M</p>
<p data-bbox="256 568 459 595">Specialty Vehicles</p> 	<p data-bbox="727 629 1286 685">Infrastructure projects driving strong demand for vocational work trucks</p> <p data-bbox="746 752 1267 786">Luxury Class A retail demand softness persists</p>	<p data-bbox="1425 640 1489 667">\$54M</p>

Segment Highlights

Fleet Vehicles and Services



Awarded contracts to upfit 18,500 vehicles for commercial off-the-shelf use with production beginning mid-2023

Specialty Vehicles



Successful opening of Tennessee location serves regional service body and police upfit demand

Executing key organic growth initiatives in our core businesses

Blue Arc EV Progress Update

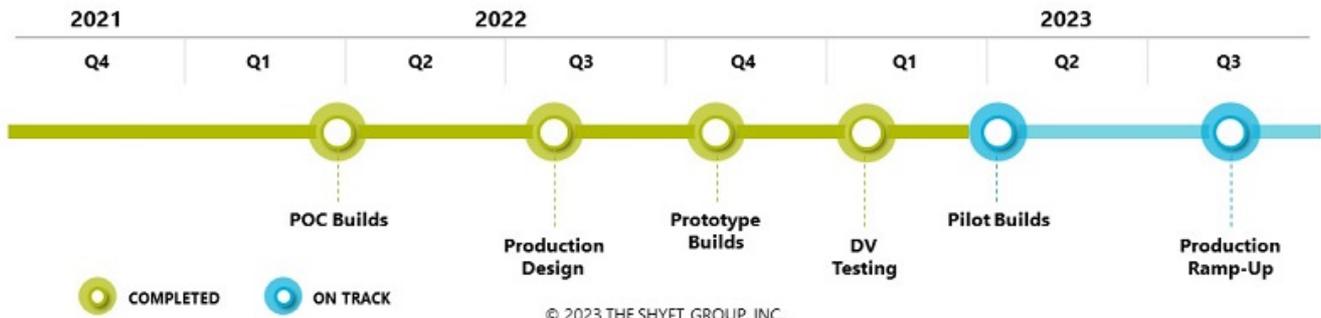
Recently completed deliverables

- ✓ Received certification from CARB and EPA
- ✓ Positioned pre-order for 2,000 vehicles to a firm commitment
- ✓ Construction underway to expand and improve production facilities

2023 deliverables

- Deliver customer demonstration units for field testing
- Finalize dealer agreements and secure additional customers
- Commence pilot and production builds

Program Timeline and Manufacturing Plan





First Quarter 2023 Financial Review and 2023 Outlook



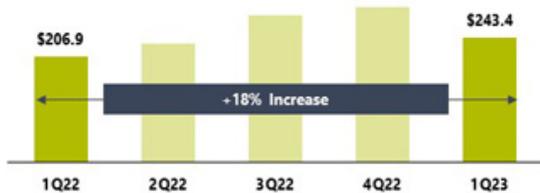
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Shyft Financial Summary – 1Q23

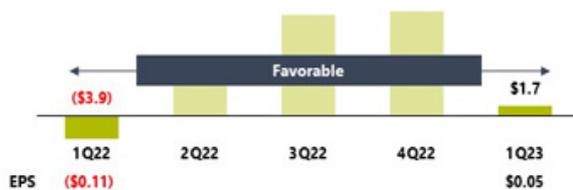
Reported Financials

(\$ million, except EPS)

Sales



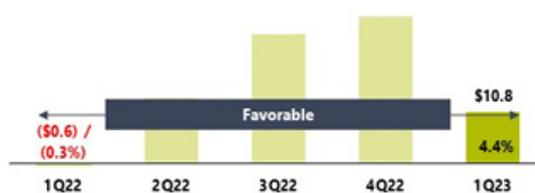
Net Income and EPS



Adjusted Financials

(\$ million, except EPS)

Adjusted EBITDA and % of Sales



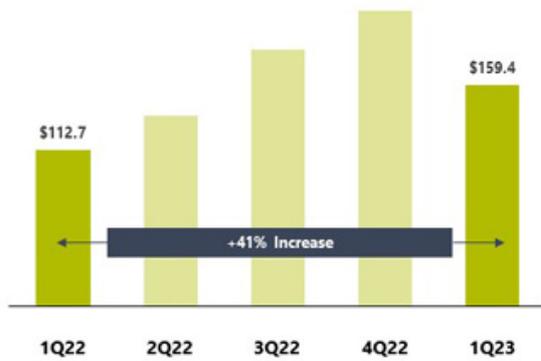
Adjusted Net Income and EPS



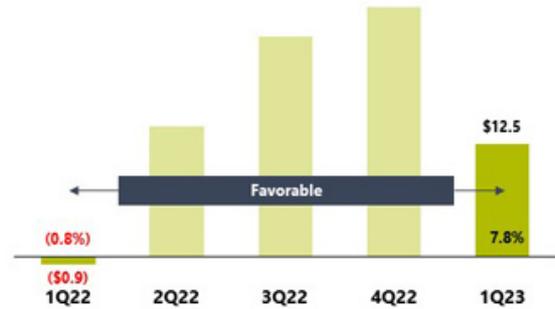
Profitability improvement includes increased EV investment

Fleet Vehicles and Services (FVS) – 1Q23

Sales
(in millions)



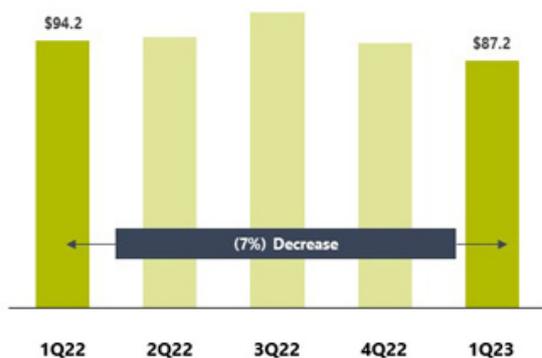
Adjusted EBITDA and % of Sales
(in millions)



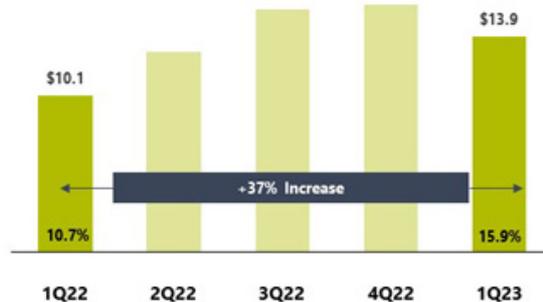
Improved chassis supply and favorable truck body output drove growth

Specialty Vehicles (SV) – 1Q23

Sales (in millions)



Adjusted EBITDA and % of Sales (in millions)



Third consecutive quarter of mid-teens EBITDA margin performance

Reaffirm 2023 Outlook

Full Year Outlook

\$ Millions	FY 2022	FY 2023 Outlook	YoY Change (at midpoint)
Sales	\$1,027	\$1,000 - \$1,200	+7%
Adjusted EBITDA	\$70.8	\$70 - \$100	+20%
Net Income	\$36.6	\$28 - \$50	+6%
EPS	\$1.03	\$0.77 - \$1.39	+5%
Adjusted EPS	\$1.25	\$0.98 - \$1.60	+3%

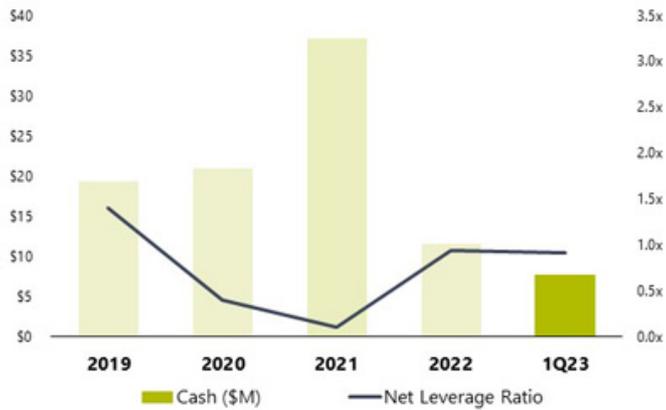
Highlights

- Sales growth led by Service and Truck Body
- Adjusted EBITDA margin expansion of +85bps
- Free cash flow to net income conversion ratio > 100%
- Additional Assumptions
 - Capex – ~\$35M driven by Blue Arc production
 - Effective Tax Rate – ~25%
 - Share Count – 35.8M shares

20% adjusted EBITDA growth at the midpoint
Focused on cost efficiency and growth in a dynamic operating environment

Disciplined Capital Allocation Strategy

Cash and Leverage Ratio



Highlights

- 1 Cash Flow Generation**
 - Generated \$5.9M of operating cash flow
- 2 Capital Structure**
 - Net leverage remains low at 0.9x
- 3 Organic and Inorganic Growth**
 - Deployed \$4.4M in capital expenditures
 - \$8.5M of EV investment
- 4 Efficient Return of Capital**
 - Repurchased \$8.8M of shares in the quarter
 - Funded \$1.9M of dividends in the quarter

Efficient capital deployment while maintaining low leverage

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



**Compelling
industrial growth
investment**



Q&A Session

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SHYFT GROUP

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 March 31,			
	2023	% of	2022	% of
Net income (loss)	\$ 1,678	0.7%	\$ (3,852)	(1.9%)
Net loss attributable to non-controlling interest	32		-	
Add (subtract):				
Restructuring and other related charges	62		107	
Acquisition related expenses and adjustments	291		216	
Non-cash stock-based compensation expense	1,827		1,648	
Legacy legal items	956		-	
Tax effect of adjustments	(585)		(255)	
Adjusted net income (loss)	\$ 4,261	1.8%	\$ (2,136)	(1.0%)
Net income (loss)	\$ 1,678	0.7%	\$ (3,852)	(1.9%)
Net loss attributable to non-controlling interest	32		-	
Add (subtract):				
Depreciation and amortization	3,864		2,969	
Income tax expense (benefit)	430		(1,885)	
Interest expense	1,648		154	
EBITDA	\$ 7,652	3.1%	\$ (2,614)	(1.3%)
Add:				
Restructuring and other related charges	62		107	
Acquisition related expenses and adjustments	291		216	
Non-cash stock-based compensation expense	1,827		1,648	
Legacy legal matters	956		-	
Adjusted EBITDA	\$ 10,788	4.4%	\$ (643)	(0.3%)
Diluted net earnings (loss) per share	\$ 0.05		\$ (0.11)	
Add (subtract):				
Acquisition related expenses and adjustments	0.01		0.01	
Non-cash stock-based compensation expense	0.05		0.05	
Legacy legal matters	0.03		-	
Tax effect of adjustments	(0.02)		(0.01)	
Adjusted diluted net earnings (loss) per share	\$ 0.12		\$ (0.06)	

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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	\$ 27,562	\$ 38,681	\$ 49,800
Add:			
Depreciation and amortization	19,250	19,925	20,600
Interest expense	4,000	3,500	3,000
Taxes	9,188	12,894	16,600
EBITDA	\$ 60,000	\$ 75,000	\$ 90,000
Add:			
Non-cash stock-based compensation and other charges	10,000	10,000	10,000
Adjusted EBITDA	\$ 70,000	\$ 85,000	\$ 100,000
Earnings per share	\$ 0.77	\$ 1.08	\$ 1.39
Add:			
Non-cash stock-based compensation and other charges	0.28	0.28	0.28
Less tax effect of adjustments	(0.07)	(0.07)	(0.07)
Adjusted earnings per share	\$ 0.98	\$ 1.29	\$ 1.60



Thank you.

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