

Risk Factors Comparison 2025-02-20 to 2024-02-22 Form: 10-K

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Risks Related to Our Company and Business Any negative change in our relationship with our major customers could have significant adverse effects on revenues and profits. Our financial success is directly related to the willingness of our customers to continue to purchase our products. Failure to fill customers' orders in a timely manner or on the terms and conditions they may impose could harm our relationships with our customers. The importance of maintaining excellent relationships with our major customers may also give these customers leverage in our negotiations with them, including pricing and other supply terms, as well as post-sale disputes. This leverage may lead to increased costs to us. Furthermore, if any of our major customers experience a significant downturn in their business or fail to remain committed to our products or brands, then these customers may reduce or discontinue purchases from us, which could have an adverse effect on our business, results of operations and financial condition. Sales to our top 10 customers in 2023-2024 accounted for 54.50.30% percent of our sales in the aggregate. In addition, a key customer owns a significant share of a new entrant competitor, and our business may be adversely affected if the customer's ownership of or our competitive relationship in the marketplace with our competitor results in a decline or discontinuation of the customer's purchases from us. We may not be able to remain competitive in the rapidly changing markets in which we compete. The markets we serve are undergoing rapid transformation, particularly with respect to parcel delivery services and electric vehicle ("EV") technologies. Our current and potential competitors include companies that have significantly greater financial, technical, manufacturing, marketing and other resources than we do, including OEMs and certain of our customers, and which are highly motivated by market opportunities to deploy those resources to the design, development, manufacturing, distribution, promotion, sale and support of their products, including their EVs. In addition to these established, mature competitors, we also face competition from new market entrants, including technology companies. As a result of these market opportunities, OEMs and other companies have taken actions to reduce costs, including through insourcing and supply base consolidation. We expect these trends to continue and even accelerate. We expect competition for EVs to intensify due to increased demand and a regulatory push for alternative fuel vehicles, continuing globalization, and consolidation in the worldwide vehicle industry. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results, and prospects. Our business will be adversely affected if we are unable to adequately respond to these pressures or otherwise continue to compete in these markets. Amounts included in order backlog may not result in actual revenue and are an uncertain indicator of our future revenue. Backlog is generally comprised of agreements and purchase orders from customers that are subject to modification, cancellation, or rescheduling. While realization of revenue related to order backlog has not been a major issue in the past, we cannot assure that we will recognize revenue with respect to each order included in order backlog. Should a cancellation occur, our order backlog and anticipated revenue would be reduced unless we are able to replace the cancelled order. As a result, the order backlog may not be indicative of future sales and can vary significantly from period to period. Reductions in our order backlog could negatively impact our future results of operations. We evaluate our order backlog at least quarterly to determine if the orders continue to meet our criteria for inclusion in order backlog. We may adjust our reported order backlog to account for any changes, including those arising from continued customer intent and ability to fulfill order, supply base capacity, and changes in our ability, or the methodology used, to determine whether an order is likely to be completed. We cannot assure that our order backlog will result in revenue on a timely basis or at all, or that any cancelled contracts will be replaced. As a result, the order backlog may not be indicative of future sales and can vary significantly from period to period. In addition, it is possible that the methodology for determining the order backlog may not be comparable to methods used by other companies. 13 The integration of businesses or assets we have acquired or may acquire in the future involves challenges that could disrupt our business and harm our financial condition. As part of our growth strategy, we have pursued and expect we will continue to selectively pursue acquisitions of businesses or assets in order to diversify, expand our capabilities, enter new markets, or increase our market share. Integrating any newly acquired business or assets can be expensive and can require a great deal of management time and other resources. We cannot guarantee that we will be able to identify attractive acquisition targets or assets. If we are unable to successfully integrate the newly acquired businesses with our existing business, we may not realize the synergies we expect from the acquisition and our business and results of operations may be adversely impacted. Re-configuration or relocation of our production operations could negatively impact our earnings. We may, from time to time, reconfigure our production lines or relocate production of products between buildings or locations or to new locations to maximize the efficient utilization of our existing production capacity or take advantage of opportunities to increase manufacturing efficiencies. Costs incurred to affect these reconfigurations or relocations may exceed our estimates, and efficiencies gained may be less than anticipated, each of which may have a negative impact on our results of operations and financial position. Disruptions within our dealer network could adversely affect our business. We rely, for certain of our products, on a network of independent dealers to market, stock, deliver, provide training for, and service our products to and for customers. Our business is influenced by our ability to initiate and manage new and existing relationships with dealers. From time to time, we or an individual dealer may choose to terminate the relationship, or the dealership could face financial difficulty leading to failure or difficulty in transitioning to new ownership. In addition, our competitors could engage in a strategy to attempt to acquire or convert our dealers to carry their products. We do not believe our business is dependent on any single dealer, the loss of which would have a sustained material adverse effect upon our business. However, disruption of dealer coverage within a specific local market could have an adverse impact on our business within the affected market. The loss or

termination of a significant number of dealers could cause difficulties in marketing and distributing our products and have an adverse effect on our business, operating results or financial condition. In the event that a dealer in a strategic market experiences financial difficulty, we may choose to provide financial support such as extending credit to a dealership, reducing the risk of disruption, but increasing our financial exposure. We may not be able to successfully implement and manage our growth strategy. Our growth strategy includes expanding existing market share through product innovation, continued expansion into industrial and global markets and merger or acquisition related activities. We believe our future success depends in part on our research and development and engineering efforts, our ability to manufacture or source the products and customer acceptance of our products. As it relates to new markets, our success also depends on our ability to create and implement local supply chain, sales and distribution strategies to reach these markets. The potential inability to successfully implement and manage our growth strategy could adversely affect our business and our results of operations. The successful implementation of our growth strategy will depend, in part, on our ability to integrate operations with acquired companies. We also make investments in new business development initiatives which could have a relatively high failure rate. We limit our investments in these initiatives and establish governance procedures to contain the associated risks, but losses could result and may be material. Our growth strategy also may involve acquisitions, joint venture alliances and additional arrangements of distribution. We may not be able to enter into acquisitions or joint venture arrangements on acceptable terms, and we may not successfully integrate these activities into our operations. We also may not be successful in implementing new distribution channels, and changes could create discord in our existing channels of distribution. 14 Increased costs, including costs of raw materials, component parts and labor costs, potentially impacted by changes in labor rates and practices, disruptions in supply chains and / or new or increased tariffs or similar restrictions, could reduce our operating income. Our results of operations may be significantly affected by the availability and pricing of manufacturing components and labor, changes in labor rates and practices, and increases in tariffs or similar restrictions on materials we import. Increases in costs of raw materials used in our products could affect the cost of our supply materials and components, as rising steel and aluminum prices as well as increased tariffs have impacted the cost of certain of our manufacturing components. **Further, the new Trump Administration has proposed significant changes to the U. S. government' s tariff policy, particular with respect to imports from Canada, China and Mexico.** In addition, a growth in popularity of EVs without a significant expansion in battery cell production capacity could result in shortages, which could result in increased materials costs to us and could adversely impact our projected manufacturing and delivery timelines. Although we attempt to mitigate the effect of any escalation in components, labor costs, and tariffs by negotiating with current or new suppliers and by increasing productivity or, where possible, by increasing the sales prices of our products, we cannot be certain that we will be able to do so without it having an adverse impact on the competitiveness of our products and, therefore, our sales volume. If we cannot successfully offset increases in our manufacturing costs, this could have a material adverse impact on our margins, operating income and cash flows. Our profit margins may decrease if prices of purchased component parts, labor rates, and / or tariffs increase, and we are unable to pass on those increases to our customers. Implementing new information systems could interfere with our business or operations. We are in the process of implementing new information systems infrastructure and applications that impact multiple locations. These projects require significant investment of capital and human resources, the re- engineering of many processes of our business, and the attention of many employees and managers who would otherwise be focused on other aspects of our business. Should the systems not be implemented successfully, we may incur impairment charges that could materially impact our financial results. If the systems do not perform in a satisfactory manner once implementation is complete, our business and operations could be disrupted and our results of operations negatively affected, including our ability to report accurate and timely financial results. Our EVs ~~will~~ rely on software and hardware that is highly technical, and if these systems contain errors, bugs, vulnerabilities, or design defects, or if we are unsuccessful in addressing or mitigating technical limitations in our systems, our EV business could be adversely affected. Our EVs will rely on software and hardware that is highly technical and complex and will require modification and updates over the life of the vehicles. Our software and hardware may contain errors, bugs, vulnerabilities or design defects, and our systems are subject to certain technical limitations that may compromise our ability to meet our objectives. Some errors, bugs, vulnerabilities, or design defects inherently may be difficult to detect and may only be discovered after the product has been released. Although we will attempt to remedy any issues we observe in our vehicles effectively and rapidly, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers. If we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, or fail to deploy updates to our software properly, we would suffer damage to our reputation, loss of customers, loss of revenue or liability for damages, any of which could adversely affect our business, prospects, financial condition, results of operations, and cash flows. There are complex software and technology systems that need to be developed by us and in coordination with vendors and suppliers to reach mass production for our EVs, and there can be no assurance such systems will be successfully developed or integrated. Our EVs and EV operations ~~will~~ use a substantial amount of complex third- party and in- house software and hardware. The development and integration of such advanced technologies are inherently complex, and we will need to coordinate with our vendors and suppliers to reach mass production for our EVs. Defects and errors may be revealed over time and our control over the performance of third- party services and systems may be limited. Thus, our potential inability to develop and integrate the necessary software and technology systems may adversely affect our EV business. **15** We rely on third- party suppliers to develop a number of emerging technologies for use in our EVs, including battery technology and the use of different battery cell chemistries. Certain of these technologies and chemistries are not today, and may not ever be, commercially viable. There can be no assurances that our suppliers will be able to meet the technological requirements, production timing, and volume requirements to support our business plan. Furthermore, if we experience delays by our third- party suppliers (including due to their financial viability or technology), we could experience delays in delivering on our timelines. In addition, the technology may not comply with the cost, performance useful life, and warranty characteristics we

anticipate in our business plan. As a result, our business plan could be significantly impacted and we may incur significant liabilities under warranty claims which could materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows. 15 Our EVs will make use of lithium-ion battery cells, which, if not appropriately managed and controlled, have been observed to catch fire or vent smoke and flame. The battery packs within our EVs will make use of lithium-ion cells. If not properly managed or subject to environmental stresses, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. While the battery pack is designed to contain any single cell's release of energy without spreading to neighboring cells, a field or testing failure of battery packs in our vehicles could occur, which could result in bodily injury or death and could subject us to lawsuits, field actions (including product recalls), or redesign efforts, all of which would be time consuming and expensive and could harm our brand image. Also, negative public perceptions regarding the suitability of lithium-ion cells for automotive applications, the social and environmental impacts of mineral mining or procurement associated with the constituents of lithium-ion cells, or any future incident involving lithium-ion cells, such as a vehicle or other fire, could materially and adversely affect our reputation and business, prospects, financial condition, results of operations, and cash flows. Disruption of our supply base could affect our ability to obtain component parts. We increasingly rely on component parts from global sources in order to manufacture our products. Disruption of this supply base due to international political events, natural disasters or adverse weather conditions (including any disasters or weather conditions caused by climate change), or other factors could affect our ability to obtain component parts at acceptable prices, or at all, and have a negative impact on our sales, results of operations and financial position. When we introduce new products, we may incur expenses that we did not anticipate, such as recall expenses, resulting in reduced earnings. The introduction of new products is critical to our future success. We have additional costs when we introduce new products, such as initial labor or purchasing inefficiencies, but we may also incur unexpected expenses. For example, we may experience unexpected engineering or design issues that will force a recall of a new product or increase production costs of the product above levels needed to ensure profitability. In addition, we may make business decisions that include offering incentives to stimulate the sales of products not adequately accepted by the market, or to stimulate sales of older or less marketable products. The costs resulting from these types of problems could be substantial and have a significant adverse effect on our earnings. We depend on a small group of suppliers for some of our components, and the loss of any of these suppliers could affect our ability to obtain components at competitive prices, which would decrease our sales or earnings. Most chassis and specialty vehicle commodity components are readily available from a variety of sources. However, a few proprietary or specialty components are produced by a small group of suppliers. In addition, we generally do not purchase chassis for our delivery vehicles. Rather, we accept shipments of vehicle chassis owned by dealers or end-users for the purpose of installing and / or manufacturing our specialized truck bodies on such chassis. There are four primary sources for commercial chassis, and we have established relationships with all major chassis manufacturers. Changes in our relationships with these suppliers, shortages, production delays, their ability to secure components required for chassis production or work stoppages by the employees of such suppliers could have a material adverse effect on our ability to timely manufacture our products and secure sales. If we cannot obtain an adequate supply of components or commercial chassis, this could result in a decrease in our sales and earnings. Our business could be adversely affected by the decision of our employees to unionize. Currently, none of our U. S. employees are represented by a collective bargaining agreement. If in the future our employees decide to unionize, this would increase our operating costs and potentially force us to alter the way we operate causing an adverse effect on our operating results. 16 The ability to hire or retain management and other key personnel is critical to our continued success, and the loss of or inability to hire such personnel could have a material adverse effect on our business, financial condition and results of operations. Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce. Overall, there is intense competition for qualified and skilled employees. As all key personnel devote their full time to our business, the loss of any member of our management team, or other key persons, or the inability to hire key persons, could have an adverse effect on us. If we lose key members of our senior management team or are unable to effect successful transitions from one executive to another as part of our succession plan, we may not be able to effectively manage our current operations or meet ongoing and future business challenges, and this could have a material adverse effect on our business, financial condition and results of operations. Risks associated with international sales and contracts could have a negative effect on our business. In 2024, 2023, and 2022, and 2021, we derived 6.2 %, 2.8 %, and 0.7 %, and 1.2% of our revenue from sales to, or related to, end customers outside the United States. We face numerous risks associated with conducting international operations, any of which could negatively affect our financial performance, including changes in foreign country regulatory requirements, the strength of the U. S. dollar compared to foreign currencies, import / export restrictions, the imposition of foreign tariffs and other trade barriers and disruptions in the shipping of exported products. Additionally, as a public company, we are subject to the Foreign Corrupt Practices Act, which may place us at a competitive disadvantage to foreign companies that are not subject to similar regulations. More General Risks Applicable to Our Industry General economic, market, and / or political conditions, whether on a global, national, or more regional scale, could have a negative effect on our business. Wars, acts of terrorism, armed conflicts, natural disasters (including those caused by climate change), budget shortfalls, cyber events cybersecurity incidents, civil unrest, governmental actions, and epidemics have in the past and could in the future create significant uncertainties that may have material and adverse effects on consumer demand, shipping and transportation, the availability of manufacturing components, commodity prices and our ability to engage in overseas markets as tariffs are implemented. An economic recession, whether resulting from one of these events or others, would have a material adverse impact on our financial condition and results of operations. If there is a rise in the frequency and size of product liability, warranty and other claims against us, including wrongful death claims, our business, results of operations and financial condition may be harmed. We are frequently subject, in the ordinary course of business, to litigation involving product liability and other claims, including wrongful death claims, related to personal injury and warranties. We insure our product liability

claims in the commercial insurance market. We cannot be certain that our insurance coverage will be sufficient to cover all future claims against us. Any increase in the frequency and size of these claims, as compared to our experience in prior years, may cause the premiums that we are required to pay for such insurance to rise significantly. It may also increase the amounts we pay in punitive damages, which may not be covered by our insurance. In addition, a major product recall or increased levels of warranty claims could have a material adverse effect on our results of operations. Changes to laws and regulations governing our business could have a material impact on our operations. Our manufactured products and the industries in which we operate are subject to extensive federal and state regulations. Changes to any of these regulations or the implementation of new regulations could significantly increase the costs of manufacturing, purchasing, operating or selling our products, managing our data and systems, and could have a material adverse effect on our results of operations. Our failure to comply with present or future regulations could result in fines, potential civil and criminal liability, suspension of sales or production, or cessation of operations. Certain U. S. tax laws currently afford favorable tax treatment for financing the purchase of recreational vehicles that are used as the equivalent of second homes. These laws and regulations have historically been amended frequently, and it is likely that further amendments and additional regulations will be applicable to us and our products in the future. Amendments to these laws and regulations and the implementation of new regulations could have a material adverse effect on our results of operations.

17 Our operations are subject to a variety of federal and state environmental regulations relating to noise pollution and the use, generation, storage, treatment, emission and disposal of hazardous materials and wastes. Our failure to comply with present or future regulations could result in fines, potential civil and criminal liability, suspension of production or operations, alterations to the manufacturing process, costly cleanup or capital expenditures. Climate change regulations at the federal, state or local level could require us to change our manufacturing processes or product portfolio or undertake other activities that may require us to incur additional expense, which may be material. Our vehicles are subject to motor vehicle safety standards, and the failure to satisfy such mandated safety standards could have a material adverse effect on our business, financial condition, results of operations, and cash flows. All vehicles sold must comply with international, federal, and state motor vehicle safety standards. In the United States, vehicles that meet or exceed all federally mandated safety standards are self-certified by the manufacturer under the federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Other jurisdictions outside the United States require us to meet Type Approval requirements proving to regulators that our vehicles meet those relevant safety standards in effect in those countries. Failure by us to maintain compliance of our current vehicles or obtain certification of compliance for any future vehicle, including future EV models, with motor vehicle safety standards in the United States, Canada or other jurisdictions could have a material adverse effect on our business, prospects, financial condition, results of operations, and cash flows. Our operating results may fluctuate significantly on a quarter- to- quarter basis. Our quarterly operating results depend on a variety of factors including the timing and volume of orders, the completion of product inspections and acceptance by our customers, and various restructuring initiatives that may be undertaken from time to time. As an example, our Fleet Vehicles and Services segment experiences seasonality whereby product shipments in the first and fourth quarters are generally lower than other quarters as a result of the busy holiday delivery operations experienced by some of its largest customers. Accordingly, our financial results may be subject to significant and / or unanticipated quarter- to- quarter fluctuations. Our businesses are cyclical, and this can lead to fluctuations in our operating results. The industries in which we operate are highly cyclical and there can be substantial fluctuations in our manufacturing, shipments and operating results, and the results for any prior period may not be indicative of results for any future period. Companies within these industries are subject to volatility in operating results due to external factors such as economic, demographic and political changes. Factors affecting the manufacture of chassis, specialty vehicles, delivery vehicles and other of our products include but are not limited to: • Commodity prices; • Fuel availability and prices. • Unemployment trends; • International tensions and hostilities; • General economic conditions; • Various tax incentives; • Strength of the U. S. dollar compared to foreign currencies; • Overall consumer confidence and the level of discretionary consumer spending; • Dealers' and manufacturers' inventory levels; and • Interest rates and the availability of financing. Economic, legal and other factors could impact our customers' ability to pay accounts receivable balances due from them. In the ordinary course of business, customers are granted terms related to the sale of goods and services delivered to them. These terms typically include a period between when the goods and services are tendered for delivery to the customer and when the customer needs to pay for these goods and services. The amounts due under these payment terms are listed as accounts receivable on our balance sheet. Prior to collection of these accounts receivable, our customers could encounter drops in sales, unexpected increases in expenses, or other factors which could impact their ability to continue as a going concern and which could affect the collectability of these amounts. Writing off uncollectible accounts receivable could have a material adverse effect on our earnings and cash flow as we have major customers with material accounts receivable balances at any given time.

18 Our business operations could be disrupted if our information technology systems fail to perform adequately or experience a cybersecurity incident. We rely on our information technology systems **and those of third- party business partners** to effectively manage our business data, communications, supply chain, product engineering, manufacturing, accounting and other business processes. **If Increased cybersecurity threats, computer crime and cyberterrorism pose a risk to these-- the security of our systems are damaged and networks, and those of cease to function properly or our are subject third- party business partners, and the confidentiality, availability and integrity of our data. Cybersecurity incidents and similar attacks vary in their form and can include the deployment of harmful malware or ransomware, denial- of- services attacks, employee or personnel failures, fraud, phishing or other social engineering attempts or other methods to a-cause confidential information, payments, account access or access credentials, or other data to be transmitted to an unintended recipient. Cybersecurity threat actors also may attempt to exploit vulnerabilities through software including that is software commonly used by companies in cloud- based services and bundled software. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, including but not limited to confidential information**

relating to customer or employee data, improper use of our systems and networks, manipulation and destruction of data, and operational disruptions. A cybersecurity incident breach such as ransomware, phishing, infection with viruses or intentional attacks aimed at theft or destruction of sensitive data, we may suffer an interruption in our ability to manage and operate the our information or systems, or that of our third-party business partners, and our or any failure by us or our third-party business partners to effectively address, enforce and maintain our information technology infrastructure and cybersecurity measures may result in substantial harm to our business strategy, results of operations and financial condition, including major disruptions to business operations, our loss of intellectual property, release of confidential information, alteration or corruption of data or systems are a target, costs related to remediation or the payment of attacks ransom, and litigation, civil or criminal investigations or actions, regulatory intervention and sanctions or fines, investigation and remediation costs and possible prolonged negative publicity. In addition, third-party providers of data hosting or cloud services, as well as our suppliers, may experience cybersecurity incidents that may involve data we share with them. There can be no assurance that cybersecurity incidents, whether with respect to us or such third-party providers, will not have a material adverse effect on us in the future. In order to mitigate risks to our information systems, we continue to make investments in personnel, technologies and training of personnel. Although we maintain a cyber insurance policy, there is no guarantee that such coverage will be sufficient to address costs, liabilities and damages we may incur in connection with a cybersecurity incident or that such coverage will continue to be available on commercially reasonable terms or at all. Fuel shortages, or higher prices for fuel, could have a negative effect on sales. Gasoline or diesel fuel is required for the operation of the specialty vehicles we manufacture. There can be no assurance that the supply of these petroleum products will continue uninterrupted, that rationing will not be imposed or that the price of or tax on these petroleum products will not significantly increase in the future. Increases in gasoline and diesel prices and speculation about potential fuel shortages have had an unfavorable effect on consumer demand for motorhome from time to time in the past and may continue to do so in the future. This, in turn, may have a material adverse effect on our sales volume. Increases in the price of oil also can result in significant increases in the price of many of the components in our products, which may have an adverse impact on margins or sales volumes. We could incur asset impairment charges for goodwill, intangible assets or other long-lived assets. We have a significant amount of goodwill, intangible assets and other long-lived assets. At least annually, we review goodwill and non-amortizing intangible assets for impairment. Identifiable intangible assets, goodwill and other long-lived assets are also reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. If the operating performance at one or more of our reporting units fails to meet future forecasts, or if future cash flow estimates decline, we could be required, under current U. S. accounting rules, to record impairment charges for our goodwill, intangible assets or other long-lived assets. Any write-off of a material portion of such assets could negatively affect our results of operations or financial position. See “Note 4-5 – Goodwill and Intangible Assets” of the Notes to Consolidated Financial Statements appearing in Item 8 of this Form 10-K for further discussion of goodwill, intangibles and other long-lived assets. We may be unable to adequately protect our intellectual property. While we believe that our patents, trademarks, know-how and other intellectual property have significant value, it is uncertain that this intellectual property or any intellectual property acquired or developed by us in the future will provide a meaningful competitive advantage. Our patents or pending applications may be challenged, invalidated or circumvented by competitors or rights granted thereunder may not provide meaningful proprietary protection. Moreover, competitors may infringe on our patents or successfully avoid them through design innovation. Policing unauthorized use of our intellectual property is difficult and expensive, and we may not be able to, or have the resources to, prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the U. S. The cost of protecting our intellectual property may be significant and have a material adverse effect on our financial condition and future results of operations. 19 The unavailability, reduction, elimination or adverse application of government incentives could have an adverse effect on our business, prospects, financial condition and operating results. The growth of our EV business depends in part on the availability and amounts of government incentives. Any reduction, elimination or discriminatory application of government incentives because of budgetary challenges, policy changes, the reduced need for such incentives due to the perceived success of EVs or other reasons may result in the diminished price competitiveness of the alternative fuel vehicle industry, which could have an adverse effect on our business, prospects, financial condition and operating results. Expectations relating to environmental, social and governance considerations expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business. Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance (“ESG”) considerations relating to businesses, including climate change and greenhouse gas emissions, human capital and diversity, equity and inclusion. We make statements about our ESG goals and initiatives through information provided on our website, press statements and other communications, including through our Sustainability Report. Responding to these ESG considerations and implementation of these goals and initiatives involves risks and uncertainties, including those described under “Forward-Looking Statements,” requires investments and are impacted by factors that may be outside of our control. In addition, some stakeholders may disagree with our goals and initiatives and the focus of stakeholders may change and evolve over time. Stakeholders also may have very different views on where ESG focus should be placed, including differing views of regulators in various jurisdictions in which we operate. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with federal, state or international ESG laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition and stock price. Emerging issues related to the development and use of artificial intelligence (“AI”) could give rise to legal or regulatory action, damage our reputation or otherwise materially harm of our business. Our development and use of AI technology in our products and

operations remains in the early phases. While we aim to develop and use AI responsibly and attempt to mitigate ethical and legal issues presented by its use, we may ultimately be unsuccessful in identifying or resolving issues before they arise. AI technologies are complex and rapidly evolving and the technologies that we develop or use may ultimately be flawed. Moreover, AI technology is subject to rapidly evolving domestic and international laws and regulations, which could impose significant costs and obligations on the company. For example, in 2023 the Biden Administration issued a new, executive order on safe, secure and trustworthy AI and the EU introduced the AI Act to establish rules for providers and users. Emerging regulations may pertain to data privacy, data protection, and the ethical use of AI, as well as clarifying intellectual property considerations. Our use of AI could give rise to legal or regulatory action, increased scrutiny or liability, damage our reputation or otherwise materially harm our business.

Risks Relating to the Merger The completion of the Merger is subject to certain closing conditions, including regulatory and stockholder approvals as well as other uncertainties, and there can be no assurances as to whether and when they may be completed. On December 16, 2024, we entered into the Merger Agreement, pursuant to which, on the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company, with the Company surviving the Merger as a direct, wholly owned subsidiary of Holdco and as an indirect, wholly owned subsidiary of Aebi Schmidt. The respective obligations of the Company and Aebi Schmidt to consummate the Closing are subject to the satisfaction or waiver of a number of conditions including, among other things: (1) the affirmative vote of the holders of a majority of the outstanding shares of our common stock, (2) the approval by a two-thirds majority of the shares of Aebi Schmidt Common Stock represented at an extraordinary meeting of the shareholders of Aebi Schmidt of the Transactions and debt financing, (3) the expiration or termination of any waiting periods (or any extension thereof) applicable to the consummation of the Merger under the HSR Act, (4) the receipt of certain required regulatory consents, approvals, non-disapprovals and other authorizations under certain applicable antitrust and foreign direct investment laws and regulations specified in the Merger Agreement, (5) the absence of any decision, injunction, decree, ruling, law or order issued by a governmental authority of competent jurisdiction that is in effect and enjoins or otherwise prohibits or makes illegal the consummation of the Transactions, (6) approval for listing on the Nasdaq Global Select Market of all shares of Aebi Schmidt Common Stock to be issued as part of the Merger consideration, (7) a registration statement on Form S-4 registering the shares of Aebi Schmidt Common Stock issuable as part of the Merger consideration in connection with the Transactions will have been declared effective by the SEC, and (8) the confirmation of a Swiss tax ruling (in all material aspects and without material reservations by the Swiss Federal Tax Administration. 20 If these conditions are not satisfied (or waived, if applicable) by certain dates specified in the Merger Agreement, either the Company or Aebi Schmidt will have a right to terminate the Merger Agreement in certain circumstances. The governmental authorities from which regulatory consents, approvals, non-disapprovals and other authorizations under applicable antitrust and foreign direct investment laws and regulations, including the HSR Act, are required have broad discretion in administering the governing laws and regulations, and may take into account various facts and circumstances in their consideration of the Merger, including other potential transactions in our industry or other industries. These governmental authorities may initiate proceedings seeking to prevent, or otherwise seek to prevent, the Merger. As a condition to authorization of the Merger or related transactions, these governmental authorities also may seek to impose requirements, limitations or costs, require divestitures or place restrictions on the conduct of our and Aebi Schmidt's business after completion of the Merger. We can provide no assurance that all required consents and approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable) in a timely manner or at all. Furthermore, if all required consents and approvals are obtained and all closing conditions are timely satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such consents and approvals or the timing of the completion of the Merger. Many of the closing conditions are outside of either our or Aebi Schmidt's control, and neither company can predict when or if these conditions will be satisfied (or waived, if applicable). Any delay in completing the Merger could cause the Company to not to realize some or all of the benefits that we expect to achieve if the Merger is successfully completed within its expected timeframe. Failure to complete the Merger could negatively impact our business, results of operations, financial condition and the price of our common stock. If the Merger is not completed for any reason, including as a result of our stockholders failing to adopt the Merger Agreement or Aebi Schmidt shareholders failing to approve the Transactions, we will remain an independent public company. Our ongoing business may be materially and adversely affected and we would be subject to a number of risks, including the following:

- to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed, the price of our common stock could decrease if the Merger is not completed;
- except if terminated pursuant to our entry into an alternative definitive agreement in connection with a superior proposal, if the Merger Agreement is terminated and the Board of Directors seeks another business combination, our shareholders cannot be certain that we will be able to find a party willing to enter into a transaction on terms equivalent to or more attractive than the terms that Aebi Schmidt has agreed to in the Merger Agreement;
- matters relating to the Merger (including integration planning) will require substantial commitments of time and resources by our management and the expenditure of significant funds in the form of fees and expenses, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to us as an independent company;
- investor confidence could decline, shareholder litigation, or litigation related to any failure to complete the Merger or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement, could be brought against us, relationships with existing and prospective customers, service providers, investors, lenders and other business partners may be adversely impacted, we may be unable to retain key personnel, and profitability may be adversely impacted due to costs incurred in connection with the pending Merger;
- the Merger Agreement places certain restrictions on the

conduct of our business prior to Closing, and such restrictions, the waiver of which is subject to the consent of Aebi Schmidt, may prevent us from making certain acquisitions, entering into or amending certain contracts, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the Merger that we would have made, taken or pursued if these restrictions were not in place; and • we will be obligated to pay a termination fee of approximately \$ 13.7 million in cash to Aebi Schmidt if the Merger Agreement is terminated (a) by the Company, prior to receiving Shyft stockholder approval, in order to enter into a definitive agreement with respect to a superior proposal, (b) by Aebi Schmidt if the Board of Directors effects an adverse recommendation change at any time prior to the receipt of Shyft shareholder approval, and (c) by either Aebi Schmidt or the Company as a result of the failure to obtain Shyft shareholder approval at a time when Aebi Schmidt is permitted to terminate the Merger Agreement as a result of the Board of Directors effecting an adverse recommendation change. 21 Combining the Company and Aebi Schmidt may be more difficult, costly or time consuming than expected and the combined company may fail to realize the anticipated benefits of the Merger. The success of the Merger will depend, in part, on the ability to realize the anticipated synergies, operating efficiencies, and cost savings from combining the businesses of Aebi Schmidt and the Company. To realize the anticipated benefits and cost savings from the Merger, Aebi Schmidt and the Company must integrate and combine their businesses in a manner that permits those cost savings to be realized, without adversely affecting current revenues and future growth. If Aebi Schmidt and the Company are not able to successfully achieve these objectives, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. In addition, the actual cost savings of the Merger could be less than anticipated, the costs associated with effecting the Merger may be more than anticipated, and integration may result in additional and unforeseen expenses. An inability to realize the full extent of the anticipated benefits of the Merger and the other Transactions, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, levels of expenses and operating results and financial condition of the combined company, which may adversely affect the value of the common stock of the combined company after the completion of the Merger. Additionally, since the Merger consideration payable to our shareholders will consist entirely of Aebi Schmidt Common Stock, our share price may be adversely impacted by any adverse developments in Aebi Schmidt's business outlook. Also, the number of shares of Aebi Schmidt Common Stock issuable in connection with the Merger Agreement in respect to one share of our common stock is based on an exchange ratio that is subject to adjustments in the case of reclassifications, recapitalization, stock splits or other actions, but not for changes in the market value of our common stock. As a result, the Company's shareholders cannot be sure of the value of the Merger Consideration that they will receive in the Merger. We will be subject to certain operating restrictions until consummation of the Merger and business uncertainties until and following the consummation of the Merger. Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on us. These uncertainties could disrupt our business and cause customers, suppliers, vendors, partners, employees and others that deal with us to defer entering into contracts with us, defer making other decisions concerning us or seek to change, terminate, or cancel existing business relationships with us. Retention and motivation of certain employees may be challenging during the pendency of the Merger due to uncertainty about their future roles and difficulty of integration. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the combined company, our business and operations could be negatively impacted. If any of these effects were to occur, it could materially and adversely impact our operating results, financial position and / or cash flows and / or our stock price. The Merger Agreement also includes restrictions on the conduct of our business until the earlier of the Closing or termination of the Merger Agreement. For example, unless we obtain Aebi Schmidt's prior written consent (which consent may not be unreasonably withheld, conditioned or delayed), we may not, subject to certain exceptions and aggregate limitations, incur additional indebtedness, issue additional shares of our common stock outside of our equity incentive plans, repurchase our common stock, pay dividends, acquire assets, securities or property, dispose of businesses or assets, enter into material contracts or make certain additional capital expenditures. We may find that these and other contractual restrictions in the Merger Agreement may negatively affect our business and operations or delay or prevent us from responding, or limit our ability to respond, effectively to competitive pressures, industry developments and future business opportunities that may arise during such period, even if our management believes they may be advisable. 22 The Merger Agreement contains restrictions on our ability to pursue alternatives to the Merger. The Merger Agreement contains customary "no-shop" provisions that, subject to limited exceptions, restrict the Company and its subsidiaries' ability to, directly or indirectly, (i) solicit, initiate or take any action to knowingly facilitate or knowingly encourage or induce the submission of any proposals or offers that constitute or could reasonably be expected to lead to any alternative acquisition proposal, (ii) continue, conduct, engage, enter into or participate in any discussions or negotiations with, furnish any information relating to the Company or any of our subsidiaries or afford access to the business, officers, directors, employees, properties, assets, books or records of the Company or any of our subsidiaries to, or otherwise cooperate in any way with, any third party (or its potential source of financing) that Shyft knows, or would reasonably be expected to know, is actively evaluating, seeking to make, or has made, an alternative acquisition proposal to the Company, (iii) amend or grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of its subsidiaries, or (iv) approve, authorize, agree or publicly announce any intention to do any of the foregoing. Further, subject to limited exceptions and consistent with applicable law, the Merger Agreement provides that the Board of Directors may not fail to make, withdraw or qualify, amend or modify, in each case, in a manner adverse to Aebi Schmidt, its recommendation that our shareholders vote in favor of the adoption of the Merger Agreement and the Transactions. The "no-shop" restrictions on the Company are subject to a customary "fiduciary out" provision, pursuant to which the Company may furnish

information to, or engage in discussions or negotiations with, a third party in response to a bona fide alternative acquisition proposal from such third party, if the Board of Directors (a) determines in good faith (after consultation with the Company's financial advisor and outside legal counsel) that such proposal either constitutes a Shyft Superior Proposal or would reasonably be expected to result in a Shyft Superior Proposal, and (b) determines in good faith (after consultation with the Company's outside legal counsel) that the failure to take such actions would reasonably be expected to be inconsistent with the Board of Director's fiduciary duties under applicable law. Subject to certain conditions and exceptions, the Board of Directors may also effect an adverse recommendation change in response to a Shyft Intervening Event (as defined in the Merger Agreement) if the Board of Directors determines in good faith (after consultation with the Company's outside legal counsel) that the failure to take such action would reasonably be expected to be inconsistent with the Board of Director's fiduciary duties under applicable law, subject to the Company's compliance with certain specified notice requirements and other conditions set forth in the Merger Agreement (including, under certain circumstances and if requested by Aebi Schmidt, the obligation to negotiate in good faith with Aebi Schmidt regarding revisions, if any, to the Merger Agreement proposed by Aebi Schmidt). However, doing so in specified situations could require us to pay to Aebi Schmidt a termination fee of approximately \$ 13.7 million. Such provisions could discourage a potential acquiror that might have an interest in making a proposal from considering or proposing any such transaction. Additionally, if the Merger Agreement is terminated and we determine to seek another business combination, we may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the Merger Agreement. There also is a risk that the requirement to pay the termination fee or expense payment to Aebi Schmidt in certain circumstances may result in a potential acquiror proposing to pay a lower per share price to acquire us than it might otherwise have proposed to pay. Completion of the Merger may require consents or trigger change in control or other provisions in certain agreements to which we are a party. The completion of the Merger may require consents or trigger change in control or other provisions in certain agreements to which we are a party. If we are unable to obtain consents or negotiate waivers of those provisions, the Company's counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements, discontinuing business relationships or seeking monetary damages. Even if we are able to obtain consent or negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to us. Such action could cause the combined company to lose business, increase the cost of doing business and / or lower profitability or have other adverse financial impacts. We can provide no assurance that all required consents will be obtained (or waived, if applicable) in a timely manner or at all, and, if all required consents are obtained, and all other closing conditions are timely satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such consents or the timing of the completion of the Merger. Many of the conditions to completion of the Merger are not within our control, and we cannot predict when or if these conditions will be satisfied (or waived, if applicable). Any delay in completing the Merger could cause us not to realize some or all of the benefits that we expect to achieve if the Merger is successfully completed within its expected timeframe. 23 Uncertainty during pendency of the Merger may cause suppliers, customers or other business partners to delay or defer decisions concerning us or re-negotiate agreements with us, and consummation of the Merger could cause suppliers, customers and other business partners to terminate or re-negotiate their relationships with the combined company. In connection with the pendency of the Merger, it is possible that some customers, distributors, suppliers, and other collaboration and strategic partners with whom we have business relationships may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships us as a result of the Merger or otherwise. Such changes could negatively impact our revenues or cash flows or the market price of our common stock, regardless of whether the Merger is consummated. We may have difficulty attracting, motivating and retaining executives and other key employees in light of the Merger. Uncertainty about the effect of the Merger on our employees may have an adverse effect on our business. This uncertainty may impair our ability to attract, retain and motivate key employees. Employee retention may be particularly challenging during the pendency of the Merger, as our employees may experience uncertainty about their future roles in the combined business. No assurance can be given that we will be able to attract or retain key employees to the same extent that we have been able to attract or retain employees in the past. Litigation that may be filed against the Company, Aebi Schmidt, Holdco., Merger Sub and / or the members of the Board of Directors could prevent or delay the consummation of the Merger or result in the payment of damages following completion of the Merger. In connection with the Merger, third parties may file lawsuits against the Company, Aebi Schmidt, Holdco, Merger Sub and / or the members of the Board of Directors. The outcome of any such litigation would be uncertain. One of the conditions to Closing is the absence of any injunction or other order being in effect that prohibits completion of the Merger. Accordingly, if a dismissal is not granted or a settlement is not reached, any such lawsuits could prevent or delay completion of the Merger. Such lawsuits may also result in substantial costs to the Company, Aebi Schmidt or the combined company following the Merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is completed may adversely affect the combined company's business, financial condition, results of operations and cash flows. Risk Applicable to Our Securities Our stock price has been and may continue to be volatile, which may result in losses to our shareholders. The market price of our common stock has been and may continue to be subject to wide fluctuations in response to, among other things, quarterly fluctuations in operating results, a failure to meet published estimates of or changes in earnings estimates by securities analysts, sales of common stock by existing stockholders, loss of key personnel, market conditions in our industries, shortages of key product inventory components and general economic conditions. Item 1B. Unresolved Staff Comments. None. 20-24 Item 1C. Cybersecurity. We rely on information technology systems across our operations, including for management, supply chain and financial information and

various other processes and transactions. Our ability to effectively manage our business depends on the security, reliability and capacity of these systems. We have established a range of security measures that are designed to protect against the unauthorized access to and misappropriation of our information, corruption of data, intentional or unintentional disclosure of confidential information, or disruption of operations. We have implemented additional controls, security processes and monitoring of our manufacturing systems. We have also implemented additional cloud security tools and governance processes for assessing, identifying and managing material risks from cybersecurity threats. In addition, we maintain an information security training program that encompasses the following areas: phishing and email security, password security, data handling security, cloud security, operational technology security processes, and cyber- incident response and reporting processes. The oversight of our cybersecurity risk management process is integrated into our overall risk management process. Through our enterprise risk management process, which involves a broad cross- functional group across many areas of expertise and is structurally independent of our business lines, we identify and assess risk and risk- mitigation actions, including with respect to cybersecurity risks. ~~Continuing~~ **Our Chief Information Officer (" CIO") provides** oversight of our cybersecurity risk **, which** is addressed by a group of stakeholders that includes our information technology (" IT ") and cybersecurity leadership and IT leaders within our various facilities, with cybersecurity risk input provided from this team to our senior leadership team on a regular basis. **Our CIO** ~~In turn, our Chief Information Officer~~ provides key updates on risk and mitigation strategies to the Audit Committee. We rely on third- party service providers to execute certain business processes, maintain certain information systems and infrastructure, evaluate defenses, and implement recommendations. We periodically have external information security assessments performed by third parties to analyze our internal assessment results and to stay informed of information security risks. Additionally, we maintain a supplier validation process, which involves approval by our cybersecurity group for significant suppliers that will have access to any of our databases or technology. We also maintain processes to oversee and identify risks from cybersecurity threats associated with our use of third- party service providers. While we have experienced cybersecurity incidents in the past, ~~to as of the date of this filing , none~~ **we do not believe that any risks from cybersecurity threats, including as a result of past cybersecurity incidents** have ~~had materially affected~~, or **are** reasonably likely to **have, a** ~~materially-- material affect effect , on~~ the Company, including our business strategy, results of operations or financial position. We continue to invest in the cybersecurity and resiliency of our networks and to enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. For more information regarding the risks we face from cybersecurity threats, please see " Risk Factors-- More General Risks Applicable to Our Industry. " Governance The Board of Directors is responsible for overseeing risk for the Company and has delegated to the Audit Committee responsibility for overseeing the cybersecurity risk management strategy for the Company. The Audit Committee reviews how we are executing against our comprehensive cybersecurity framework, including reviewing our cybersecurity reporting protocol. The Audit Committee receives regular updates on cybersecurity risks from our ~~Chief Information Officer (" CIO ")~~. The Audit Committee also regularly receives updates on efforts regarding data loss prevention, regulatory compliance, data privacy, threat and vulnerability management, cyber- crisis management, and other topics as applicable. Additionally, management provides the Audit Committee with a cybersecurity dashboard, which the full Board of Directors can access as well. The Company' s cybersecurity program is overseen by our CIO, who is responsible for assessing and managing material risks from cybersecurity threats, including monitoring the prevention, detection, mitigation and remediation of cybersecurity incidents. Our CIO has over 20 years of global automotive technology and cybersecurity experience and reports to our President and Chief Executive Officer. The Company' s Security Manager reports to our CIO and is the head of our cybersecurity team. The Security Manager is responsible for assessing and managing our cyber risk management program, informs senior management, together with the CIO, regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents and supervises such efforts. Our Security Manager has over 15 years of experience in technology and cybersecurity, a master' s degree in information security and industry certifications, including CISSP, CDPSE, ITIL, and COBIT. ~~21~~ **25** Item 2. Properties. We operate facilities in a total of ~~18~~ **21** locations, ~~17~~ **20** throughout the U. S. and one location in Mexico. The number of physical locations we operate is part of our strategy to develop coast- to- coast manufacturing and distribution capabilities. Our Fleet Vehicles and Services segment operates facilities in Bristol, Indiana; Charlotte, Michigan; Landisville, Pennsylvania; and Kansas City, Missouri. All of these facilities are leased except for facilities in Charlotte, which are owned by the Company. FVS also operates facilities in Saltillo, Mexico. Our Specialty Vehicles segment operates facilities in Charlotte **and Roseville**, Michigan; Carson and McClellan Park, California; Dallas and Weatherford, Texas; Mesa, Arizona; Waterville, Maine; and Pompano Beach ~~and~~, West Palm Beach **and Miami**, Florida; Lebanon, Tennessee **; Kansas City, Missouri; and Oakland, Iowa**. All of these facilities are leased except for the Charlotte ~~and~~, Pompano Beach **, Roseville, Oakland, and Kansas City** facilities, which are owned by the Company. In addition, our corporate headquarters are located in an office building and showroom in Novi, Michigan, that we lease. We also have certain corporate functions that operate out of our campus in Charlotte ~~, Wixom~~ and Plymouth, Michigan. We consider our properties to generally be in good condition, well maintained, and suitable and adequate to meet our business requirements for the foreseeable future. We do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. Item 3. Legal Proceedings.