



2021 Annual Report

TO OUR SHAREHOLDERS

April 14, 2022

During 2021, we have continued to weather the challenges related to COVID-19, the global supply chain and inflation. That said, we believe we are now better positioned than ever to capitalize on the return of normal market conditions. Though we cannot forecast exactly when such conditions might return, we have taken significant steps that should allow us to quickly capitalize on the changing trends within the market. First, we have continued to build our backlog, as demand for our products remain at all-time highs. We have also made the decision to increase our inventory levels using all available parts, enabling us to quickly finish in-process goods as soon as we receive the necessary backordered parts. Finally, we have maintained a keen focus on liquidity, allowing us better flexibility to weather any new or unforeseen challenges. We are extraordinarily proud of our management team and employees for continuing their exceptional work and customer service during this difficult year.

Though we experienced significant bottom-line pressure due to the inflationary challenges and ongoing supply chain constraints during 2021, we were able to strengthen the underlying business in many ways over the course of the year. We continued with our ERP implementation, enterprise software upgrades, and other operational improvement initiatives that reduced our SG&A expenses as a percentage of net sales. During the year, we also enacted a series of price increases that will help offset some of the increased costs we experienced. Although we have not yet seen the full effects of the increases, as it takes time to work through current backlog, we expect the increases enacted in 2021 will yield improved results throughout 2022.

Along with the operational improvements we made, we have also remained focused on our capital structure. We finished the year with no long-term debt and maintained a healthy cash balance, which we intend to use to efficiently ramp up production and delivery of products, as supply chain restraints allow us to do so. Our cash balance also allows us to account for any unforeseen expenses that, unfortunately, have become more common given the state of the market today.

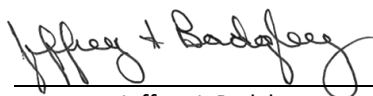
Despite two successive years of challenges, we remain committed to returning capital to our shareholders. We are proud that, amid all challenges, we have been able to continue our quarterly dividend of \$0.18 per share for 45 consecutive quarters.

As we enter 2022, we believe supply chain and inflationary pressures will continue to weigh on the business in the near-term. Though we cannot forecast when these conditions will subside, we are hopeful that market conditions will normalize over the course of the year. Given the improvements we have made to the business, we are more confident than ever in our ability to deliver value and capitalize on new growth opportunities once these pressures ease.

In closing, as always, we would like to thank our employees, customers, suppliers, and shareholders for their ongoing support of Miller Industries during these difficult times. We remain committed to building on both our industry-leading product portfolio and our best-in-class customer service.



William G. Miller, II
President & CEO



Jeffrey I. Badgley
President of International & Military



Deborah L. Whitmire
Executive Vice President & CFO

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-14124

MILLER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction of incorporation or organization)

62-1566286

(I.R.S. Employer Identification No.)

8503 Hilltop Drive, Ooltewah, Tennessee

(Address of principal executive offices)

37363

(Zip Code)

(423) 238-4171

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
<u>Common Stock, par value \$.01 per share</u>	<u>MLR</u>	<u>New York Stock Exchange</u>

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant (which for purposes hereof are all holders other than executive officers, directors and holders of more than 10% of the registrant's Common Stock) as of June 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter) was \$379,916,133 (based on 9,632,762 shares held by non-affiliates at \$39.44 per share, the last sale price reported on the New York Stock Exchange on June 30, 2021).

At February 28, 2022 there were 11,416,716 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III (Items 10, 11, 12, 13 and 14) is incorporated herein by reference to the Registrant's definitive proxy statement for its 2022 Annual Meeting of Shareholders which is to be filed pursuant to Regulation 14A.

Auditor Name: Elliott Davis, LLC

Auditor Location: Chattanooga, TN

Auditor Firm ID: 149

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CERTAIN FACTORS AFFECTING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K, including but not limited to statements made in Part II, Item 7–“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” statements made with respect to future operating results, expectations of future customer orders and the availability of resources necessary for our business may be deemed to be forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as “may,” “will,” “should,” “could,” “continue,” “future,” “potential,” “believe,” “project,” “plan,” “intend,” “seek,” “estimate,” “predict,” “expect,” “anticipate” and similar expressions, or the negative of such terms, or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements. Such forward-looking statements are made based on our management’s beliefs as well as assumptions made by, and information currently available to, our management. Our actual results may differ materially from the results anticipated in these forward-looking statements due to, among other things:

- the overall impact of the ongoing COVID-19 pandemic on the Company’s revenues, results of operations and financial condition;
- the duration and severity of the COVID-19 pandemic, including actions that may be taken by government authorities, such as vaccine mandates, and others to address or otherwise mitigate the impact of the COVID-19 pandemic;
- economic and market conditions, including the negative impacts of the COVID-19 pandemic on global economies and the Company’s customers, suppliers and employees;
- our dependence upon outside suppliers for purchased component parts, chassis and raw materials, including aluminum, steel, and petroleum-related products;
- changes in price and availability (including as a result of increased demand due to improving market conditions, the impact of the COVID-19 pandemic and supply chain difficulties) of component parts, chassis and raw materials, including aluminum, steel, petroleum-related products;
- delays in receiving supplies of such parts, chassis or materials, including as a result of the impact of the COVID-19 pandemic;
- increased employee turnover rates and problems hiring or retaining skilled labor to manufacture our products;
- our customers’ access to capital and credit to fund purchases;
- operational challenges caused by increased sales volumes in recent years, prior to the COVID-19 pandemic;
- various political, economic and other uncertainties relating to our international operations, including restrictive taxation and foreign currency fluctuation;
- the cyclical nature of our industry and changes in consumer confidence;
- special risks from our sales to U.S. and other governmental entities through prime contractors;
- changes in fuel and other transportation costs, insurance costs and weather conditions;
- changes in government regulations, including environmental and health and safety regulations;
- failure to comply with domestic and foreign anti-corruption laws;
- competition in our industry and our ability to attract or retain customers;
- our ability to develop or acquire proprietary products and technology;

- assertions against us relating to intellectual property rights;
- a disruption in, or breach in security of, our information technology systems or any violation of data protection laws;
- changes in the tax regimes and related government policies and regulations in the countries in which we operate;
- the effects of regulations relating to conflict minerals;
- the catastrophic loss of one of our manufacturing facilities;
- environmental and health and safety liabilities and requirements;
- loss of the services of our key executives;
- product warranty or product liability claims in excess of our insurance coverage;
- potential recalls of components or parts manufactured for us by suppliers or potential recalls of defective products;
- an inability to acquire insurance at commercially reasonable rates;
- and those other risks referenced herein, including those risks referred to in this report, in Part I, Item 1A—"Risk Factors" and those risks discussed in our filings with the Securities and Exchange Commission filed after this Annual Report.

Such factors are not exclusive. We do not undertake to update any forward-looking statement that may be made from time to time by, or on behalf of, the Company.

PART I

ITEM 1. BUSINESS

General

Miller Industries is The World's Largest Manufacturer of Towing and Recovery Equipment[®], with executive offices in Ooltewah, Tennessee, domestic manufacturing operations in Tennessee and Pennsylvania, and foreign manufacturing operations in France and the United Kingdom.

In 1990, we began developing or acquiring several of the most well-recognized brands in the towing and recovery equipment manufacturing industry. Our strategy has been to diversify our line of products and increase our presence in the industry through internal growth and development, while remaining open to opportunities for acquisitions of complementary products.

In this Annual Report on Form 10-K, the words "Miller Industries," the "Company," "we," "our," "ours" and "us" refer to Miller Industries, Inc. and its subsidiaries or any of them.

Towing and Recovery Equipment

We offer a broad range of towing and recovery equipment products that meet most customer design, capacity and cost requirements. We manufacture the bodies of wreckers and car carriers, which are installed on truck chassis manufactured by third parties. We frequently purchase the truck chassis for integration with our towing and recovery equipment and resale to our customers. Wreckers generally are used to recover and tow disabled vehicles and other equipment and range in type from the conventional tow truck to large recovery vehicles with rotating hydraulic booms and up to 100-ton lifting capacities. Car carriers are specialized flatbed vehicles with hydraulic tilt mechanisms that enable a towing operator to drive or winch a vehicle onto the bed for transport. Car carriers transport new or disabled vehicles and other equipment and are particularly effective over longer distances. We also manufacture vehicle transport trailers.

Our products primarily are sold through independent distributors that serve all 50 states, Canada and Mexico, and other foreign markets including Europe, the Pacific Rim, the Middle East, South America and Africa, and through prime contractors to governmental entities. Additionally, as a result of our ownership of Jige International S.A. in France and Boniface Engineering, Ltd. in the United Kingdom, we have substantial distribution capabilities in Europe. While most of our distributor agreements do not generally contain exclusivity provisions, management believes that more than 85% of our independent distributors do not offer products of any other towing and recovery equipment manufacturer, which we believe is a testament to their loyalty to our brands. In addition to selling our products to towing operators, our independent distributors provide them with parts and service. We also utilize sales representatives to inform prospective end-users about our current product lines in an effort to drive sales to independent distributors. Management believes the strength of our distribution network and the breadth and quality of our product offerings are two key advantages over our competitors.

Product Lines

We manufacture a broad line of wrecker, car carrier and trailer bodies to meet a full range of customer design, capacity and cost requirements.

Wreckers. Wreckers are generally used to recover and tow disabled vehicles and other equipment and range in type from the conventional tow truck to large recovery vehicles with up to 100-ton lifting capacities. Wreckers are available with specialized features, including underlifts, L-arms, crossbars and scoops, which lift disabled vehicles by the tires or front axle to minimize front end damage to the towed vehicles. Certain heavy-duty wrecker models offer rotating booms, which allow heavy-duty wreckers to recover vehicles from any angle, and remote-control devices for recovery equipment. In addition, certain light-duty wreckers are equipped with automatic wheel-lift hookup devices that allow operators to engage a disabled or unattended vehicle without leaving the cab of the wrecker.

Our wreckers range in capacity from 4 to 100 tons, and are classified as either light-duty or heavy-duty, with wreckers of 16-ton or greater capacity being classified as heavy-duty. Light-duty wreckers are used to remove vehicles from accident scenes and vehicles illegally parked, abandoned or disabled, and for general recovery. Heavy-duty wreckers are used in towing and recovery applications including overturned tractor trailers, buses, motor homes and other large vehicles.

Car Carriers. Car carriers are specialized flat-bed vehicles with hydraulic tilt mechanisms that enable a towing operator to drive or winch a vehicle onto the bed for transport. Car carriers are used to transport new or disabled vehicles and other equipment and are particularly effective for transporting vehicles or other equipment over longer distances. In addition to transporting vehicles, car carriers may also be used for other purposes, including transportation of industrial equipment. Most professional towing operators have car carriers in their fleets to complement their towing capabilities.

Transport Trailers. Our multi-vehicle transport trailers are specialized auto transport trailers with upper and lower decks and hydraulic ramps for loading vehicles. These trailers are used for moving multiple vehicles for auto auctions, car dealerships, leasing companies and other similar applications. These trailers are easy to load and transport 6 to 7 vehicles. The vehicles can be secured to transport quickly with ratchet and chain tie-downs that are mounted throughout the frame of the transport trailer. Many professional towing operators have added auto transport trailers to their fleets to add to their service offerings.

Brand Names

We manufacture and market our wreckers, car carriers and trailers under ten separate brand names. Although certain brands overlap in terms of features, prices and distributors, each brand has its own distinctive image and customer base.

Century[®]. The Century[®] brand is our “top-of-the-line” brand and represents what management believes to be the broadest product line in the industry. The Century[®] line was started in 1974 and produces wreckers ranging from 8-ton light-duty to 100-ton heavy-duty models, and car carriers in lengths from 20 to 30 feet. Management believes that the Century[®] brand has a reputation as the industry’s leading product innovator.

Vulcan[®]. Our Vulcan[®] product line includes a range of premium light-duty and heavy-duty wreckers, ranging from 8-ton light-duty to 75-ton heavy-duty models, and car carriers.

Challenger[®]. Our Challenger[®] products compete with the Century[®] and Vulcan[®] products and constitute a third premium product line. Challenger[®] products consist of heavy-duty wreckers with capacities ranging from 25 to 75 tons. The Challenger[®] line was started in 1975 and is known for high-performance heavy-duty wreckers and aesthetic design.

Holmes[®]. Our Holmes[®] product line includes mid-priced wreckers with 4 to 16-ton capacities, a 16-ton rotator and a detachable towing unit (DTU). The Holmes[®] wrecker was first produced in 1916. Historically, the Holmes[®] name has been the most well-recognized and leading industry brand both domestically and internationally.

Champion[®]. The Champion[®] brand, which was introduced in 1991, includes car carriers which range in length from 19 to 21 feet. The Champion[®] product line, which is generally lower-priced, allows us to offer a full line of car carriers at various competitive price points.

Chevron[™]. Our Chevron[™] product line is comprised primarily of premium car carriers. Chevron[™] produces a range of premium single-car, multi-car and industrial carriers, as well as wreckers ranging from 8-ton to 16-ton models.

Eagle[®]. Our Eagle[®] products consist of light-duty wreckers with the “Eagle Claw[®]” hook-up system that allows towing operators to engage a disabled or unattended vehicle without leaving the cab of the tow truck. The “Eagle Claw[®]” hook-up system was originally developed for the repossession market. Since acquiring Eagle, we have upgraded the quality and features of the Eagle[®] product line and expanded its recovery capability.

Titan[®]. Our Titan[®] product line is comprised of premium multi-vehicle transport trailers which can transport up to 7 vehicles depending on configuration.

Jige[™]. Our Jige[™] product line is comprised of a broad line of premium light-duty and heavy-duty wreckers and car carriers marketed primarily in Europe. Jige[™] is a market leader best known for its innovative designs of car carriers and light-duty wreckers necessary to operate within the narrow confines of European cities, as well as heavy-duty wreckers.

Boniface[™]. Our Boniface[™] product line is comprised predominantly of premium heavy-duty wreckers marketed primarily in Europe. Boniface[™] produces heavy-duty wreckers specializing in the long underlift technology required to tow modern European tour buses.

Product Development and Manufacturing

Product Innovation and Manufacturing Process Improvements

We have a long history of innovation in our products and manufacturing processes based on advanced technologies. Our Holmes® and Century® brand names are associated with four of the major innovations in the industry: the rapid reverse winch; the tow sling; the hydraulic lifting mechanism; and the underlift with parallel linkage and L-arms. Our engineering department currently consists of over 50 engineers who, in consultation with manufacturing personnel, use sophisticated computer-aided design and stress analysis systems to test new product designs and to integrate various product improvements. In addition to licensing new technologies, we have a continuing emphasis on research and development to achieve product innovations. At our free-standing research and development (R&D) facility in Chattanooga, Tennessee, we are pursuing innovations in our products and improvements in our manufacturing processes, some of which are intended to enhance the safety of our employees and towing equipment operators and reduce the environmental impact of both our manufacturing processes and the products we manufacture. These efforts led to our newest product, the M100, which we believe to be the world's largest tow truck.

We manufacture wreckers, car carriers and trailers at six manufacturing facilities located in the United States, France and the United Kingdom. The manufacturing process for our products consists primarily of cutting and bending sheet steel or aluminum into parts that are welded together to form the wrecker, car carrier body or trailer. In addition, during the past several years, we have also begun to produce wrecker bodies using composites and other non-metallic materials, which reduces the overall vehicle weight and increases fuel efficiency. After the frame is formed, components such as hydraulic cylinders, winches, valves and pumps, which are purchased by us from third-party suppliers, are attached to the frame to form the completed wrecker or car carrier body. The completed body is either installed by us or shipped by common carrier to a distributor where it is then installed on a truck chassis. Generally, the wrecker or car carrier bodies are painted, and towing operators can select customized colors to coordinate with chassis colors or customer fleet colors. To the extent final painting is required before delivery, we either complete such painting or contract with independent paint shops for such services.

Expansion and Modernization of Domestic Production Facilities

All of our domestic facilities have undergone substantial expansion and modernization projects from 2017 to 2021, as we have invested over \$82 million on property, plant and equipment over this five-year period, including our most recent fabrication equipment upgrades at our Greeneville, Tennessee facilities. These projects not only increased our production capacity, but also included installing sophisticated robotics and implementing other advanced technologies to optimize our manufacturing process, enhance the safety of our employees and towing equipment operators and to reduce the environmental impacts of our operations.

Reducing the Environmental Impacts of our Domestic Production Facilities

We strive to conduct our operations in a manner that protects our employees, to comply with all applicable laws and regulations, and to reduce the environmental impacts of our operations. The modernization projects at all our domestic facilities in the last few years included many environment-friendly upgrades, such as the installation of air filtration equipment that removes airborne contaminants like smoke, dust, pollen and dander to improve the air quality at our production facilities. As part of these projects, we also transitioned from oil-based primers to water-based primers in our domestic painting operations, to reduce volatile organic compounds (VOC) emissions into the environment and make our workplace safer for our employees. At the same time, we upgraded the lighting at all of our domestic production facilities to LED lighting, which has the benefit of reducing electric consumption while also increasing visibility for our employees. In addition, we are currently in the process of acquiring a nitrogen generator, which would have the effect of minimizing the environmental impacts of transporting nitrogen gas to our domestic facilities. We continue to look for new ways to promote sustainable and environmentally friendly practices at our production facilities to reduce energy-usage, increase recycling and decrease waste.

Company Suppliers

We purchase raw materials and component parts from several sources. Although we have no long-term supply contracts, management believes we have good relationships with our primary suppliers. In recent years prices have fluctuated significantly, but we have experienced no significant problems in obtaining adequate supplies of raw materials and component parts to meet the requirements of our production schedules. Management believes that the materials used in the production of our products are available at competitive prices from an adequate number of alternative suppliers. Accordingly, management does not believe that the loss of a single supplier would have

a material adverse effect on our business. We are continuing to closely monitor the COVID-19 pandemic and the further impacts it may have on the Company's supply chain and operations.

Sales, Distribution and Marketing

The industry categorizes the towing and recovery market into three general product types: light-duty wreckers; heavy-duty wreckers; and car carriers. The light-duty wrecker market consists primarily of professional wrecker operators, repossession towing services, local and national governmental entities and repair shop or salvage company owners. The heavy-duty market includes professional wrecker operators serving the needs of commercial vehicle operators as well as governmental entities. The car carrier market has expanded to include equipment rental companies that offer delivery service and professional towing operators who desire to complement their existing towing capabilities.

We sell our products to a diverse network of independent distributors, consisting of approximately 80 distributors in North America, who serve all 50 states, Canada and Mexico, and numerous distributors that serve other foreign markets. These distributors then sell our products to the end-users. In 2021 and 2020, no single distributor accounted for more than 10% of our sales. Management believes our broad and diverse network of distributors provides us with the flexibility to adapt to market changes, lessens our dependence on particular distributors and reduces the impact of regional economic factors.

Our distributor network has been stable for many years, with a large majority of our distributors having been engaged to sell our products for more than 10 years, and many for more than 25 years. We believe this distributor loyalty results primarily from our high quality and innovative products and our emphasis on customer service. These long-standing relations give our distributors a deep knowledge of our products and our corporate culture, allowing them to effectively promote our products to end-users. While we do not impose exclusivity requirements on our distributors, we believe that more than 85% of our independent distributors do not offer products of any other towing and recovery equipment manufacturer, which we believe is a testament to their loyalty to our brands.

We engage sales representatives who provide sales support to our entire network of independent distributors. Sales representatives receive commissions on direct sales based on product type and brand and generally are assigned specific territories in which to promote sales of our products and to maintain customer relationships. To support sales and marketing efforts, we produce demonstrator models that are used by our sales representatives and independent distributors. In addition to providing services to our network of independent distributors, our sales representatives sell our products to various governmental entities, including the U.S. federal government and foreign governments, through prime contractors.

We routinely respond to requests for proposals or bid invitations in consultation with our local distributors. Our products have been selected by the United States General Services Administration as an approved source for certain federal and defense agencies. We intend to continue to pursue federal, state and local government and foreign government contracting opportunities.

The towing and recovery equipment industry places heavy marketing emphasis on product exhibitions at national, regional and international trade shows. To focus our marketing efforts and to control marketing costs, we concentrate our efforts on the major trade shows each year, and we work with our network of independent distributors to concentrate on various regional shows.

Product Warranties and Insurance

We generally offer a 12-month limited manufacturer's product and service warranty on our wrecker and car carrier products. Our warranty generally provides for repair or replacement of failed parts or components. Our independent distributor customers regularly perform any needed warranty repair work themselves, rather than shipping products back to us, and then invoice us for the cost of the parts and labor. Management believes that we maintain adequate general liability and product liability insurance.

Backlog

We produce virtually all of our products to order. Our backlog is based upon customer purchase orders that we believe are firm. The level of backlog at any particular time, however, may not be an appropriate indicator of our future operating performance. Certain purchase orders may be subject to cancellation by the customer upon notification. The supply chain disruptions that we have experienced in connection with the COVID-19 pandemic have adversely impacted our production and delivery schedules. As a result, current backlog is at

historically high levels of orders. Our ability to reduce these high backlog levels will depend on future production schedules and the severity and duration of supply chain disruptions.

Competition

The towing and recovery equipment manufacturing industry is highly competitive for sales to distributors and towing operators. Management believes that competition in our industry focuses on product quality and innovation, reputation, technology, customer service, product availability and price. We compete on the basis of each of these criteria, with an emphasis on product quality and innovation and customer service. Management also believes that a manufacturer's relationship with distributors is a key component of success in the industry. Accordingly, we have invested substantial resources and management time in building and maintaining strong relationships with distributors. Management also believes that our products are regarded as high quality within their particular price points. Our marketing strategy is to continue to compete primarily on the basis of quality and reputation rather than solely on the basis of price, and to continue to target the growing group of professional towing operators who as end-users recognize the quality of our products.

Traditionally, the capital requirements for entry into the towing and recovery manufacturing industry have been relatively low. Management believes a manufacturer's capital resources and access to technological improvements have become a more integral component of success in recent years. Certain of our competitors may have greater financial and other resources and may provide more attractive dealer and retail customer financing alternatives than we do.

Human Capital

We employed approximately 1,450 people as of December 31, 2021. Part-time employees represent less than 2% of our total employees. None of our employees are covered by a collective bargaining agreement, though our employees in France and the United Kingdom have certain similar rights provided by their respective government's employment regulations. We consider our employee relations to be good.

Our company culture is based on treating others the way we would like to be treated and we strive to foster a work environment that is inclusive, diverse, fair and engaged. In addition, our Code of Business Conduct and Ethics is intended to reinforce our core values of respect, integrity, collaboration, innovation, trust, and excellence throughout our operations.

During fiscal 2021, we experienced substantially increased employee turnover rates in our skilled workforce and in response have taken various actions to attract and retain skilled laborers, including attending hiring events, broadening our recruitment platforms, paying sign-on and retention bonuses, offering enhanced wages, and providing training programs. Our key recruitment and retention strategies are also advanced through the following programs, policies and initiatives:

Employee Development/Training

To facilitate talent attraction and retention, we provide training programs that address skills shortages in our workforce, foster career development, and encourage proper use of technology and resources. These include our Welding School that teaches employees how to read blueprints, interpret weld symbols, and learn welding technique. In addition, Miller University One and Two were created to develop high potential employees for future leadership roles in the company, and provide change management, decision making, and problem-solving skills to future leaders of our Company. We have also established a tuition reimbursement program for continuing education, including undergraduate and graduate degrees or certifications and licenses relevant to the business.

Competitive Pay and Employee Benefits

We invest in our employees through high-quality benefits and various health and wellness initiatives, competitive compensation packages and fair compensation practices. For example, we periodically perform compensation studies to ensure competitive pay rates for our employees. In addition, we provide a variety of benefits including but not limited to comprehensive medical coverage, short-term and long-term disability, life insurance, wellness screening, dental coverage, paid time off incentive programs, an employee assistance program, access to telehealth services, and a U.S. 401(k) plan with a Company match.

Occupational Health and Safety

We seek to provide a healthy and safe workplace. The modernization projects at all our domestic facilities in the last few years included many advanced health and safety features, such as the installation of air filtration equipment that removes airborne contaminants like smoke, dust, pollen and dander to improve the air quality at our production facilities. As part of these projects and upgrades, we also transitioned from oil-based primers to water-based primers in our domestic painting operations to reduce total volatile organic compounds emissions and make our workplace safer for our employees. We also upgraded the lighting at our facilities to LED lighting, which has the benefit of reducing electric consumption while also increasing visibility for our employees. We have established a safety committee to implement and monitor our various safety programs. We are continually striving to better our workplace safety record and our five-year trend on workplace accidents reflects substantial improvement in this area. We are committed to fostering a diverse workforce and an inclusive environment.

The spread of the COVID-19 virus has led to unique challenges, and we are striving to ensure the health, safety and general well-being of our employees. We have made and continue to make what we believe to be appropriate modifications to our operations because of COVID-19 to allow us to protect our employees while operating all our facilities consistent with applicable governmental guidelines and orders.

Employee Engagement

The Company's management team promotes an "open door" environment in which all feedback and suggestions are welcome. We have invested substantial time and resources in recent years to optimize the engagement, productivity and safety of our workforce, which we believe is the foundation upon which we can maintain our competitive advantages in product quality and customer service. For example, we hired an employee engagement specialist who is dedicated to communicating with our employees. We also actively monitor the satisfaction and engagement of our workforce, including through periodic employee surveys conducted by third-party experts.

Intellectual Property Rights

Our development of the underlift parallel linkage and L-arms was at the time considered one of the most innovative developments in the wrecker industry. This technology continues to be significant primarily because it allows the damage-free towing of aerodynamic vehicles made of lighter weight materials. This technology, particularly the L-arms, is still used in a majority of commercial wreckers today. Our patents on the L-arm have expired, but we hold a number of utility and design patents for our products. We have also obtained the rights to use and develop certain technologies owned or patented by others. Management believes that, during the life of our patents on our technology, utilizing our patented technology without a license would be an infringement of such patents.

Our trademarks "M[®]" (stylized), "Miller Industries[®]" (with stylized "M"), "Century[®]," "Holmes[®]," "Champion[®]," "Challenger[®]," "Pro Star[®]," "Street Runner[®]," "Vulcan[®]," "Right Approach[®]" and "Extreme Angle[®]," among others, are registered with the United States Patent and Trademark Office. Management believes that our trademarks are well-recognized by dealers, distributors and end-users in their respective markets and are associated with a high level of quality and value.

Government Regulations and Environmental Matters

We strive to manufacture our products in a way that minimizes environmental impact and maximizes worker health and safety. Our operations are subject to federal, state and local laws and regulations governing the protection of the environment and health and safety, including laws and regulations governing the generation, storage, handling, emission, transportation and discharge of materials into the environment. Management believes that we are in substantial compliance with these numerous and sometimes complex federal, state and local laws and regulations. The costs of complying with environmental protection laws and regulations have not had a material adverse impact on our financial condition or results of operations in the past, but we may be subject to other more stringent environmental laws in the future. Our facilities and operations could also be subject to regulations related to climate change and climate change itself may also have some impact on the Company's operations. However, these impacts are currently uncertain, and the Company cannot presently predict the nature and scope of those impacts.

We act as a subcontractor for certain U.S. and other government programs. As a result, we are subject to extensive regulations and requirements of the U.S. and other government agencies and entities that govern these programs, including with respect to the award, administration and performance of contracts under such programs.

We are also subject to various federal, state and non-U.S. laws and regulations related to privacy, data protection and cybersecurity, including the European Union's General Data Protection Regulation ("GDPR"), which became effective in May 2018. In addition, California's Consumer Privacy Act came into effect on January 1, 2020, and enforcement began on July 1, 2020. Many other states are also attempting to enact privacy laws that may impact us in the future.

We are also subject to the additional diligence and disclosure requirements adopted by the Securities and Exchange Commission (the "SEC") related to certain minerals sourced from the Democratic Republic of Congo or adjoining countries in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The SEC rules impose these obligations with respect to "conflict minerals," defined as tin, tantalum, tungsten and gold, which are necessary to the functionality of a product manufactured, or contracted to be manufactured, by an SEC reporting company. If any "conflict minerals" that are necessary to the functionality of a product manufactured by an SEC reporting company originated in the Democratic Republic of Congo or an adjoining country, the rules require the issuer to prepare and file a report addressing its efforts to exercise due diligence on the source of such "conflict minerals" and their chain of custody. In addition to the SEC regulation, the European Union adopted new requirements for European Union importers of conflict minerals, which went into effect on January 1, 2021, and that may impact and increase the cost of our conflict minerals compliance program.

We are also subject to the Magnuson-Moss Warranty Federal Trade Commission Improvement Act which regulates the description of warranties on products. The description and substance of our warranties are also subject to a variety of federal, state and foreign laws and regulations applicable to the manufacturing of vehicle components. Management believes that continued compliance with various government regulations will not materially affect our operations.

Information About Our Executive Officers

Information relating to our executive officers as of February 28, 2022 is set forth below. William G. Miller, II is the son of William G. Miller. Other than Messrs. Miller and Miller II, there are no family relationships among the executive officers, directors or nominees for director, nor are there any arrangements or understandings between any of the executive officers and any other persons pursuant to which they were selected as executive officers.

Name	Age	Position
William G. Miller	75	Chairman of the Board
Jeffrey I. Badgley	69	Co-Chief Executive Officer
William G. Miller, II	43	President and Co-Chief Executive Officer
Frank Madonia	73	Executive Vice President, Secretary and General Counsel
Deborah L. Whitmire	56	Executive Vice President, Chief Financial Officer and Treasurer
Josias W. Reyneke	65	Vice President and Chief Information Officer
Jamison Linden	47	Vice President and Chief Manufacturing Officer
Vince Tiano	57	Vice President and Chief Revenue Officer

William G. Miller has served as Chairman of the Board since April 1994. Mr. Miller served as President and Chief Executive Officer from 1994 to 1996 and as Chief Executive Officer from 1996 to 1997. Mr. Miller also served as Co-Chief Executive Officer from October 2003 to March 2011. Mr. Miller served as Chairman and President of Miller Group from 1990 to 1993 and as Chairman and CEO of Miller Group from 1993 to 1994. Prior to 1987, Mr. Miller served in various management positions for Bendix Corporation, Neptune International Corporation, Wheelabrator-Frye, Inc. and The Signal Companies, Inc.

Jeffrey I. Badgley has served as our Co-Chief Executive Officer since December 2013. Prior to serving as Co-Chief Executive officer, Mr. Badgley served in various executive positions, including Chief Executive Officer (1997 – 2003; 2011 – 2013), Co-Chief Executive Officer (2003 – 2011), President (1996 – 2011), and Vice President (1994 – 1996). In addition, Mr. Badgley served as a director

from 1996 to 2014 and as Vice Chairman of the Board from 2011 to 2014. Mr. Badgley also served as Vice President to Miller Industries Towing Equipment Inc. from 1988 to 1996 and has been their President since 1996.

William G. Miller, II has served as a director since May 2014, our Co-Chief Executive Officer since December 2013 and President since March 2011, after serving as a Regional Vice President of Sales of Miller Industries Towing Equipment Inc. from November 2009 to February 2011. Mr. Miller II served as Vice President of Strategic Planning of the Company from October 2007 until November 2009. Mr. Miller II served as Light-Duty General Manager from November 2004 to October 2007 and as a Sales Representative of Miller Industries Towing Equipment Inc. from 2002 to 2004.

Frank Madonia has served as our Executive Vice President, Secretary and General Counsel since September 1998. From April 1994 to September 1998 Mr. Madonia served as our Vice President, General Counsel and Secretary. Mr. Madonia served as Secretary and General Counsel to Miller Industries Towing Equipment Inc. since its acquisition by Miller Group in 1990. From July 1987 through April 1994, Mr. Madonia served as Vice President, General Counsel and Secretary of Flow Measurement. Prior to 1987, Mr. Madonia served in various legal and management positions for United States Steel Corporation, Neptune International Corporation, Wheelabrator-Frye, Inc. and The Signal Companies, Inc.

Deborah L. Whitmire has served as a director since February 2020, our Executive Vice President, Chief Financial Officer and Treasurer since January 2017, after serving as our Vice President and Corporate Controller from January 2014 to December 2016 and Corporate Controller to Miller Industries Towing Equipment Inc. from March 2005 to January 2014. From April 2000 to March 2005, Ms. Whitmire also served as Director of Finance – Manufacturing to Miller Industries Towing Equipment Inc. In addition, Ms. Whitmire served as Controller to Miller Industries Towing Equipment Inc. from October 1997 to April 2000 and Accounting Manager to Miller Industries Towing Equipment Inc. from October 1996 to October 1997.

Josias W. Reyneke has served as our Vice President since March 2021 and our Chief Information Officer since January 2017, after serving as our Vice President of Operations to Miller Industries Towing Equipment Inc. from July 2011 to December 2016. From 2002 to 2011, Mr. Reyneke served as Director of Management Information Systems and Materials of Miller Industries Towing Equipment Inc. Mr. Reyneke joined Miller Industries Towing Equipment Inc. as a consultant in 1997 to assist with the implementation of an enterprise resource planning system and was subsequently offered the position of Director of Management Information Systems in 1998, a position he held until 2002. Prior to 1998, Mr. Reyneke also served in various management positions for SE Technologies, Wheels of Africa and Toyota South Africa.

Jamison Linden has served as our Vice President and Chief Manufacturing Officer since January 2021, after serving as our Vice President of Operations from January 2017 to December 2020 and as Director of Special Projects from January 2015 to December 2016. From August 2012 to December 2014, Mr. Linden served as General Manager, Ooltewah Operations. In addition, Mr. Linden served as Production and Manufacturing Services Manager from December 2009 to July 2012 and Engineer from May 2004 to November 2009.

Vince Tiano has served as our Vice President and Chief Revenue Officer since January 2021. From May 1997 to December 2020, Mr. Tiano served as Vice President of Sales for Miller Industries Towing Equipment Inc.

Available Information

We file annual, quarterly and current reports and other information with the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our Internet website address is www.millerind.com. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we file them with, or furnish them to, the Securities and Exchange Commission. Information contained on our website is not part of this Annual Report on Form 10-K or our other filings with the SEC.

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the Audit, Compensation and Nominating Committees of the Board of Directors are also available on our website.

ITEM 1A. RISK FACTORS

There are many factors that affect our business and the results of our operations, some of which are beyond our control. The following is a description of all known material risks that may cause the actual results of our operations in future periods to differ materially from those currently expected or desired. We encourage you to read this section carefully.

Risks Relating to Our Operations

The continuing COVID-19 pandemic has, and could in the future continue to, materially and adversely affect our revenues, results of operations and financial condition.

The U.S. and other countries are experiencing outbreaks of several variants of COVID-19, which are continuing to spread to areas where we, our customers, our suppliers and our end users do business. The outbreak has resulted in governments around the world implementing at times stringent measures to help control the spread of the virus, including quarantines, “shelter in place” and “stay at home” orders, travel restrictions, business curtailments, school closures, and other measures. We are considered a critical infrastructure industry, as defined by the U.S. Department of Homeland Security, and were thus exempt from state and local business closure orders that were previously in effect in states where we have manufacturing facilities. However, as the pandemic continues, such orders and restrictions may be implemented or reinstated in states or localities that experience a rebound or surge in COVID-19 cases, including as a result of the emergence of new variants of the virus that may be more transmissible or virulent. Other organizations, businesses and individuals are taking additional steps to avoid or reduce infection, including limiting travel and staying home from work. These measures taken to curb the spread of COVID-19 are disrupting normal business operations both in and outside of affected areas, including our business operations.

We have made and continue to make what we believe to be appropriate modifications to our operations because of COVID-19 to allow us to protect our employees while operating all our facilities consistent with applicable governmental guidelines and orders. We continue to monitor government recommendations impacting our operations and may need to enact further precautionary measures to help minimize the risk of our employees being exposed to COVID-19, which could have a further adverse impact on our plant production levels. If our employees are unable to work effectively, including due to illness, quarantines, any temporary limited suspension of operations, government actions or other restrictions in connection with COVID-19 or variants of COVID-19, our operations may be adversely affected.

The businesses of towing and recovery equipment operators have been disrupted and they have limited and may continue to limit spending as a result of COVID-19, which could negatively impact their willingness to purchase new equipment from us or our independent distributors, and ultimately adversely affect our revenues. During the first half of 2020 we saw order cancellations and softening of demand, and although demand has since strengthened, it could again worsen depending on the duration, spread, and severity of the ongoing pandemic. The cancellation of major industry shows and events also reduced our ability to meet with existing and potential new customers to market our products.

The COVID-19 pandemic had a material adverse impact on our financial results and business operations, and economic and health conditions in the United States and across most of the globe continue to change dramatically from day to day as a result of the COVID-19 pandemic. The future impact of the COVID-19 pandemic on our operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, the emergence of new strains of the virus and any future resurgences of COVID-19 or variant strains, the timing for our chassis and component parts suppliers resuming normal shipment levels, the effect of the pandemic on spending levels of towing and recovery equipment operators, the effect of the pandemic on our employees and employee turnover rates, including the impact of any vaccine mandates that might be implemented, and any additional preventative and protective actions that governments, or we or other businesses, may direct, which may result in an extended period of continued business disruption and reduced operations. Any resulting financial impact cannot be reasonably estimated at this time but should be anticipated to continue to have a material adverse impact on our business, financial condition and results of operations. Even after the COVID-19 pandemic has subsided, we may experience materially adverse impacts to our business due to any resulting economic recession or depression, or to a general reduction in miles driven on roadways due to a decrease in travel.

Our dependence upon outside suppliers for component parts, chassis and raw materials, including aluminum, steel, and petroleum-related products, leaves us subject to changes in price and availability (including as a result of increased demand due to improving economic conditions, the impact of the COVID-19 pandemic and supply chain difficulties) and delays in receiving supplies of such parts, chassis or materials.

We are dependent upon outside suppliers for our raw material needs and other purchased component parts. Prices and availability of these raw materials are subject to substantial fluctuations that are beyond our control due to factors such as changing economic conditions, inflation, currency and commodity price fluctuations, tariffs, resource availability, transportation costs, weather conditions and natural disasters, political unrest and instability, war (such as the ongoing military conflict between Russia and Ukraine) and other factors impacting supply and demand pressures. Delays in shipments of our raw materials and purchased component parts, including truck chassis, and government actions related to tariffs on imports and trade policies have previously adversely impacted, and have the potential to further impact our revenues, results of operations and financial condition. We also will be monitoring the potential impact of the Russia conflict with Ukraine on our fuel costs and supply chain for materials, parts and components, particularly with respect to steel and items with substantial steel content.

Our third-party suppliers' ability to supply us with component parts and chassis is limited by their available capacity to manufacture the component parts and chassis we require, and to secure adequate freight capacity to deliver them to our facilities. As the economy began to recover from the impact of the pandemic over the course of 2021, various supply chain disruptions impacted our ability to obtain on a timely basis certain raw materials and purchased component parts that are necessary to our production processes, as well as chassis from third party suppliers, and also resulted in substantial price increases for many materials and parts, and we are continuing to experience such difficulties in early 2022. These supply chain difficulties have had a material adverse impact on our profitability and results of operations. Delays in deliveries of our finished products due to delays of purchased component parts and truck chassis used in our products could also adversely affect future demand for our products if our customers reduce their purchase levels with us and/or seek alternative solutions to meet their demand. If these delays, limitations on availability and price increases for raw materials, purchased component parts, and chassis continue, recur or worsen, they will continue to have a material adverse effect on production at our facilities.

Furthermore, as a result of our supply chain challenges, it has become more difficult to accurately forecast, purchase, warehouse and transport to our manufacturing facilities purchased materials, component parts and chassis at sufficient volumes. If we are unable to accurately match the timing and quantities of component purchases to our actual needs, or successfully manage our inventory or our workforce to adapt to the increased complexity in our supply chain, we may incur unexpected production disruption, as well as storage, transportation and labor costs, which could have a material adverse effect on our financial condition and results of operations. In addition, we may not be able to meet our customers' delivery schedules and could face the loss of orders or customers as a result.

To partially offset price increases for raw materials and purchased component parts, we have implemented multiple general price increases and cost surcharges during 2021 and have several others scheduled to take effect in the first half of 2022. While we have attempted to pass these increased costs on to our customers, there can be no assurance that we will be able to continue to do so in the future. Any further price increases for raw materials or purchased component parts that we use would require a long lead time to implement while the higher material costs would be felt much sooner.

Shortages, price increases and/or delays in shipments of our raw materials and purchased component parts, including truck chassis, have had and should be anticipated to continue to have a material adverse effect on our profitability, financial performance, competitive position and reputation.

We depend upon skilled labor to manufacture our products. Our business has recently been, and may continue to be, negatively affected by increased employee turnover rates and problems hiring and retaining skilled labor.

The timely manufacture and delivery of our products requires an adequate supply of skilled labor, and the operating costs of our manufacturing facilities can be adversely affected by high turnover in skilled positions. Accordingly, our ability to increase or maintain our current levels of sales, productivity and net earnings will be limited to a degree by our ability to employ the skilled laborers necessary to meet our requirements. We must attract, train and retain skilled employees while controlling related labor costs and maintaining our core values, including safety standards. Our ability to control labor costs is subject to numerous external factors, including prevailing wage rates and increases in healthcare and other insurance costs.

In addition, employee turnover rates in the broader global economy have increased over the past year and may continue to remain elevated. Since the economy has begun to recover from the impact of the pandemic, we have experienced substantial increases in employee turnover and difficulties in hiring new workers for our skilled workforce, which has caused increased recruiting, training and retention costs. These workforce headwinds generally worsened over the course of the second half of 2021 and are continuing in 2022. This trend is anticipated to continue over the near term, and possibly longer. While the federal mandate of vaccinations for larger employers is now blocked in the courts and apparently no longer being pursued, implementation of any such government mandated vaccine program could impact our ability to retain current employees and attract new employees. Further, implementation could also have similar consequences for our suppliers, which may impact their ability to deliver the goods and services we need from them. We continue to monitor this workforce turnover and attempt to mitigate the risk associated with it through increased recruiting, training and retention efforts. The impact of these disruptions remains largely out of our control, and we currently anticipate that these factors will continue to have a material adverse impact on our profitability and results of operations during the first half of 2022 and possibly beyond.

We invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements. There can be no assurance that we will be able to maintain an adequate skilled labor force necessary to efficiently operate our facilities. In addition, while our employees are not currently members of a union, there can be no assurance that the employees at any of our facilities will not choose to become unionized in the future.

Demand from our customers and towing operators is affected by the availability of capital and access to credit.

The ability of our customers and of towing operators to purchase our products is affected by the availability of capital and credit to them. Our independent distributor customers rely on floor plan financing in connection with the purchase of our products, and the availability of that financing on acceptable terms has a direct effect on the volume of their purchases. More restrictive lending practices or an increase in the cost of such financing can prevent distributors from carrying adequate levels of inventory, which limits product offerings available to the end customer and could lead to reduced sales of our products. Additionally, in many cases, a towing operator's decision to purchase our products from one of our distributors is dependent upon their ability to obtain financing upon acceptable terms. Volatility and disruption in the capital and credit markets, principally in the U.S. and Europe, in the past has decreased the availability of capital to, and credit capacity of, our customers and towing operators. In addition, in the past, certain providers of floor plan financing have exited the market, which made floor plan financing increasingly difficult for our independent distributor customers to secure at those times. This reduced availability of capital and credit has negatively affected the ability and capacity of our customers and of towing operators to purchase towing and related equipment. This, in turn, has negatively impacted sales of our products. If customers are unable to access capital or credit, it could materially and adversely affect our ability to sell our products, and as a result, could negatively affect our business and operating results.

Operational challenges caused by our increased sales volumes in recent years prior to the COVID-19 pandemic could result in material delays, increased costs and loss of business opportunities, which could negatively impact our operating results and financial condition.

Substantially increased sales of our products over the five years prior to the COVID-19 pandemic have caused a variety of operating challenges, including supply chain constraints and production capacity limitations. The recent major additions and renovations to all our domestic production facilities have allowed us to effectively address these challenges, but they have nevertheless caused increased production costs and delayed deliveries to customers in some instances. These factors could in the future result in delay or termination of orders, the loss of sales and a negative impact on our reputation with our customers, all of which could materially adversely affect our business, financial condition and results of operations. In addition, our recent major additions and renovations to all our domestic facilities may not achieve our intended objectives of lowering costs, improving manufacturing efficiencies in an environmentally conscious way and increasing productivity, which could adversely affect our operating results and financial condition.

Our international operations are subject to various political, economic and other uncertainties that could adversely affect our business results, including by restrictive taxation or other government regulation and by foreign currency fluctuation.

Historically, a portion of our net sales occur outside the United States, primarily in Europe. In addition, we have manufacturing operations at two facilities located in the Lorraine region of France and manufacturing operations in Norfolk, England. As a result, our operations are subject to various political, economic and other uncertainties, including risks of restrictive taxation policies, changing political conditions and governmental regulations and trade policies. This includes the uncertainty surrounding the ongoing military conflict between Russia and Ukraine and the United Kingdom's "Brexit" from the European Union and their impact on European and worldwide economic and supply chain conditions, and on our international sales. These developments have created and may continue to create legal, political and

economic uncertainties and impacts, including disruptions to trade and free movement of goods, services and people to and from Europe, disruptions to our workforce or the workforce of our suppliers or business partners. All of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

In addition, a portion of our net sales derived outside the United States, as well as salaries of employees located outside the United States and certain other expenses, are denominated in foreign currencies, including the British pound sterling and the euro. We are, therefore, subject to risk of financial loss resulting from fluctuations in exchange rates of these currencies against the U.S. dollar. Brexit has caused, and may continue to result in, significant volatility in global stock markets and currency exchange rate fluctuations of the U.S. dollar relative to other foreign currencies in which we conduct business, including both the British pound sterling and the euro.

In addition, political unrest, terrorist acts, military conflict, including the ongoing military conflict between Russia and Ukraine, and disease outbreaks, including the COVID-19 pandemic, have increased the risks of doing business abroad in general.

Our business is subject to the cyclical nature of our industry and changes in consumer confidence and in economic conditions in general, including the negative impacts of the COVID-19 pandemic on global economies. Adverse changes or continued uncertainty with respect to these factors may lead to a downturn in our business.

The towing and recovery industry is cyclical in nature. In years prior to the COVID-19 pandemic, the overall demand for our products and resulting revenues had been positively affected by recovering economic conditions and improving consumer sentiment. However, historically, the overall demand for our products and our resulting revenues have at times been negatively affected by wavering levels of consumer confidence, volatility and disruption in domestic and international capital and credit markets and the resulting decrease in the availability of financing for our customers and towing operators and the overall effects of global economic conditions. We remain concerned about the potential effects of these factors on the towing and recovery industry, and we continue to monitor our overall cost structure to see that it remains in line with business conditions. A prolonged economic downturn, including as a result of the continuing COVID-19 pandemic, political unrest, terrorist acts, military conflict and any other disease outbreaks, and slow or negative growth in the domestic and global economy, could have a material adverse effect on our business, financial condition and results of operations for the foreseeable future.

Our sales to U.S. and other governmental entities through prime contractors are subject to special risks.

We act as a subcontractor for certain U.S. and other government programs. As a result, we are subject to extensive regulations and requirements of the U.S. and other government agencies and entities that govern these programs, including with respect to the award, administration and performance of contracts under such programs. Our U.S. and other government business is subject to the following risks, among others: (i) this business is susceptible to changes in government spending, which may reduce future revenues; (ii) most of our contracts with governmental entities through prime contractors are fixed-price contracts, and our actual costs on any of these contracts could exceed our projected costs, (iii) competition for the award of these contracts is intense, and we may not be successful in bidding on future contracts, and (iv) the products we sell to governmental entities are subject to highly technical requirements, and any failure to comply with these requirements could result in unanticipated retrofit costs, delayed acceptance of products, late or reduced payment or cancellation of the contract. Our inability to address any of the foregoing concerns could seriously harm our business, financial condition and results of operations.

Overall demand from our customers may be affected by increases in their fuel and insurance costs and changes in weather conditions.

In the past, our customers have experienced substantial increases in fuel and other transportation costs, and in the cost of insurance. Our customers also have, from time to time, been subject to unpredictable and varying weather conditions which could, among other things, impact the cost and availability of fuel and other materials. The ongoing military conflict between Russia and Ukraine is likely to result in substantial increases in fuel costs worldwide, and the extent and duration of such increases cannot be predicted at this time. Any of these factors could negatively affect our customers' capacity for purchasing towing and related equipment, and, consequently, have a material negative effect upon our business and operating results.

Our competitors could impede our ability to attract or retain customers.

The towing and recovery equipment manufacturing industry is highly competitive. Capital requirements for entry into the towing and recovery manufacturing industry have been relatively low, which could result in an increase in the number of competitors entering the

industry. Competition for sales exists domestically and internationally at the manufacturer, distributor and towing-operator levels and is based primarily on product quality and innovation, reputation, technology, customer service, product availability and price. Competition for sales also comes from the market for used towing and recovery equipment. Certain of our competitors may have substantially greater financial and other resources and may provide more attractive dealer and retail customer financing alternatives than us. If these competitors are able to make it more difficult for us to attract or retain customers, it could have a negative impact on our sales, revenue and financial performance.

The catastrophic loss of one of our manufacturing facilities could harm our business, financial condition and results of operations.

While we manufacture our products in several facilities and maintain insurance covering our facilities, including business interruption insurance to mitigate losses resulting from any production interruption or shutdown caused by an insured loss, a catastrophic loss of the use of all or a portion of any one of our manufacturing facilities due to accident, labor issues, weather conditions, natural disaster, civil unrest, terrorist acts, military conflict and disease outbreaks (including the COVID-19 pandemic), or otherwise, whether short or long-term, could materially harm our business, financial condition and results of operations. Any recovery under our insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations.

Risks Related to Legal, Regulatory and Compliance Matters

Environmental and health and safety liabilities and requirements could require us to incur material costs.

We are subject to various U.S. and foreign laws and regulations relating to environmental protection and worker health and safety, including those governing discharges of pollutants into the ground, air and water; the generation, handling, use, storage, transportation, treatment and disposal of hazardous substances and waste materials; and the investigation and cleanup of contaminated properties. In certain cases, these regulatory requirements may limit the productive capacity of our operations.

Environmental and health-related requirements are complex, subject to change and have tended to become more and more stringent. Future developments could cause us to incur various expenditures and could also subject us to fines or sanctions, obligations to investigate or remediate contamination or restore natural resources, liability for third party property damage or personal injury claims and the imposition of new permitting requirements and/or the modification or revocation of our existing operating permits, among other effects. These and other developments could materially harm our business, financial condition and results of operation.

Our facilities and operations could in the future be subject to regulations related to climate change and climate change itself may also have some impact on the Company's operations. However, these impacts are currently uncertain and the Company cannot presently predict the nature and scope of those impacts.

Failure to comply with domestic and foreign anti-corruption laws could have an adverse effect on our business.

Our international operations require us to comply with a number of U.S. and international laws and regulations, including those involving anti-bribery and anti-corruption. Failure to comply with the Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, and other foreign anti-bribery laws could have an adverse effect on our business. Violations of these laws, or allegations of such violations, could result in our incurring significant fees and having fines and criminal sanctions imposed on us or our employees, and could adversely impact our business with government entities.

Our future success depends upon our ability to develop or acquire proprietary products and technology and assertions against us relating to intellectual property rights could harm our business.

Historically, we have been able to develop or acquire patented and other proprietary product innovations which have allowed us to produce what management believes to be technologically advanced products relative to most of our competition. While we are continuing to develop new technology and apply for patents, if we are unable to develop or acquire new products and technology in the future, our ability to maintain market share, and, consequently, our revenues and operating results, may be negatively affected.

Third parties may claim that our products infringe their patents or other intellectual property rights. If a competitor were to challenge our patents, or assert that our products or processes infringe its patent or other intellectual property rights, we could incur substantial litigation costs, be forced to design around their patents, pay substantial damages or even be forced to cease our operations, any of which could be

expensive and/or have an adverse effect on our operating results. Third party infringement claims, regardless of their outcome, would not only consume our financial resources, but also would divert the time and effort of our management and could result in our customers or potential customers deferring or limiting their purchase or use of the affected products or services until resolution of the litigation.

Changes in the tax regimes and related government policies and regulations in the countries in which we operate could adversely affect our results and our effective tax rate.

As a result of our international operations, we are subject to various taxes in both U.S. and non-U.S. jurisdictions. Due to economic and political conditions, tax laws, regulations and rates in these various jurisdictions may be subject to significant change. Our future effective income tax rate could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets or changes in tax laws or their interpretation. Changes to long-standing tax principles in the countries in which we operate could adversely affect our effective tax rate or result in higher cash tax liabilities. Increases in our effective tax rate or tax liabilities could have a material adverse effect on us.

The effects of regulations relating to conflict minerals may adversely affect our business.

In 2012, the SEC adopted rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act to improve transparency and accountability concerning the supply of certain minerals, known as “conflict minerals”, originating from the Democratic Republic of Congo and adjoining countries. These rules could adversely affect the sourcing, availability and pricing of such minerals if they are found to be used in the manufacture of our products, as the number of suppliers who provide conflict-free minerals may be limited. In addition, we have incurred and expect to incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. In addition to the SEC regulation, the European Union adopted new requirements for European Union importers of conflict minerals, which went into effect on January 1, 2021, and that may impact and increase the cost of our conflict minerals compliance program. The Company’s supply chain is complex. As a result, we have encountered and continue to expect significant difficulty in determining the country of origin or the source and chain of custody for all “conflict minerals” used in our products and disclosing that our products are “conflict free” (meaning that they do not contain “conflict minerals” that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country). We may face reputational challenges from customers, investors or others if we are unable to verify the origins for all “conflict minerals” used in our products. In such event, we may also face difficulties in satisfying customers who may require that all of the components of our products be certified as conflict mineral free.

A product warranty or product liability claim in excess of our insurance coverage, or an inability to acquire or maintain insurance at commercially reasonable rates, could have a material adverse effect upon our business.

We are subject to various claims, including product warranty and product liability claims arising in the ordinary course of business, and may at times be a party to various legal proceedings incidental to our business. We maintain reserves and liability insurance coverage at levels based upon commercial norms and our historical claims experience. If we manufacture poor quality products or receive defective materials, we may incur unforeseen costs in excess of what we have reserved in our financial statements. A successful product warranty, product liability or other claim brought against us in excess of our insurance coverage, or the inability of us to acquire or maintain insurance at commercially reasonable rates, could have a material adverse effect upon our business, operating results and financial condition. In addition, we are subject to potential recalls of components or parts manufactured by suppliers which we purchase and incorporate into our towing and recovery equipment products, as well as potential recalls of our products from customers to cure manufacturing defects or in the event of a failure to comply with applicable regulatory standards or customers’ order specifications. Moreover, the adverse publicity that may result from a product liability claim, perceived or actual defect with our products or a product recall could have a material adverse effect on our ability to market our products successfully.

Risks Related to Our Common Stock

Our stock price may fluctuate greatly as a result of the general volatility of the stock market.

From time to time, there may be significant volatility in the market price for our common stock. Our quarterly operating results, changes in earnings estimated by analysts, if any, changes in general conditions in our industry or the economy or the financial markets or other developments affecting us, including our ability to pay dividends, could cause the market price of our common stock to fluctuate substantially.

Our charter and bylaws contain anti-takeover provisions that may make it more difficult or expensive to acquire us in the future or may negatively affect our stock price.

Our charter and bylaws contain restrictions that may discourage other persons from attempting to acquire control of us, including, without limitation, prohibitions on shareholder action by written consent and advance notice requirements regarding amendments to certain provisions of our charter and bylaws. In addition, our charter authorizes the issuance of up to 5,000,000 shares of preferred stock. The rights and preferences for any series of preferred stock may be set by the board of directors, in its sole discretion and without shareholder approval, and the rights and preferences of any such preferred stock may be superior to those of common stock and thus may adversely affect the rights of holders of common stock.

Risks Related to Indebtedness and Liquidity

Our credit facility could restrict our ability to operate our business and failure to comply with its terms could adversely affect our business; our obligations to repurchase products from third-party lenders to our distributors could adversely impact our future revenues and financial condition.

Our credit facility contains customary representations and warranties, events of default, and financial, affirmative and negative covenants for loan agreements of this kind. In addition, covenants under our current credit facility restrict our ability to pay cash dividends if the Company would be in violation of the minimum tangible net worth test or the leverage ratio test in the current loan agreement as a result of the dividend, among various restrictions. We have been in compliance with these covenants throughout 2021 and anticipate that we will continue to be in compliance during 2022. If we fail to comply with the requirements of our current credit facility, such non-compliance would result in an event of default. If not waived by the bank, such event of default would result in the acceleration of any amounts due under the current credit facility.

We also have certain obligations to repurchase our products repossessed by third-party lenders if our distributors should default in their obligations to those lenders. Such repurchases could result in reduced net revenue in future periods as we resell such products and, if we are unable to sell the products, could adversely impact our financial condition.

We cannot assure you that we will continue to declare dividends on our common stock.

Our board of directors approved a dividend policy in 2011 to consider and pay quarterly dividends on our common stock subject to our ability to satisfy all applicable statutory requirements and our continued financial strength. While we currently intend to pay a quarterly dividend on shares of our common stock, to the extent that we have sufficient funds available for such purpose, the declaration, amount and payment of any future dividends on shares of common stock will be at the sole discretion of our board of directors and we may reduce or discontinue entirely the payment of such dividends at any time. Our board of directors may take into account general and economic conditions, our financial condition and operating results, capital requirements, restrictions in financing agreements and such other factors as they may deem relevant from time to time.

General Risk Factors

A disruption in, or breach in security of, our information technology ("IT") systems or any violation of data protection laws could adversely impact our business and operations.

We rely on the accuracy, capacity and security of our IT systems and our ability to update these systems in response to the changing needs of our business. We use our IT systems to collect and store confidential and sensitive data, including information about our business, our customers, our suppliers and our employees. We rely on IT systems to protect this information and to keep financial records, process orders, manage inventory, coordinate shipments to customers, and operate other critical functions. Our IT systems may be disrupted or fail for a number of reasons, including natural disasters, such as fires; power loss; software “bugs”, hardware defects or human error or malfeasance; or security breaches caused by hacking, computer viruses, malware, ransomware or other cyber-attacks. The risk of such cyber-attacks may be heightened as a result of the Russian conflict with Ukraine.

As technology continues to evolve, we anticipate that we will collect and store even more data in the future and that our systems will increasingly use remote communication features that are susceptible to both willful and unintentional security breaches. We have incurred costs and expect to incur significant additional costs in order to implement security measures that we feel are appropriate to protect our IT systems. Despite these efforts, future attacks could result in our systems or data being breached and/or damaged by computer viruses

or unauthorized physical or electronic access. Such a breach could result in theft of our intellectual property or trade secrets and/or unauthorized access to controlled data and personal information stored in connection with our human resources function. In the event of a breach in security that allows third parties access to personal information, we are subject to a variety of ever-changing laws on a global basis that may require us to provide notification to the data owners, and that may subject us to lawsuits, fines and other means of regulatory enforcement or harm employee morale.

Any disruption, outage or breach of our IT systems could result in interruption of our business operations, damage to our reputation and a loss of confidence in our security measures, all of which could adversely affect our business. In addition, if our systems are improperly implemented, breached, damaged or cease to function properly, we may have to make significant investments to fix or replace them. To the extent that any data is lost or destroyed or any confidential information is inappropriately disclosed or used, it could adversely affect our competitive position or customer relationships, harm our business and possibly lead to significant claims, liability, or fines based upon alleged breaches of contract or applicable laws, which liabilities may not be covered by insurance. The Company is also required to comply with increasingly complex and changing laws and regulations enacted to protect business and personal data in the United States and other jurisdictions regarding privacy, data protection and data security, including those related to the collection, storage, use, transmission and protection of personal information and other customer, vendor or employee data. Regulators globally are also imposing greater monetary fines for privacy violations including the General Data Protection Regulation (“GDPR”) that became effective in the European Union in 2018. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information, could increase our cost of providing our products and services.

Any loss of the services of our key executives could have a material adverse impact on our operations.

Our success is highly dependent on the continued services of our management team. The loss of services of one or more key members of our senior management team could have a material adverse effect on us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We operate four manufacturing facilities in the United States. The facilities are located in Ooltewah (Chattanooga), Tennessee; Hermitage, Pennsylvania; and two in Greeneville, Tennessee. The Ooltewah plant, containing approximately 309,000 square feet, produces light and heavy-duty wreckers; the Hermitage plant, containing approximately 279,000 square feet, produces car carriers; and the Greeneville plants, containing an aggregate of approximately 210,000 square feet, produces car carriers, heavy-duty wreckers and trailers. We opened our free-standing R&D facility in Chattanooga in 2019, containing an aggregate of approximately 34,000 square feet, where we are pursuing various innovations in our products and manufacturing processes.

Since 2015, the Company has modernized and expanded all of its domestic facilities. For a discussion of these capital projects, see “Executive Overview” in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of this Annual Report on Form 10-K.

We also have two manufacturing facilities and one storage facility located in the Lorraine region of France, which have, in the aggregate, approximately 205,000 square feet, and manufacturing operations in Norfolk, England, with approximately 48,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

We are, from time to time, a party to litigation arising in the normal course of our business. Litigation is subject to various inherent uncertainties, and it is possible that some of these matters could be resolved unfavorably to us, which could result in substantial damages against us. We have established accruals for matters that are probable and reasonably estimable and maintain product liability and other insurance that management believes to be adequate. Management believes that any liability that may ultimately result from the resolution of these matters in excess of available insurance coverage and accruals will not have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Our common stock is traded on the New York Stock Exchange under the symbol "MLR." As of February 28, 2022, there were approximately 413 registered holders of record of our common stock. The number of record holders does not include persons who held our common stock in nominee or "street name" accounts through brokers.

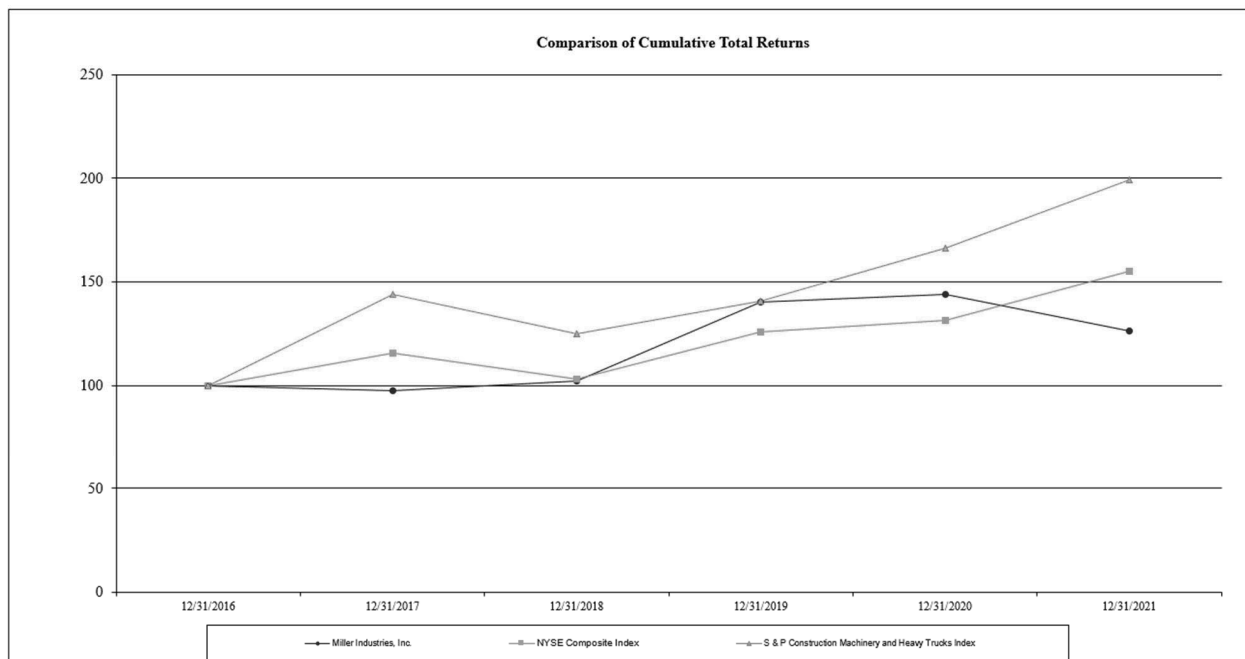
The Company has paid consecutive quarterly cash dividends since May 2011. For more information on dividends, see Note 7 to our Consolidated Financial Statements. Any future determination as to the payment of cash dividends will depend upon such factors as earnings, capital requirements, our financial condition, restrictions in financing agreements and other factors deemed relevant by our board of directors. Covenants under our current credit facility restrict the payment of cash dividends if the Company would be in violation of the minimum tangible net worth test or the leverage ratio test in the current loan agreement as a result of the dividend, among various other restrictions.

Sales of Unregistered Securities

We did not sell any unregistered securities during the year ended December 31, 2021.

Performance Graph

The following line graph compares the percentage change in the cumulative shareholder return of our common stock with The New York Stock Exchange Composite Index and the Standard & Poor's Construction Machinery & Heavy Trucks Index over the period of time from December 31, 2016 through December 31, 2021. The respective returns assume reinvestment of dividends paid.



	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Miller Industries, Inc.	100	98	102	140	144	126
NYSE Composite Index	100	116	103	126	131	155
S&P Construction Machinery & Heavy Trucks Index	100	144	125	141	166	199

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and Notes thereto. Unless the context indicates otherwise, all dollar amounts in this Management's Discussion and Analysis of Financial Condition and Results of Operations are in thousands.

Executive Overview

Miller Industries, Inc. is The World's Largest Manufacturer of Towing and Recovery Equipment®, with domestic manufacturing subsidiaries in Tennessee and Pennsylvania, and foreign manufacturing subsidiaries in France and the United Kingdom. We offer a broad range of equipment to meet our customers' design, capacity and cost requirements under our Century®, Vulcan®, Challenger®, Holmes®, Champion®, Chevron™, Eagle®, Titan®, Jige™ and Boniface™ brand names. In this Item 7 – "Management's Discussion and Analysis

of Financial Condition and Results of Operations,” the words “Miller Industries,” “the Company,” “we,” “our,” “ours” and “us” refer to Miller Industries, Inc. and its subsidiaries or any of them.

Our management focuses on a variety of key indicators to monitor our overall operating and financial performance. These indicators include measurements of revenue, operating income, gross margin, net income, earnings per share, capital expenditures and cash flow.

We derive revenues primarily from product sales made through our network of domestic and foreign independent distributors. Our revenues are sensitive to a variety of factors including general economic conditions as well as demand for, and price of, our products, our technological competitiveness, our reputation for providing quality products and reliable service, competition within our industry, and the cost and availability of purchased component parts, truck chassis and raw materials (including aluminum, steel and petroleum-related products).

Our history of innovation in the towing and recovery industry has been an important factor behind our growth over the last decade and we believe that our continued emphasis on research and development will be a key factor in our future growth. Our domestic plant expansion and modernization projects have installed sophisticated robotics and implemented other advanced technologies to optimize our manufacturing processes. We completed phase one of the implementation of an enterprise software solution during 2021, which we expect to substantially improve our administrative efficiency and customer service levels. As we retain our focus toward modernization, we continue to invest in robotics and automated material handling equipment across all of our domestic manufacturing facilities.

We opened our free-standing R&D facility in Chattanooga in 2019, where we pursue various innovations in our products and manufacturing processes, some of which are intended to enhance the safety of our employees and reduce our environmental impact. Our latest new product, the M100, which we believe to be the world’s largest tow truck, was introduced in the fall of 2019.

All of our domestic facilities have undergone substantial expansion and modernization projects during the period 2017 to 2021, as we have invested over \$82,000 on property, plant and equipment over this five-year period, including our most recent fabrication equipment upgrades at our Greeneville, Tennessee facilities. These projects not only increased our production capacity, but also included installing sophisticated robotics and implementing other advanced technologies to optimize our manufacturing process.

Our industry is cyclical in nature. Until the onset of the COVID-19 pandemic, the overall demand for our products and resulting revenues in recent years have been positively affected by favorable economic conditions, such as lower fuel prices, and positive consumer sentiment in our industry. However, historically, the overall demand for our products and our resulting revenues have at times been negatively affected by:

- wavering levels of consumer confidence;
- volatility and disruption in domestic and international capital and credit markets and the resulting decrease in the availability of financing, including floor plan financing, for our customers and towing operators;
- significant periodic increases in fuel and insurance costs and their negative effect on the ability of our customers to purchase towing and related equipment; and
- the overall effects of global, political, economic and health conditions.

We remain concerned about the continuing effects of these factors on the towing and recovery industry, and we continue to monitor our overall cost structure to see that it remains in line with business conditions.

In addition, we have been and will continue to be affected by changes in the prices that we pay for raw materials, particularly aluminum, steel, petroleum-related products and other raw materials, which represent a substantial part of our total cost of operations. Prices in raw materials can be affected by tariffs and quantitative restrictions, such as those that were imposed by the U.S. government in 2018. Historically, we have implemented price increases on our products to offset price increases in the raw materials that we use which will be fully-implemented over the course of 2022. We also developed alternatives to some of the components used in our production process that incorporate these raw materials, and our suppliers have implemented these alternatives in the production of our component parts. We continue to monitor raw material prices and availability in order to more favorably position the Company in this dynamic market.

As of December 31, 2021 and 2020, the Company owed \$0 under its primary credit facility.

The supply chain disruptions and workforce retention challenges we experienced during 2021 were due primarily to continued impacts from COVID-19. These factors along with our new software system implementation caused substantial downward pressures on our revenues, margins and earnings during 2021. The business process improvements critical to developing our new software system are now operational. However, supply chain constraints continue to significantly reduce our ability to complete finished goods without timing delays. Nevertheless, based on our strong backlog and the current status of our process improvements, and assuming a continued easing of supply chain constraints and workforce challenges during 2022, we believe we have the opportunity to substantially improve our operating results in 2022.

Impact of COVID-19 and Supply Chain Disruptions

The spread of the COVID-19 virus during 2020 caused an economic downturn on a global scale, as well as significant volatility in the financial markets. During the month of March 2020, we enacted limited shutdowns of all of our domestic facilities to make appropriate modifications to our operations because of COVID-19, which allowed us to continue to serve our customers, while taking precautions to provide a safe work environment for our employees and customers. Since that time and through the present, we have been rotating the majority of our workforce every four days, have designated periods of non-production time for sanitation efforts, have adjusted work schedules to maximize our capacity while adhering to recommended precautions such as social distancing, and have established and implemented work from home provisions where possible. These safety modifications continue to have an adverse impact on our plant productivity, although the impact has been less severe as we have become more accustomed to working under them. We are unable to predict when we may be able to safely relax these new operating measures that were adopted as a result of the COVID-19 pandemic.

In March 2020, we drew \$25,000 on our existing credit facility for working capital needs and as a precautionary measure to ensure future short-term cash flow requirements were met during the heightened uncertainty resulting from the COVID-19 pandemic, but repaid the balance in full later in 2020, as our cash position was stronger than anticipated. At December 31, 2021, we had cash and temporary investments of \$54,332.

During the second and third quarters of 2020 we experienced material curtailments of new chassis deliveries due to shutdowns and production slowdowns at our suppliers' facilities. We also experienced reductions in orders for our products at the beginning of the pandemic. This depressed demand along with the decreases in deliveries of chassis caused us to temporarily shut our domestic plants in Pennsylvania and Greeneville, Tennessee for several weeks at the end of the second quarter of 2020 and for the first few weeks of the third quarter of 2020. Our international plants also were adversely impacted and experienced shutdowns during the second quarter of 2020. While all of our plants were open for all of 2021, the possibility of new shutdowns of one or more of our facilities due to the COVID-19 pandemic remains.

As the economy improved over the course of 2021, significant supply chain challenges such as shortages and delivery delays in semiconductors and other component parts and price increases on many materials, including record high steel prices, impacted the operations of many companies on a global scale. We continued to experience these critical supply chain disruptions during the second half of 2021, which impacted our ability to obtain on a timely basis various raw materials and purchased component parts that are necessary to our production processes, including our ability to obtain chassis from third party suppliers, and also resulted in substantial price increases for many materials and component parts. We also continued to experience in the second half of 2021 increases in employee turnover rates and difficulties in hiring new workers for our skilled workforce, which has caused increased recruiting, training and retention costs. These supply chain and workforce headwinds generally worsened over the course of the second half of 2021, and are continuing into early 2022. We continue to monitor these disruptions and attempt to mitigate the risk associated with them, including by implementing several price increases and surcharges that will be fully-implemented over the course of 2022, and by relying more heavily on our in-house fabrication capabilities, which were significantly expanded in 2020. However, the impact of these disruptions remains largely out of our control and we currently anticipate that these factors will continue to have a material adverse impact on production at our facilities during the first half of 2022 and possibly beyond.

We implemented several price increases and surcharges for our products during 2021 and have announced several more for the first half of 2022 in an effort to address the substantial price increases for materials and component parts used in our production process. However, our price increases require a long lead time to implement and will not be fully implemented until later in 2022, while the higher material costs for raw materials or purchased component parts that we use is felt much sooner, which factors had a substantial adverse impact on our net income during the second half of 2021.

The impact of the COVID-19 pandemic and supply chain disruptions resulting from the economic recovery from the pandemic continue to unfold and their effect on our operational and financial performance will depend in large part on future developments, which cannot be predicted with confidence at this time. Future developments include the duration, scope and severity of the ongoing pandemic, including as a result of the emergence of new strains of the virus and any future resurgences of COVID-19 or variant strains, the actions taken to contain or mitigate its impact, the impact on governmental programs and budgets, the success of vaccination programs, the development of treatments or other vaccines, the demand for new equipment from towing equipment operators and the resumption of widespread economic activity and the success and timing of the general economy and our suppliers in resolving supply chain disruptions. While we know that COVID-19 related changes to our operating processes and supply chain disruptions experienced as the economy recovers from the impact of the pandemic have and will continue to impact our production levels for so long as they are in place, due to the inherent uncertainty of the unprecedented and rapidly evolving situation, we are unable to predict with any confidence the likely impact of the continuing COVID-19 pandemic and supply chain disruptions on our future operations. Even after the COVID-19 pandemic has subsided, we may experience materially adverse impacts to our business due to any resulting economic recession or depression, or to continuing or worsening supply chain disruptions and workforce turnover, or to a general reduction in miles driven on roadways due to a decrease in travel. We also will be monitoring the potential impact of the Russia conflict with Ukraine on our fuel costs and supply chain for materials, parts and components, particularly with respect to steel and items with substantial steel content.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make estimates. Certain accounting policies are deemed “critical,” as they require management’s highest degree of judgment, estimations and assumptions. A discussion of critical accounting policies, the judgments and uncertainties affecting their application and the likelihood that materially different amounts would be reported under different conditions or using different assumptions follows:

Accounts Receivable

We extend credit to customers in the normal course of business. Collections from customers are continuously monitored and an allowance for credit losses is maintained based on historical experience and any specific customer collection issues. While such bad debt expenses have historically been within expectations and the allowance established, there can be no assurance that we will continue to experience the same credit loss rates as in the past.

Inventory

Inventory costs include materials, labor and factory overhead. Inventories are stated at the lower of cost or net realizable value, determined on a first-in, first-out basis. Appropriate consideration is given to obsolescence, valuation and other factors in determining net realizable value. Revisions of these estimates could result in the need for adjustments.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of these assets may not be fully recoverable. When a determination has been made that the carrying amount of long-lived asset may not be fully recovered, the amount of impairment is measured by comparing an asset’s estimated fair value to its carrying value. The determination of fair value is based on projected future cash flows discounted at a rate determined by management, or if available, independent appraisals or sales price negotiations. The estimation of fair value includes significant judgment regarding assumptions of revenue, operating costs, interest rates, property and equipment additions, and industry competition and general economic and business conditions among other factors. We believe that these estimates are reasonable; however, changes in any of these factors could affect these evaluations. Based on these estimates, we believe that our long-lived assets are appropriately valued.

Goodwill

Goodwill is tested for impairment annually or if an event or circumstance occurs that would more likely than not reduce the fair value of the reporting unit below the carrying amount. Goodwill is reviewed for impairment utilizing a qualitative assessment and, if necessary, a quantitative assessment. If we perform a qualitative analysis of goodwill and determine that fair value more likely than not exceeds the carrying value of the reporting unit, no further testing is needed. Alternatively, if we elect to utilize a quantitative assessment,

an impairment loss would be recognized to the extent that the carrying value of the reporting unit exceeds its fair value, not to exceed the carrying value of the goodwill. We cannot predict the occurrence of certain events or changes in circumstances that might adversely affect the carrying value of goodwill. Such events might include, but are not limited to, the impact of the economic environment or a material change in a relationship with significant customers.

Warranty Reserves

We estimate expense for product warranty claims at the time products are sold. These estimates are established using historical information about the nature, frequency, and average cost of warranty claims. We review trends of warranty claims and take actions to improve product quality and minimize warranty claims. We believe the warranty reserve is adequate; however, actual claims incurred could differ from the original estimates, requiring adjustments to the accrual.

Income Taxes

Our income tax expense, deferred tax assets and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. We are subject to income taxes in both the United States and foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense. When calculating a provision for income tax for each of the years presented in the consolidated statements of income and deferred tax assets and liabilities as of each date presented in the consolidated balance sheets, we make significant estimates related to tax depreciation and inventory capitalization that are subject to review and that may change significantly prior to filing our income tax return. As such, the estimates made to calculate current and deferred tax expense represent a critical accounting estimate which could materially change in future periods.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in deductible or taxable amounts in the future. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates we use to manage the underlying businesses.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in multiple jurisdictions. Accounting Standards Codification ("ASC") 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation process, on the basis of the technical merits.

We record unrecognized tax benefits as liabilities in accordance with ASC 740 and adjust these liabilities when our judgment changes because of the evaluation of new information not previously available to us. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

Revenues

Under our accounting policies, revenues are recognized when obligations under the terms of a contract with a customer are satisfied. Generally, this occurs upon shipment, which is when control has transferred to independent distributors or other customers. From time to time, revenue is recognized under a bill and hold arrangement. Recognition of revenue on bill and hold arrangements occurs when control transfers to the customer. Our policy requires the reason for the bill and hold arrangement to be substantive, and the product to be separately identified as belonging to the customer, ready for physical transfer, and unavailable to be used or directed to another customer.

Revenue is measured as the amount of consideration expected to be received in exchange for the transfer of products. Sales and other taxes collected concurrent with revenue-producing activities are excluded from revenue. Warranty related costs are recognized as an expense at the time products are sold. Depending on the terms of the arrangement, for certain contracts the Company may defer the recognition of a portion of the consideration received because a future obligation has not yet been satisfied, such as an extended service contract. An observable stand-alone selling price for separate performance obligations or a cost plus margin approach is utilized when one is not available.

While we manufacture only the bodies of wreckers and car carriers, which are installed on truck chassis manufactured by third parties, we frequently purchase truck chassis for resale to our customers. Sales of company-purchased truck chassis are included in net sales. Margin percentages are substantially lower on completed recovery vehicles containing company-purchased chassis.

Foreign Currency Translation

The functional currency for our foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date, historical rates for equity and the weighted average exchange rate during the period for revenue and expense accounts. Foreign currency translation adjustments are included in shareholders' equity. Intercompany transactions denominated in a currency other than the functional currency are remeasured into the functional currency. Gains and losses resulting from foreign currency transactions are included in other (income) expense, net in our consolidated statements of income.

Results of Operations

The following table sets forth, for the years indicated, the components of the consolidated statements of income expressed as a percentage of net sales.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Sales	100.0 %	100.0 %	100.0 %
Costs of operations	90.3 %	88.0 %	88.2 %
Gross Profit	9.7 %	12.0 %	11.8 %
Operating Expenses:			
Selling, general and administrative	6.4 %	6.1 %	5.3 %
Non-operating (income) expenses			
Interest expense, net	0.2 %	0.2 %	0.3 %
Other (income) expense, net	0.1 %	(0.1)%	— %
Total expenses, net	<u>6.7 %</u>	<u>6.2 %</u>	<u>5.6 %</u>
Income before income taxes	<u>3.0 %</u>	<u>5.8 %</u>	<u>6.2 %</u>

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Net sales were \$717,476 for the year ended December 31, 2021, compared to \$651,286 for the year ended December 31, 2020, an increase of 10.2%. The increase in our revenue stream was largely attributable to not experiencing shutdown periods during 2021 that were necessary during 2020 due to the impact of the COVID-19 pandemic. Net domestic sales increased during the period from \$556,540 to \$627,573, and net foreign sales decreased from \$94,746 to \$89,903 during the same period. Net sales during 2021 were adversely impacted by supply chain disruptions throughout the year, which increased work in process and inventories as deliveries of our products were delayed by delays in deliveries of certain critical final component parts from our suppliers, which in turn substantially increased our backlog of orders.

Costs of operations increased 13.0% to \$647,624 for the year ended December 31, 2021 from \$572,928 for the year ended December 31, 2020. Overall, costs of operations as a percentage of net sales increased from 88.0% for the year ended December 31, 2020 to 90.3% for the year ended December 31, 2021, primarily due to rising inflation, supply chain disruptions/constraints, and significant increases in labor costs. These factors were more pronounced during the third and fourth quarters of 2021, in comparison to the prior two quarters, which resulted in significantly increased costs, and contributed to a substantial decrease in net income during the second half of 2021.

Selling, general and administrative expenses for the year ended December 31, 2021 increased to \$46,233 from \$39,714 for the year ended December 31, 2020, primarily due to increases in travel related expenses and a resumption of activities that were suspended due to the onset of the COVID-19 pandemic during 2020. In addition, these costs were adversely impacted by increased salaries and inflationary pressures from the economic climate. As a percentage of net sales, selling, general and administrative expenses increased to 6.4% for 2021 from 6.1% for 2020, primarily due the factors indicated above. These factors were more pronounced during the third and fourth quarters of

2021, in comparison to the prior two quarters, which resulted in significantly increased expenses, and contributed to a substantial decrease in net income during the second half of 2021.

Interest expense, net increased to \$1,355 for the year ended December 31, 2021 from \$1,215 for the year ended December 31, 2020. Increases in interest expense, net were primarily due to decreases in interest income from distributor receivables, partially offset by decreases in interest payments on distributor floor planning and interest payments on the credit facility.

When the Company has transactions that are denominated in a currency other than its functional currency, the Company is exposed to foreign currency transaction risk and must record gains and losses through other (income) expense when the related balance sheet items are remeasured in the functional currency of the Company. Other (income) expense, net is composed primarily of these foreign currency exchange gains and losses, with the remainder being composed of gains and losses on disposals of equipment. The Company experienced a net foreign currency exchange loss of \$536 for 2021 compared to a net exchange gain of \$685 for 2020.

The provision for income taxes for the years ended December 31, 2021 and 2020 reflects a combined federal, state and foreign tax rate of 25.3% and 21.7%, respectively, which corresponds to a tax provision of \$5,511 for 2021 as compared to \$8,267 for 2020. Our tax rate in 2021 compares unfavorably to 2020 primarily due to an increased percentage of income recognized in foreign jurisdictions with higher statutory rates, which also prohibited the company from recognizing certain domestic deductions which reward higher levels of domestic earnings in comparison to earnings from foreign jurisdictions. For more information on the effective tax rate, see Note 6 to our Consolidated Financial Statements.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

For a comparison of the 2020 to 2019 reporting periods, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - "Results of Operations - Year Ended December 31, 2020 Compared to Year Ended December 31, 2019" of our Annual Report on Form 10-K filed on March 3, 2021 for the fiscal year ended December 31, 2020.

Liquidity and Capital Resources

Cash provided by operating activities during 2021 was \$15,268, compared to \$60,709 provided during 2020. Cash provided by operating activities is generally attributable to the receipt of payments from our customers as settlement of their contractual obligation once we have fulfilled all performance obligations related to our contracts with them. These cash receipts are netted with payments for purchases of inventory, payments for materials used in manufacturing, and other payments that are necessary in the ordinary course of our operations, such as those for utilities and taxes. During 2021, we increased purchases of materials, components and chassis to ramp up production to meet rising demand as the global economy began to recover from the pandemic and to mitigate certain supply chain disruptions, and we also increased headcount in response to labor shortages and workforce retention challenges in our markets. These factors coupled with the increased costs of inventory and labor caused cash provided by operating activities to decrease in 2021. Additionally, during 2020, our decreased revenue stream caused less cash to be used for purposes of new production while receivables from higher sales levels of the prior year continued to flow in, resulting in substantially greater cash provided by operating activities during 2020. During 2021, we have largely used available cash flow from operations toward working capital needs, to pay for capital expenditures, and to pay dividends.

Cash used in investing activities during 2021 was \$9,059, compared to \$17,224 used during 2020. The cash used in investing activities for 2021 and 2020 was primarily for the purchase of property, plant and equipment, including a significant equipment upgrade project at our Greeneville, Tennessee location.

Cash used in financing activities during 2021 was \$8,238, compared to \$13,631 used during 2020. The cash used in financing activities in 2021 was attributable to dividend payments of \$8,216 and an immaterial amount of payments on finance lease obligations. The cash used in financing activities in 2020 was primarily attributable to dividend payments of \$8,212, net payments on the credit facility of \$4,998, net payments on our French subsidiary's loan of \$400, and an immaterial amount of payments on finance lease obligations.

As of December 31, 2021, we had cash and cash equivalents of \$54,332. Our primary cash requirements include working capital, capital expenditures, the funding of any declared cash dividends and principal and interest payments on indebtedness. In the latter half of 2021, supply chain bottlenecks required us to allocate cash to working capital at higher than our normal levels in order to allow inventory to be produced to completion as quickly as the supply chain allowed. As a result, the accounts payable balance and raw materials and work in process inventory balances at December 31, 2021 increased significantly when compared to the prior year balances. Such constraints also

impacted our ability to reduce our backlog, which has increased to historic highs. These supply chain disruptions and bottlenecks are continuing into 2022, but we are optimistic that they will ease in the second half of 2022, allowing cash to be allocated to future capital projects consistent with the Company's past practices and the buildup in backlog to be reduced.

At December 31, 2021, we had commitments of approximately \$5,052 for the acquisition of property and equipment. As of December 31, 2021, we also had commitments of \$3,751 in software license fees, all of which is expected to be settled over the next four years. In addition, as of December 31, 2021 we had purchase obligations of \$90,494 arising from open purchase orders, which increased from \$34,316 at December 31, 2020 as a result of supply chain constraints and increased production during the second half of 2021. We expect all such purchase order obligations will be settled during 2022.

We expect our primary sources of cash to be cash flow from operations and cash and temporary investments on hand at December 31, 2021, with borrowings under our credit facility being available as needed. We expect these sources to be sufficient to satisfy our cash needs during 2022 and for the next several years. However, our ability to satisfy our cash needs will substantially depend upon a number of factors including our future operating performance, taking into account the economic, regulatory and other factors discussed above and elsewhere in this Annual Report, as well as financial, business and other factors, many of which are beyond our control.

At December 31, 2021 and 2020, \$28,983 and \$22,787, respectively, of the Company's cash and temporary investments were held by foreign subsidiaries based in the local currency. We do not currently have plans to repatriate undistributed foreign earnings to the United States and have not determined any timeline or amount for any such future distributions.

During 2019, in addition to investments in manufacturing equipment technology, the Company purchased a facility in Chattanooga to be used in research and development and various other activities. During 2020 and 2021, the Company took advantage of temporary shutdown periods and engaged in a project to significantly upgrade fabrication equipment at its Greeneville, Tennessee location.

For a discussion of the 2020 reporting period, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - "Liquidity and Capital Resources" of our Annual Report on Form 10-K filed on March 3, 2021 for the fiscal year ended December 31, 2020.

Credit Facility and Other Obligations

Credit Facility

On December 21, 2020, we amended and restated our loan agreement with First Horizon Bank (formerly known as First Tennessee Bank National Association), which governs our existing \$50,000 unsecured revolving credit facility, to (i) renew and extend the maturity date from May 31, 2022 to May 31, 2027 and make certain other conforming changes, (ii) amend the tangible net worth covenant to increase the minimum required compliance level thereunder from \$160,000 to \$190,000 (the Company's tangible net worth at December 31, 2021 was approximately \$277,000), and (iii) allow for the sale and leaseback of certain equipment. The credit facility contains customary representations and warranties, events of default, and financial, affirmative and negative covenants for loan agreements of this kind. Covenants under the credit facility restrict the payment of cash dividends if the Company would be in violation of the minimum tangible net worth test or the leverage ratio test in the current loan agreement as a result of the dividend, among various restrictions. We have been in compliance with these covenants throughout 2019 and 2020. In the absence of a default, all borrowings under the credit facility bear interest at the LIBOR Rate plus 1.00% or 1.25% per annum. The Company will pay a non-usage fee under the current loan agreement at a rate per annum equal to between 0.15% and 0.35% of the unused amount of the credit facility, which fee is paid quarterly.

Outstanding Borrowings

As of December 31, 2021 and 2020, the Company had no borrowings outstanding under the credit facility. During 2020, the Company continued to collect on accounts receivable while less cash was used on working capital expenditures during the periods of lower demand resulting from the COVID-19 pandemic, thus increasing cash available for payments on the credit facility. While our cash position is still strong, demand has strengthened and our backlog has increased during 2021, which has prompted us to increase our inventory in efforts to mitigate risk from supply chain bottlenecks, which has decreased our cash position in 2021.

Our French subsidiary, Jige International S.A., had an agreement with Banque Européenne du Crédit Mutuel for an unsecured fixed rate loan which matured at September 30, 2020.

Changes in interest rates affect the interest paid on indebtedness under our credit facility because the outstanding amounts of indebtedness under our current credit facility are subject to variable interest rates. Under our credit facility, the non-default rate of interest is equal to the LIBOR Market Index Rate plus 1.00% or 1.25% per annum, depending on our leverage ratio, for a rate of interest of 1.10% at December 31, 2021. A one percent change in the interest rate on our variable-rate debt would not have materially impacted our financial position, results of operations or cash flows for the year ended December 31, 2021.

Other Long-Term Obligations

Prior to applying a discount rate to our lease liabilities, we had approximately \$1,328 in non-cancellable operating lease obligations and \$15 in non-cancellable finance lease obligations at December 31, 2021. Leases with original contractual terms less than one year were excluded from non-cancellable lease obligations.

During 2021, we completed phase one of our enterprise software solution implementation which we expect to substantially improve our administrative efficiency and customer service levels. We have \$3,751 in remaining contractual payments under our agreement with the software provider, which extends through 2025.

Recent Accounting Pronouncements

Recently Issued Standards

In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2021-08, Business Combinations (Topic 805). The update provides guidance on how to measure and recognize contract assets and contract liabilities when purchased as part of a business combination. According to the guidance, the acquirer must follow ASC Topic 606 in accounting for the contract asset or contract liability being purchased. The amendments in the update will be effective for financial statements beginning after December 15, 2022, including interim periods within those fiscal years. The Company will apply the amendments prospectively. The adoption of this update will not have a material impact on the Company’s consolidated financial statements and related disclosures.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832). The amendments within the update require certain disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. The amendments will require disclosure of information about the nature of the transactions and the related accounting policy used to account for the transactions, information regarding the line items within the consolidated financial statements that are affected by the transactions, and significant terms and conditions of the transactions. The amendments in the update will be effective for financial statements issued for annual periods beginning after December 15, 2021, with early adoption permitted. The Company will apply the amendments prospectively. The adoption of this update will not have a material impact on the Company’s consolidated financial statements and related disclosures.

Recently Adopted Standards

During the first quarter of 2021, the Company adopted ASU 2019-12 Income Taxes (Topic 740), which among other things requires the Company to recognize franchise tax that is partially based on income as an income-based tax. The Company applied the amendments in the update on a modified retrospective basis, which did not have a material impact on the Company’s consolidated financial statements or related disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of our business, we are exposed to market risk from changes in interest rates and foreign currency exchange rates that could impact our results of operations and financial position. Unless the context indicates otherwise, all dollar amounts in this “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” are in thousands.

Interest Rate Risk

Changes in interest rates affect the interest paid on indebtedness under our current credit facility because the outstanding amounts of indebtedness under our current credit facility are subject to variable interest rates. Under our current credit facility, the non-default rate of interest is equal to the LIBOR Market Index Rate plus 1.00% or 1.25% per annum, depending on our leverage ratio, for a rate of interest of 1.10% at December 31, 2021. A one percent change in the interest rate on our variable-rate debt would not have materially impacted our financial position, results of operations or cash flows for the year ended December 31, 2021.

Foreign Currency Risk

We are subject to risk arising from changes in foreign currency exchange rates related to our international operations in Europe. We manage our exposure to our foreign currency exchange rate risk through our regular operating and financing activities. Additionally, from time to time, we enter into certain forward foreign currency exchange contracts.

During the years ended December 31, 2021, 2020, and 2019 the impact of foreign currency exchange rate changes on our results of operations and cash flows was a net foreign currency exchange loss of \$536, gain of \$685, and loss of \$274, respectively.

Because we report in U.S. dollars on a consolidated basis, foreign currency exchange fluctuations could have a translation impact on our financial position. During 2021, we recognized a \$2,156 decrease in our foreign currency translation adjustment account because of the weakening of the U.S. dollar against certain foreign currencies, primarily the euro, compared to an increase of \$2,714 during 2020 and a decrease of \$693 during 2019.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in Part IV, Item 15 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Co-Chief Executive Officers and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based upon this evaluation, our Co-Chief Executive Officers and our Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Annual Report to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Changes in Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control—Integrated Framework" (2013). Based on our assessment under those criteria, we concluded that, as of December 31, 2021, we maintained effective internal control over financial reporting.

Elliott Davis, LLC, the independent registered public accounting firm who audited the Company's consolidated financial statements included in this report, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, which appears herein.

March 9, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Miller Industries, Inc.:

Opinion on the Internal Control Over Financial Reporting

We have audited Miller Industries, Inc.'s and its subsidiaries (the "Company") internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes to the consolidated financial statements and financial statement schedule listed in the index at Item 15 of the Company and our report dated March 9, 2022, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Elliott Davis, LLC

Chattanooga, Tennessee

March 9, 2022

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of our 2021 fiscal year, will contain information relating to our directors and audit committee, compliance with Section 16(a) of the Exchange Act (if there are any applicable delinquencies to report), and our code of ethics applicable to our chief executive, financial and accounting officers, which information is incorporated by reference herein. Information relating to our executive officers is included in Part I, Item 1 of this report.

ITEM 11. EXECUTIVE COMPENSATION

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of our 2021 fiscal year, will contain our compensation committee report, information relating to director and executive officer compensation and information relating to compensation committee interlocks and insider participation, each of which is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of our 2021 fiscal year, will contain information relating to security ownership of certain beneficial owners and management, which information is incorporated by reference herein.

The Proxy Statement will also contain information relating to our equity compensation plans, which information is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of our 2021 fiscal year, will contain information relating to certain relationships and related transactions between us and certain of our directors and executive officers, which information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of our 2021 fiscal year, will contain information relating to the fees charged and services provided by Elliott Davis, LLC, our principal accountants, and our pre-approval policy and procedures for audit and non-audit services, which information is incorporated by reference into this report.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

1. Financial Statements

Description	Page Number in Report
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2021 and 2020	F-4
Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019	F-5
Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019	F-6
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2021, 2020 and 2019	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019	F-8
Notes to Consolidated Financial Statements	F-9

2. Financial Statement Schedules

The following Financial Statement Schedule for the Registrant is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements:

Description	Page Number in Report
Schedule II - Valuation and Qualifying Accounts	F-20

All schedules, except those set forth above, have been omitted since the information required is included in the financial statements or notes or have been omitted as not applicable or not required.

3. Exhibits

The following exhibits are required to be filed with this Report by Item 601 of Regulation S-K:

	Description	Incorporated by Reference to Registration File Number	Form or Report	Date of Report	Exhibit Number in Report
3.1	Charter, as amended, of the Registrant	—	Form 10-K	April 22, 2002	3.1
3.2	Second Amended and Restated Bylaws of the Registrant	—	Form 10-K	March 6, 2019	3.2
4.1	Description of the Registrant's Securities	—	Form 10-K	March 4, 2020	4.1
10.1	Form of Noncompetition Agreement between the Registrant and certain officers of the Registrant	33-79430	S-1	August 1994	10.28

	<u>Description</u>	<u>Incorporated by Reference to Registration File Number</u>	<u>Form or Report</u>	<u>Date of Report</u>	<u>Exhibit Number in Report</u>
10.2	Form of Indemnification Agreement by and between the Registrant and each of Theodore H. Ashford, III, Jeffrey I. Badgley, A. Russell Chandler, III, Frank Madonia, William G. Miller, William G. Miller, II, Josias W. Reyneke, Leigh Walton, Deborah L. Whitmire, and Richard H. Roberts **	—	Form 10-Q	September 14, 1998	10
10.3	Miller Industries, Inc. 2005 Equity Incentive Plan**	—	Schedule 14A	May 2, 2005	Annex B
10.4	2013 Non-Employee Director Stock Plan**	—	Schedule 14A	April 22, 2013	Annex A
10.5	Amendment No. 1 to Miller Industries, Inc. 2013 Non-Employee Director Stock Plan**	—	Form 8-K	March 15, 2017	10.1
10.6	Miller Industries, Inc. 2016 Stock Incentive Plan **	—	Schedule 14A	April 19, 2017	Appendix A
10.7	Amended and Restated Loan Agreement, dated as of December 21, 2020, by and among the Registrant, certain of the Registrant's wholly-owned subsidiaries, and First Horizon Bank	—	Form 8-K	December 23, 2020	10.1
10.8	Amended and Restated Master Revolving Credit Note dated as of December 21, 2020 issued by the Registrant to First Horizon Bank	—	Form 8-K	December 23, 2020	10.2
21	Subsidiaries of the Registrant*				
23.1	Consent of Elliott Davis, LLC*				
24	Power of Attorney (see signature page)*				
31.1	Certification Pursuant to Rules 13a-14(a)/15d-14(a) by Chief Executive Officer*				
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) by Chief Financial Officer*				
32.1	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Chief Executive Officer±				
32.2	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Chief Financial Officer±				

	<u>Description</u>	<u>Incorporated by Reference to Registration File Number</u>	<u>Form or Report</u>	<u>Date of Report</u>	<u>Exhibit Number in Report</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	The cover page from the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, has been formatted in Inline XBRL				

* Filed herewith.

± Exhibit is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subjected to the liabilities of that Section. This exhibit shall not be incorporated by reference into any given registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

** Management contract or compensatory plan or arrangement.

(b) The Registrant hereby files as exhibits to this Report the exhibits set forth in Item 15(a)3 hereof.

(c) The Registrant hereby files as financial statement schedules to this Report the financial statement schedules set forth in Item 15(a)2 hereof.

ITEM 16. FORM 10-K SUMMARY

None.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Miller Industries, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Miller Industries, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes to the consolidated financial statements and financial statement schedule listed in the index at Item 15 (collectively, the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 9, 2022, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Income Taxes

Critical Audit Matter Description

As described in Note 6 to the consolidated financial statements, the Company operates in many different geographic locations, including several foreign, state and local tax jurisdictions. Establishing its deferred income tax assets and liabilities and its provision for income taxes requires management to make assumptions and judgments regarding the application of complex tax laws and regulations as well as projected future operating results, eligible carry forward periods, and tax planning opportunities. Deferred tax assets and liabilities are measured and recorded using current enacted tax rates, which management expects will apply to taxable income in the years in which those temporary differences are recovered or settled. Management also evaluates the need for valuation allowances to reduce the deferred tax assets to realizable amounts. The Company recorded a provision for income taxes of \$5.5 million for the year ended December 31, 2021 and net

deferred income tax liabilities of \$5.2 million as of December 31, 2021. As of December 31, 2021, management has determined that it is more likely than not that all of the Company's deferred tax assets are realizable against expected future taxable income.

The principal considerations for our determination that performing procedures relating to income taxes is a critical audit matter are the significant judgment and estimation by management when assessing current enacted tax laws and published tax guidance as it relates to determining the provision for income taxes as well as in assessing the realizability of its deferred income tax assets, specifically related to evaluating positive and negative evidence regarding past and future events, including operating results. This resulted in significant audit effort, judgment, and subjectivity in performing procedures and evaluating audit evidence relating to income taxes. The audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained from these procedures.

How the Critical Audit Matter Was Addressed in the Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to income taxes, including management's controls over the application of current enacted tax laws and published tax guidance and their impact to the current year provision, the establishment of deferred tax assets and liabilities, and the evaluation of the realizability of deferred tax assets. These procedures included (i) testing the provision for income taxes and the application of current enacted tax laws and published tax guidance, including the effective tax rate reconciliation, return to provision adjustments, and permanent and temporary differences, (ii) testing the underlying data used in establishing and measuring deferred tax assets and liabilities, and (iii) evaluating management's assessment of the realizability of deferred tax assets by evaluating factors used in management's assessment of positive and negative evidence regarding past and future events, including operating results and the related expected utilization of deferred tax assets. Professionals with specialized skill and knowledge were used to assist in the evaluation of the calculations, including application of relevant tax laws and published tax guidance.

We have served as the Company's auditor since 2003.

/s/ Elliott Davis, LLC

Chattanooga, Tennessee
March 9, 2022

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

(In thousands, except share data)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and temporary investments	\$ 54,332	\$ 57,521
Accounts receivable, net of allowance for credit losses of \$1,155 and \$1,295 at December 31, 2021 and December 31, 2020, respectively	153,977	141,642
Inventories, net	114,908	83,939
Prepaid expenses	5,751	3,167
Total current assets	328,968	286,269
NONCURRENT ASSETS:		
Property, plant and equipment, net	96,496	98,620
Right-of-use assets - operating leases	1,231	1,468
Goodwill	11,619	11,619
Other assets	533	434
TOTAL ASSETS	\$ 438,847	\$ 398,410
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 119,029	\$ 85,534
Accrued liabilities	24,866	24,773
Current portion of operating lease obligation	361	354
Current portion of finance lease obligation	15	21
Total current liabilities	144,271	110,682
NONCURRENT LIABILITIES:		
Noncurrent portion of operating lease obligation	870	1,116
Noncurrent portion of finance lease obligation	—	15
Deferred income tax liabilities	5,170	4,144
Total liabilities	150,311	115,957
COMMITMENTS AND CONTINGENCIES (Note 5)		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized, 11,410,728 and 11,405,468, outstanding at December 31, 2021 and December 31, 2020, respectively	114	114
Additional paid-in capital	151,449	151,249
Accumulated surplus	141,918	133,879
Accumulated other comprehensive loss	(4,945)	(2,789)
Total shareholders' equity	288,536	282,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 438,847	\$ 398,410

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(In thousands, except per share data)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
NET SALES	\$ 717,476	\$ 651,286	\$ 818,166
COSTS OF OPERATIONS	647,624	572,928	721,678
GROSS PROFIT	69,852	78,358	96,488
OPERATING EXPENSES:			
Selling, general and administrative expenses	46,233	39,714	43,394
NON-OPERATING (INCOME) EXPENSES:			
Interest expense, net	1,355	1,215	2,378
Other (income) expense, net	498	(668)	331
Total expense, net	48,086	40,261	46,103
INCOME BEFORE INCOME TAXES	21,766	38,097	50,385
INCOME TAX PROVISION	5,511	8,267	11,274
NET INCOME	<u>\$ 16,255</u>	<u>\$ 29,830</u>	<u>\$ 39,111</u>
INCOME PER COMMON SHARE	<u>\$ 1.42</u>	<u>\$ 2.62</u>	<u>\$ 3.43</u>
CASH DIVIDENDS DECLARED PER COMMON SHARE	<u>\$ 0.72</u>	<u>\$ 0.72</u>	<u>\$ 0.72</u>
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	<u>11,411</u>	<u>11,405</u>	<u>11,400</u>

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(In thousands)

	2021	2020	2019
NET INCOME	\$ 16,255	\$ 29,830	\$ 39,111
OTHER COMPREHENSIVE INCOME (LOSS):			
Foreign currency translation adjustment	(2,156)	2,714	(693)
Total other comprehensive income (loss)	(2,156)	2,714	(693)
COMPREHENSIVE INCOME	\$ 14,099	\$ 32,544	\$ 38,418

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(In thousands, except share data)

	Common Stock	Additional Paid-In Capital	Accumulated Surplus	Accumulated Other Comprehensive Loss	Total
BALANCE, December 31, 2018	\$ 114	\$ 150,905	\$ 81,354	\$ (4,810)	\$ 227,563
Cumulative effect adjustment for adoption of ASU 2016-02	—	—	4	—	4
BALANCE, January 1, 2019	114	150,905	81,358	(4,810)	227,567
Components of comprehensive income:					
Net income	—	—	39,111	—	39,111
Foreign currency translation adjustments	—	—	—	(693)	(693)
Total comprehensive income	—	—	39,111	(693)	38,418
Issuance of common stock to non-employee directors (5,556)	—	150	—	—	150
Dividends paid, \$0.72 per share	—	—	(8,208)	—	(8,208)
BALANCE, December 31, 2019	114	151,055	112,261	(5,503)	257,927
Components of comprehensive income:					
Net income	—	—	29,830	—	29,830
Foreign currency translation adjustments	—	—	—	2,714	2,714
Total comprehensive income	—	—	29,830	2,714	32,544
Issuance of common stock to non-employee directors (5,366)	—	194	—	—	194
Dividends paid, \$0.72 per share	—	—	(8,212)	—	(8,212)
BALANCE, December 31, 2020	114	151,249	133,879	(2,789)	282,453
Components of comprehensive income:					
Net income	—	—	16,255	—	16,255
Foreign currency translation adjustments	—	—	—	(2,156)	(2,156)
Total comprehensive income	—	—	16,255	(2,156)	14,099
Issuance of common stock to non-employee directors (5,260)	—	200	—	—	200
Dividends paid, \$0.72 per share	—	—	(8,216)	—	(8,216)
BALANCE, December 31, 2021	\$ 114	\$ 151,449	\$ 141,918	\$ (4,945)	\$ 288,536

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(In thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:			
Net income	\$ 16,255	\$ 29,830	\$ 39,111
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	11,036	9,598	9,127
(Gain) Loss on disposal of property, plant and equipment	(38)	17	(21)
Provision for credit losses	(137)	195	15
Issuance of non-employee director shares	200	194	150
Deferred tax provision	1,012	752	1,708
Changes in operating assets and liabilities:			
Accounts receivable	(12,723)	27,375	(19,605)
Inventories	(32,071)	5,466	5,453
Prepaid expenses	(2,603)	1,652	(1,529)
Other assets	116	321	609
Accounts payable	33,939	(10,881)	(2,165)
Accrued liabilities	282	(3,810)	2,279
Net cash flows from operating activities	<u>15,268</u>	<u>60,709</u>	<u>35,132</u>
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(9,150)	(17,500)	(17,391)
Proceeds from sale of property, plant and equipment	91	276	328
Net cash flows from investing activities	<u>(9,059)</u>	<u>(17,224)</u>	<u>(17,063)</u>
FINANCING ACTIVITIES:			
Net payments under credit facility	—	(4,998)	(10,002)
Payments of cash dividends	(8,216)	(8,212)	(8,208)
Net payments on other long-term obligations	—	(400)	(367)
Finance lease obligation payments	(22)	(21)	(20)
Net cash flows from financing activities	<u>(8,238)</u>	<u>(13,631)</u>	<u>(18,597)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND TEMPORARY INVESTMENTS			
	<u>(1,160)</u>	<u>1,595</u>	<u>(437)</u>
NET CHANGE IN CASH AND TEMPORARY INVESTMENTS	<u>(3,189)</u>	<u>31,449</u>	<u>(965)</u>
CASH AND TEMPORARY INVESTMENTS, beginning of period	<u>57,521</u>	<u>26,072</u>	<u>27,037</u>
CASH AND TEMPORARY INVESTMENTS, end of period	<u>\$ 54,332</u>	<u>\$ 57,521</u>	<u>\$ 26,072</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash payments for interest	<u>\$ 1,570</u>	<u>\$ 2,052</u>	<u>\$ 3,249</u>
Cash payments for income taxes, net of refunds	<u>\$ 5,890</u>	<u>\$ 6,721</u>	<u>\$ 10,067</u>

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share data and except as otherwise noted)

1. ORGANIZATION AND NATURE OF OPERATIONS

Miller Industries, Inc. and subsidiaries (the “Company”) is The World’s Largest Manufacturer of Towing and Recovery Equipment.[®] The principal markets for the Company’s towing and recovery equipment are approximately 80 independent distributors and the users of towing and recovery equipment located primarily throughout North America, and other customers throughout the world. The Company’s products are marketed under the brand names of Century[®], Challenger[®], Holmes[®], Champion[®], Eagle[®], Titan[®], Jige[™], Boniface[™], Vulcan[®], and Chevron[™].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation

The accompanying consolidated financial statements include the accounts of Miller Industries, Inc. and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

To facilitate timely reporting, the consolidated financial statements include accounts of certain subsidiaries whose fiscal closing dates differ from December 31st by 31 days (or less).

Cash and Temporary Investments

Cash and temporary investments include all cash and cash equivalent investments with original maturities of three months or less.

Accounts Receivable

Receivables are stated at their estimated collectible amounts and consist of amounts billed and currently due from customers. The Company extends credit to customers in the normal course of business. Collections from customers are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts capturing country and industry-specific economic factors. The Company also considers any specific customer collection issues. Since the Company’s trade receivables are largely similar, the Company evaluates its allowance for credit losses as one portfolio segment. At origination, the Company evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On an ongoing basis, data by each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses and actual write-offs are charged against the allowance. Write-offs to the allowance for credit losses were de minimis during each of the years ended December 31, 2021, 2020, and 2019, and with the exception of a de minimis balance, all accounts receivable at December 31, 2021 were generated during 2021. For a rollforward of the allowance for credit losses, see “Schedule II – Valuation and Qualifying Accounts” contained herein.

Inventories

Inventory costs include materials, labor and factory overhead. Inventories are stated at the lower of cost or net realizable value, determined on a moving average unit cost basis. Appropriate consideration is given to obsolescence, valuation and other factors in

determining net realizable value. Revisions of these estimates could result in the need for adjustments. Inventories, net of reserves, at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Chassis	\$ 5,753	\$ 6,859
Raw materials	59,651	36,161
Work in process	33,994	16,282
Finished goods	15,510	24,637
	<u>\$ 114,908</u>	<u>\$ 83,939</u>

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation. Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are used for income tax reporting purposes. Estimated useful lives range from 20 to 30 years for buildings and improvements and 5 to 10 years for machinery and equipment, furniture and fixtures, and software costs. Expenditures for routine maintenance and repairs are charged to expense as incurred. Internal labor is used in certain capital projects. Fully depreciated assets are retained in property, plant and equipment and accumulated depreciation until they are removed from service. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the consolidated balance sheets and any resulting gain or loss from disposition is recorded as other (income) expense, net in the consolidated statements of income in the period realized.

Property, plant and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land and improvements	\$ 15,495	\$ 13,960
Buildings and improvements	79,299	83,320
Machinery and equipment	59,934	53,787
Furniture and fixtures	11,457	11,163
Software costs	10,383	6,327
	176,568	168,557
Less accumulated depreciation	(80,072)	(69,937)
	<u>\$ 96,496</u>	<u>\$ 98,620</u>

The Company recognized \$11,036, \$9,598 and \$9,127, in depreciation and amortization expense in 2021, 2020 and 2019, respectively.

The Company capitalizes costs related to software development in accordance with established criteria, and amortizes those costs to expense on a straight-line basis over five years. System development costs not meeting proper criteria for capitalization are expensed as incurred.

Income Per Common Share

Income per common share is computed by dividing net income by the weighted average number of common shares outstanding. The Company had no outstanding stock options and no potential dilutive common shares for the years ended December 31, 2021, 2020, and 2019.

Long-Lived Assets

The Company periodically reviews the carrying amount of its long-lived assets to determine if those assets may not be recoverable based upon the future operating cash flows expected to be generated by those assets. Management believes that its long-lived assets are appropriately valued.

Goodwill

Goodwill consists of the excess of cost of acquired entities over the sum of the amounts assigned to identifiable assets acquired less liabilities assumed. Goodwill is not amortized. However, the Company evaluates the carrying value of goodwill for impairment at least annually or if an event or circumstance occurs that would indicate that the carrying amount had been impaired. Goodwill is reviewed for impairment utilizing a qualitative assessment and, if necessary, a quantitative assessment. If we perform a qualitative analysis of goodwill and determine that fair value more likely than not exceeds the carrying value of the reporting unit, no further testing is needed. Alternatively, if we elect to utilize a quantitative assessment, an impairment loss would be recognized to the extent that the carrying value of the reporting unit exceeds its fair value, not to exceed the carrying value of the goodwill.

Accrued Liabilities

Accrued liabilities consisted of the following at December 31, 2021 and 2020:

	2021	2020
Accrued wages, commissions, bonuses and benefits	\$ 10,056	\$ 10,510
Accrued products warranty	3,076	3,373
Accrued taxes	2,087	2,164
Other	9,647	8,726
	<u>\$ 24,866</u>	<u>\$ 24,773</u>

Income Taxes

The Company's income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. The Company is subject to income taxes in both the United States and foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

The Company recognizes as deferred income tax assets and liabilities the future tax consequences of the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company considers the need to record a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. Tax loss carryforwards, reversal of deferred tax liabilities, tax planning and estimates of future taxable income are considered in assessing the need for a valuation allowance.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the positions and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statements of income. Accrued interest and penalties are included within the related tax liability line in the accompanying consolidated balance sheets.

Stock-Based Compensation

Stock compensation expense resulting from shares issued to non-employee directors was \$200, \$194, and \$150 for the years ended December 31, 2021, 2020 and 2019, respectively.

Product Warranty

The Company generally provides a one-year limited product and service warranty on certain of its products. The Company provides for the estimated cost of this warranty at the time of sale. These estimates are established using historical information about the nature, frequency, and average cost of warranty claims. Warranty expense in 2021, 2020 and 2019, was \$2,416, \$2,915 and \$2,483, respectively.

The table below provides a summary of the warranty liability for December 31, 2021 and 2020:

	2021	2020
Accrual at beginning of the year	\$ 3,373	\$ 3,859
Provision	2,416	2,915
Settlement and Other	(2,713)	(3,401)
Accrual at end of year	<u>\$ 3,076</u>	<u>\$ 3,373</u>

Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and trade accounts receivable. The Company places its cash investments with high-quality financial institutions. In addition, the Company limits the amount of credit exposure through the use of accounts and funds backed by the U.S. Government and its agencies. However, certain balances in such accounts backed by the U.S. Government exceed insurance limits at times throughout the year. Trade accounts receivable are generally diversified due to the number of entities comprising the Company's customer base and their dispersion across many geographic regions and by frequent monitoring of the creditworthiness of the customers to whom the credit is granted in the normal course of business. There were no customers with a trade account receivable balance greater than 10% at December 31, 2021 or 2020.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied. Except for certain extended service contracts on a small percentage of units sold, the Company's performance obligations are satisfied, and sales revenue is recognized when products are shipped from the Company's facilities. From time to time, revenue is recognized under a bill and hold arrangement. Recognition of revenue on bill and hold arrangements occurs when control transfers to the customer. Our policy requires the reason for the bill and hold arrangement to be substantive, and the product to be separately identified as belonging to the customer, ready for physical transfer, and unavailable to be used or directed to another customer.

Revenue is measured as the amount of consideration expected to be received in exchange for the transfer of products. Sales and other taxes collected concurrent with revenue-producing activities are excluded from revenue. Warranty related costs are recognized as an expense at the time products are sold and a reserve is established. Depending on the terms of the arrangement, for certain contracts the Company may defer the recognition of a portion of the consideration received because a future obligation has not yet been satisfied, such as an extended service contract. An observable price is used to determine the stand-alone selling price for separate performance obligations or a cost plus margin approach is utilized when one is not available.

Shipping and Handling Fees and Cost

The Company records revenues earned for shipping and handling as revenue, while the cost of shipping and handling is classified as cost of operations.

Research and Development

Research and development costs are expensed as incurred and included in cost of operations and to a lesser extent in selling, general and administrative expenses. Research and development costs amounted to \$3,564, \$4,718 and \$3,702 for 2021, 2020 and 2019, respectively.

Foreign Currency Translation

The functional currency for the Company's foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date, historical rates for equity and the weighted average exchange rate during the period for revenue and expense accounts. Foreign currency translation adjustments resulting from such translations are included in shareholders' equity. Intercompany transactions denominated in a currency other than the functional currency are remeasured into the functional currency. Gains and losses resulting from foreign currency transactions are included in other (income) expense, net in our consolidated statements of income.

Recent Accounting Pronouncements

Recently Issued Standards

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805). The update provides guidance on how to measure and recognize contract assets and contract liabilities when purchased as part of a business combination. According to the guidance, the acquirer must follow ASC Topic 606 in accounting for the contract asset or contract liability being purchased. The amendments in the update will be effective for financial statements beginning after December 15, 2022, including interim periods within those fiscal years. The Company will apply the amendments prospectively. The adoption of this update will not have a material impact on the Company's consolidated financial statements and related disclosures.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832). The amendments within the update require certain disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. The amendments will require disclosure of information about the nature of the transactions and the related accounting policy used to account for the transactions, information regarding the line items within the consolidated financial statements that are affected by the transactions, and significant terms and conditions of the transactions. The amendments in the update will be effective for financial statements issued for annual periods beginning after December 15, 2021, with early adoption permitted. The Company will apply the amendments prospectively. The adoption of this update will not have a material impact on the Company's consolidated financial statements and related disclosures.

Recently Adopted Standards

During the first quarter of 2021, the Company adopted ASU 2019-12 Income Taxes (Topic 740), which among other things requires the Company to recognize franchise tax that is partially based on income as an income-based tax. The Company applied the amendments in the update on a modified retrospective basis, which did not have a material impact on the Company's consolidated financial statements or related disclosures.

3. LONG-TERM OBLIGATIONS

Long-Term Obligations

On December 21, 2020, we amended and restated our loan agreement with First Horizon Bank, which governs our existing \$50,000 unsecured revolving credit facility, to (i) renew and extend the maturity date to May 31, 2027 and make certain other conforming changes, (ii) amend the tangible net worth covenant to increase the minimum required compliance level thereunder from \$160,000 to \$190,000 (the Company's tangible net worth at December 31, 2021 was approximately \$277,000), and (iii) allow for the sale and leaseback of certain equipment. The credit facility contains customary representations and warranties, events of default, and financial, affirmative and negative covenants for loan agreements of this kind. Covenants under the credit facility restrict the payment of cash dividends if the Company would be in violation of the minimum tangible net worth test or the leverage ratio test in the current loan agreement as a result of the dividend, among various restrictions. We have been in compliance with these covenants throughout 2019, 2020 and 2021. In the absence of a default, all borrowings under the credit facility bear interest at the LIBOR Rate plus 1.00% or 1.25% per annum. The Company will pay a non-usage fee under the current loan agreement at a rate per annum equal to between 0.15% and 0.35% of the unused amount of the credit facility, which fee is paid quarterly. Interest expense on the credit facility was \$75, \$235, and \$684 for the years ended December 31, 2021, 2020, and 2019, respectively.

The Company had no outstanding borrowings under the credit facility at December 31, 2021 and 2020.

Our French subsidiary, Jige International S.A., had an agreement with Banque Européenne du Crédit Mutuel for an unsecured fixed rate loan which matured at September 30, 2020.

Interest Rate Sensitivity. Changes in interest rates affect the interest paid on indebtedness under our credit facility because the outstanding amounts of indebtedness under our credit facility are subject to variable interest rates. Under our credit facility, the non-default rate of interest is equal to the LIBOR Market Index Rate plus 1.00% or 1.25% per annum, depending on the leverage ratio (for a rate of interest of 1.10% at December 31, 2021). A one percent change in the interest rate on our variable-rate debt would not have materially impacted our financial position, results of operations or cash flows for the year ended December 31, 2021.

4. STOCK-BASED COMPENSATION PLANS

In accordance with the Company's stock-based compensation plans, the Company may grant incentive stock options as well as non-qualified and other stock-related incentives to officers, employees and non-employee directors of the Company. At the Annual Meeting of Shareholders of the Company held on May 26, 2017, the Company's shareholders voted to approve the Miller Industries, Inc. 2016 Stock Incentive Plan, pursuant to which 800,000 shares of common stock are available for issuance pursuant to awards granted under the plan. No awards may be granted under the Company's 2016 Stock Incentive Plan on or after August 1, 2026. Shares available for granting options at each of the years ended December 31, 2021, 2020 and 2019 were 800,000. No options were granted during the years ended December 31, 2021, 2020 and 2019.

5. COMMITMENTS AND CONTINGENCIES

Leasing Activities

The Company leases certain equipment and facilities under long-term non-cancellable operating and finance lease agreements. The leases expire at various dates through 2027. Certain of the lease agreements contain renewal options. For those leases that have renewal options, the Company included these renewal periods in the lease term if the Company determined it was reasonably certain to exercise the renewal option. Lease payments during such renewal periods were also considered in the calculation of right-of-use assets and lease obligations.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. Lease obligations are recognized at the commencement date based on the present value of lease payments over the lease term. Right-of-use assets are recognized at the commencement date as the initial measurement of the lease liability, plus payments made prior to lease commencement and any initial direct costs. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Expense is recognized on a straight-line basis over the lease term for operating leases. For finance leases, expense is recognized as the expense from straight-line amortization of the right-of-use asset plus the periodic interest expense from the lease obligation. Short-term leases have a lease term of twelve months or less. The Company recognizes short-term leases on a straight-line basis and does not record a related right-of-use asset or lease obligation for such contracts.

Right-of-use assets related to finance leases are included as a component of property, plant and equipment, net on the consolidated balance sheets and had the following values at December 31, 2021 and December 31, 2020.

	2021	2020
Finance lease right-of-use assets	\$ 78	\$ 78
Accumulated amortization	(64)	(42)
Finance lease right-of-use assets, net	<u>\$ 14</u>	<u>\$ 36</u>

A maturity analysis of the undiscounted cash flows of operating and finance lease obligations is as follows:

	Operating Lease Obligation	Finance Lease Obligation
Remaining lease payments to be paid during the year ended December 31,		
2022	\$ 402	\$ 15
2023	325	—
2024	271	—
2025	248	—
2026	80	—
Thereafter	2	—
Total lease payments	1,328	15
Less Imputed Interest	(97)	—
Lease obligation at December 31, 2021	\$ 1,231	\$ 15

The lease cost and certain other information during the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Lease Cost			
Finance lease cost:			
Amortization of right-of-use assets	\$ 22	\$ 21	\$ 21
Interest on lease obligation	1	2	2
Total finance lease cost	23	23	23
Total operating lease cost	419	399	585
Short-term lease cost	493	558	1,231
Total lease cost	\$ 935	\$ 980	\$ 1,839
Other Information			
Cash paid for amounts included in the measurement of lease obligation:			
Operating cash flows from operating leases	\$ 419	\$ 397	\$ 582
Financing cash flows from finance leases	22	21	20
Right-of-use assets obtained in exchange for new finance lease obligations	—	—	—
Right-of-use assets obtained in exchange for new operating lease obligations	143	123	265

The weighted average remaining lease term for operating leases and finance leases at December 31, 2021 was 3.9 years and 0.7 years, respectively. The weighted average remaining lease term for operating and finance leases at December 31, 2020 was 4.6 and 1.9, respectively. The weighted average discount rate for operating leases and finance leases at December 31, 2021 was 3.1% and 4.0%, respectively. The weighted average discount rate for operating leases and finance leases at December 31, 2020 was 3.2% and 4.0%, respectively. The Company's subsidiary in the United Kingdom leased facilities used for manufacturing and office space from a related party with related lease costs during the year ended December 31, 2021, 2020, and 2019 of \$226, \$211, and \$223, respectively. The Company's French subsidiary leased a fleet of vehicles from a related party with related lease costs during the year ended December 31, 2021, 2020, and 2019 of \$113, \$114, and \$109, respectively.

Contingencies

The Company has entered into arrangements with third-party lenders where it has agreed, in the event of default by a distributor within the independent distributor network, to repurchase from the third-party lender company products repossessed from the independent distributor customer. These arrangements are typically subject to a maximum repurchase amount. The maximum amount of collateral that

the Company could be required to purchase was approximately \$47,883 and \$56,822 at December 31, 2021 and 2020, respectively. The Company's risk under these arrangements is mitigated by the value of the products that would be repurchased as part of the transaction. The Company considered the fair value at inception of its liability under these arrangements and concluded that the liability associated with these potential repurchase obligations was not probable and thus not material at December 31, 2021 or 2020. No repurchases of products were required during 2021 or 2020.

The Company is, from time to time, a party to litigation arising in the normal course of its business. Litigation is subject to various inherent uncertainties, and it is possible that some of these matters could be resolved unfavorably to the Company, which could result in substantial damages against the Company. The Company has established accruals for matters that are probable and reasonably estimable and maintains product liability and other insurance that management believes to be adequate. Management believes that any liability that may ultimately result from the resolution of these matters in excess of available insurance coverage and accruals will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

6. INCOME TAXES

Deferred tax assets and liabilities are determined based on the differences between the financial and tax basis of existing assets and liabilities using the currently enacted tax rates in effect for the year in which the differences are expected to reverse.

Income before income taxes includes the following components:

	2021	2020	2019
United States	\$ 10,947	\$ 31,183	\$ 41,220
Foreign	10,819	6,914	9,165
Total	<u>\$ 21,766</u>	<u>\$ 38,097</u>	<u>\$ 50,385</u>

The provision for income taxes on income consisted of the following for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Current:			
Federal	\$ 1,126	\$ 5,099	\$ 6,422
State	343	96	53
Foreign	3,016	2,344	3,083
	<u>4,485</u>	<u>7,539</u>	<u>9,558</u>
Deferred:			
Federal	981	734	1,599
State	13	9	17
Foreign	32	(15)	100
	<u>1,026</u>	<u>728</u>	<u>1,716</u>
	<u>\$ 5,511</u>	<u>\$ 8,267</u>	<u>\$ 11,274</u>

The principal differences between the federal statutory tax rate and the income tax expense during the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Federal statutory tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal tax benefit	1.3 %	0.2 %	0.1 %
Excess of foreign tax over US tax on foreign income	3.6 %	2.3 %	2.5 %
Domestic tax deductions and credits	(1.6)%	(1.0)%	(0.4)%
Foreign Derived Intangible Income deduction	— %	(0.8)%	(1.1)%
Other	1.0 %	— %	0.3 %
Effective tax rate	<u>25.3 %</u>	<u>21.7 %</u>	<u>22.4 %</u>

Deferred tax assets and liabilities are determined based on the differences between the financial and tax basis of existing assets and liabilities using the currently enacted tax rates in effect for the year in which the differences are expected to reverse.

Deferred income tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting and income tax reporting purposes. Temporary differences and carry forwards which give rise to deferred tax assets and liabilities at December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets:		
Allowance for credit losses	\$ 229	\$ 250
Accruals and reserves	1,917	1,768
Other	503	218
Total deferred tax assets	<u>2,649</u>	<u>2,236</u>
Deferred tax liabilities:		
Property, plant, and equipment	7,811	6,375
Other	8	5
Total deferred tax liabilities	<u>7,819</u>	<u>6,380</u>
Valuation Allowance	—	—
Net deferred tax asset/(liability)	<u>\$ (5,170)</u>	<u>\$ (4,144)</u>

Deferred tax assets represent the future tax benefit of future deductible differences and, if it is more likely than not that a tax asset will not be realized, a valuation allowance is required to reduce the recorded deferred tax assets to net realizable value. The Company has evaluated positive and negative evidence to assess the realizability of its deferred taxes. Based on the evidence, the Company believes it is more likely than not that its deferred tax assets will be realizable. Accordingly, the Company has not included a valuation allowance against its deferred tax assets at this time.

We do not currently have plans to repatriate undistributed foreign earnings to the United States and have not determined any timeline or amount for any such future distributions.

As of December 31, 2021 and 2020, the Company had no federal net operating loss carryforwards, and a state net operating loss carryforward of approximately \$124.

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a position will be sustained upon examination. If a tax position meets the more-likely-than-not recognition threshold, it is then measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being recognized. At December 31, 2021 and 2020, the Company reported no unrecognized tax benefits in the consolidated balance sheets and no activity relating to unrecognized tax positions were recognized in the consolidated statements of income.

The Company is subject to United States federal income taxes, as well as income taxes in various states and foreign jurisdictions. The Company's 2017 and later tax years remain open to examination by the tax authorities. With few exceptions, as of December 31, 2021, the Company is no longer subject to U.S. federal, state or non-U.S. income tax examinations prior to 2018.

7. SHAREHOLDERS EQUITY

Common Stock

The Company is authorized to issue up to 100,000,000 shares of common stock with a par value of one cent per share.

Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of undesignated preferred stock with a par value of one cent per share and which can be issued in one or more series. The terms, price and conditions of the preferred shares will be set by the board of directors. No shares of preferred stock have been issued.

Dividends

The Company has paid consecutive quarterly cash dividends since May 2011. Dividend payments made for 2021, 2020 and 2019 were as follows:

Payment	Record Date	Payment Date	Dividend (per share)	Amount
Q1 2019	March 18, 2019	March 25, 2019	\$ 0.18	\$ 2,052
Q2 2019	June 10, 2019	June 17, 2019	0.18	2,051
Q3 2019	September 9, 2019	September 16, 2019	0.18	2,053
Q4 2019	December 9, 2019	December 16, 2019	0.18	2,052
Total for 2019			<u>\$ 0.72</u>	<u>\$ 8,208</u>
Q1 2020	March 16, 2020	March 23, 2020	\$ 0.18	\$ 2,053
Q2 2020	June 8, 2020	June 15, 2020	0.18	2,053
Q3 2020	September 7, 2020	September 14, 2020	0.18	2,053
Q4 2020	December 7, 2020	December 14, 2020	0.18	2,053
Total for 2020			<u>\$ 0.72</u>	<u>\$ 8,212</u>
Q1 2021	March 15, 2021	March 22, 2021	\$ 0.18	\$ 2,054
Q2 2021	June 7, 2021	June 14, 2021	0.18	2,054
Q3 2021	September 3, 2021	September 13, 2021	0.18	2,054
Q4 2021	December 6, 2021	December 13, 2021	0.18	2,054
Total for 2021			<u>\$ 0.72</u>	<u>\$ 8,216</u>

8. EMPLOYEE BENEFIT PLANS

The Company maintains a contributory retirement plan for all full-time employees with at least 90 days of service. The plan is designed to provide tax-deferred income to the Company's employees in accordance with the provisions of Section 401(k) of the Internal Revenue Code.

The plan provides that each participant may contribute the maximum allowable under Internal Revenue Service regulations. For 2021, 2020 and 2019, the Company matched 50% of the first 5% of participant contributions. Matching contributions vest over the first five years of employment. Company contributions to the plan were \$1,179, \$1,021 and \$1,030 in 2021, 2020 and 2019, respectively.

9. REVENUE AND LONG-LIVED ASSETS

Substantially all of our revenue is generated from sales of towing equipment. As such, disaggregation of revenue by product line would not provide useful information because all product lines have substantially similar characteristics. However, revenue streams are tracked by the geographic location of customers. Net sales and long-lived assets (property, plant and equipment, operating lease right-of-use assets, and goodwill) by region were as follows. Net sales are attributed to regions based on the locations of customers:

	2021		2020		2019	
	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets
North America	\$ 627,573	\$ 104,231	\$ 556,540	\$ 106,323	\$ 697,002	\$ 97,650
Foreign	89,903	5,115	94,746	5,384	121,164	6,344
	<u>\$ 717,476</u>	<u>\$ 109,346</u>	<u>\$ 651,286</u>	<u>\$ 111,707</u>	<u>\$ 818,166</u>	<u>\$ 103,994</u>

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to performance obligations to be satisfied in the future. As of December 31, 2021 and December 31, 2020, contract liability balances were \$257 and \$272, respectively, and are included in accrued liabilities on the accompanying consolidated balance sheets. During the each of the years ended December 31, 2021 and 2020, the company did not increase contract liabilities. During 2019, the Company increased contract liabilities by \$310. During the years ended December 31, 2021, 2020, and 2019, respectively, the Company settled \$15, \$52 and \$361 of this liability with a contract credit in lieu of satisfaction of these obligations. The Company did not have any contract assets at December 31, 2021 or 2020. Terms on account receivables vary and are based on specific terms agreed upon with each customer. Write-offs of accounts receivable were not material during the years ended December 31, 2021, 2020, or 2019.

10. CUSTOMER INFORMATION

No single customer accounted for 10% or more of consolidated net sales for 2021, 2020 and 2019.

11. SUBSEQUENT EVENTS

On March 1, 2022, the Company granted 160,000 restricted stock units (RSUs) to its executive officers. The RSUs vest evenly over a five-year period and have a grant date fair value per share of \$29.95.

On March 7, 2022, the Company's board of directors declared a quarterly cash dividend of \$0.18 per share. The dividend is payable March 28, 2022 to shareholders of record as of March 21, 2022.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

	<u>Balance at Beginning of Period</u>	<u>Charged to Expense</u>	<u>Accounts Written Off</u>	<u>Balance at End of Period</u>
Year Ended December 31, 2019				
Deduction from asset accounts:				
Allowance for credit losses	\$ 1,112	15	(21)	\$ 1,106
Year Ended December 31, 2020				
Deduction from asset accounts:				
Allowance for credit losses	\$ 1,106	195	(6)	\$ 1,295
Year Ended December 31, 2021				
Deduction from asset accounts:				
Allowance for credit losses	\$ 1,295	(137)	(3)	\$ 1,155

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 9th day of March, 2022.

MILLER INDUSTRIES, INC.

By: /s/ William G. Miller, II

William G. Miller, II

President, Chief Executive Officer and Director

Know all men by these presents, that each person whose signature appears below constitutes and appoints Jeffrey I. Badgley, William G. Miller, II and Frank Madonia, and each or any one of them, as attorney-in-fact and agent, with full power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities indicated on the 9th day of March, 2022.

<u>Signature</u>	<u>Title</u>
<u>/s/ William G. Miller</u> William G. Miller	Chairman of the Board of Directors
<u>/s/ William G. Miller, II</u> William G. Miller, II	President, Chief Executive Officer and Director
<u>/s/ Deborah L. Whitmire</u> Deborah L. Whitmire	Executive Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial and Accounting Officer)
<u>/s/ Theodore H. Ashford, III</u> Theodore H. Ashford, III	Director
<u>/s/ A. Russell Chandler, III</u> A. Russell Chandler, III	Director
<u>/s/ Richard H. Roberts</u> Richard H. Roberts	Director
<u>/s/ Leigh Walton</u> Leigh Walton	Director

SUBSIDIARIES

Name of Entity	Jurisdiction of Incorporation
APACO, Inc.	Delaware
Boniface Engineering, Ltd.	United Kingdom
Champion Carrier Corporation	Delaware
Jige International S.A.	France
Miller/Greeneville, Inc.	Tennessee
Miller Financial Services Group, Inc.	Delaware
Miller Industries International, Inc.	Tennessee
Miller Industries Towing Equipment Inc.	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement on Form S-8 (File No. 333-127481);
- (2) Registration Statement on Form S-8 (File No. 333-188898); and
- (3) Registration Statement on Form S-8 (File No. 333-219288).

of Miller Industries, Inc. and subsidiaries of our reports dated March 9, 2022, relating to our audits of the consolidated financial statements, the financial statement schedule and effectiveness of internal control over financial reporting, which appear in the Annual Report on Form 10-K of Miller Industries, Inc. and subsidiaries for the year ended December 31, 2021.

/s/ Elliott Davis, LLC

Chattanooga, Tennessee
March 9, 2022

I, William G. Miller, II, certify that:

1. I have reviewed this annual report on Form 10-K of Miller Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2022

/s/ William G. Miller, II

William G. Miller, II
President and Chief Executive Officer

I, Deborah L. Whitmire, certify that:

1. I have reviewed this annual report on Form 10-K of Miller Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2022

/s/ Deborah L. Whitmire

Deborah L. Whitmire
Executive Vice President, Chief Financial Officer and
Treasurer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of Miller Industries, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2021 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William G. Miller, II, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted by § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 9, 2022

/s/ William G. Miller, II

William G. Miller, II

President and Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of Miller Industries, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2021 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Deborah L. Whitmire, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted by § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 9, 2022

/s/ Deborah L. Whitmire
Deborah L. Whitmire
Executive Vice President, Chief Financial Officer and
Treasurer

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