2022 Second Quarter Earnings Conference Call

August 16, 2022

Jeffrey T. Gill
President & CEO

Anthony C. Allen
Vice President & CFO

Safe Harbor Disclosure

Non-GAAP Financial Measures

Any non-GAAP measures, and their related reconciliation to GAAP measures, are provided and available on the company's website: www.sypris.com

Each forward-looking statement herein is subject to risks and uncertainties, as detailed in our most recent Form 10-K and Form 10-Q and other SEC filings. *Briefly, we currently believe that such risks also include the following: our failure to achieve and maintain profitability on a timely basis by steadily increasing our revenues from profitable contracts with a diversified group of customers, which would cause us to continue to use existing cash resources or require us to sell assets to fund operating losses; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; dependence on, retention or recruitment of key employees and highly skilled personnel and distribution of our human capital; cost, quality and availability or lead times of raw materials such as steel, component parts (especially electronic components), natural gas or utilities including increased cost relating to inflation; our failure to successfully win new business or develop new or improved products or new markets for our products; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; volatility of our customers' forecasts especially in the commercial truck markets and our contractual obligations to meet current scheduling demands and production levels (especially in our Toluca Plant), which may negatively impact our operational capacity and our effectiveness to integrate new customers or suppliers, and in turn cause increases in our inventory and working capital levels; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; the impact of COVID-19 and economic conditions on our future operations; possible public policy response to the pandemic, including U. S or foreign government legislation or restrictions that may impact our operations or supply chain; the cost, quality, timeliness, efficiency and yield of our operations and capital investments, including the impact of inflation, tariffs, product recalls or related liabilities, employee training, working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, freight or expediting costs; the termination or non-renewal of existing contracts by customers; inaccurate data about markets, customers or business conditions; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability, warranty or environmental claims; our reliance on a few key customers, third party vendors and sub-suppliers; inventory valuation risks including excessive or obsolescent valuations or price erosions of raw materials or component parts on hand or other potential impairments, non-recoverability or write-offs of assets or deferred costs; failure to adequately insure or to identify product liability, environmental or other insurable risks; unanticipated or uninsured product liability claims, disasters, public health crises, losses or business risks; the costs of compliance with our auditing, regulatory or contractual obligations; labor relations; strikes; union negotiations; costs associated with environmental claims relating to properties previously owned; pension valuation, health care or other benefit costs; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; our reliance on revenues from customers in the oil and gas and automotive markets, with increasing consumer pressure for reductions in environmental impacts attributed to greenhouse gas emissions and increased vehicle fuel economy; U.S. government spending on products and services that Sypris Electronics provides, including the timing of budgetary decisions; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; risks of foreign operations; currency exchange rates; inflation; war, geopolitical conflict, terrorism, or political uncertainty, including disruptions resulting from the conflict between Russia and Ukraine arising out of international sanctions, foreign currency fluctuations and other economic impacts; cyber security threats and disruptions, including ransomware attacks on our systems and the systems of third-party vendors and other parties with which we conduct business, all of which may become more pronounced in the event of geopolitical conflicts and other uncertainties, such as the conflict in Ukraine; our ability to maintain compliance with the Nasdaq listing standards minimum closing bid price; risks related to owning our common stock, including increased volatility; or unknown risks and uncertainties. We undertake no obligation to update our forward-looking statements, except as may be required by law.*

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Overview

2Q22 Highlights

- Revenue rose 11.8%
  - 25.6% increase for Sypris Electronics
  - 4.7% increase for Sypris Technologies
- Orders increased 360% year-over-year and 169% sequentially, resulting in a 77.4% rise in backlog from 2Q21
  - Orders for Sypris Electronics jumped 524.5%
  - Orders for energy products up 12.6% year-over-year
  - Demand for commercial vehicles remained robust, limited only by OEM supply constraints
- Gross margin decreased 360 basis points due to supply chain disruptions, a change in mix for both segments and costs incurred to support capacity improvements
  - 14.9% margin for Sypris Electronics
  - 11.9% margin for Sypris Technologies

Overview

SYPRIS SOLUTIONS

2Q22 Highlights

- New Contract Awards and Releases
  - Sypris Electronics
    - A follow-on contract to produce advanced, integrated electronic warfare and communications avionics modules for a U.S. stealth, multirole, combat aircraft program, with production expected to begin in 2022
    - A multi-year, follow-on contract to manufacture power supply modules for the upgrade of the self-protection system of an important U.S. fighter aircraft program. The transition to full-rate production is expected to begin in 2022
    - Releases under a new, multi-year follow-on contract to produce and test electronic power supply modules for a large, mission-critical U.S. Navy electronic warfare improvement program. Full-rate production is expected to begin in 2022

Overview

2Q22 Highlights

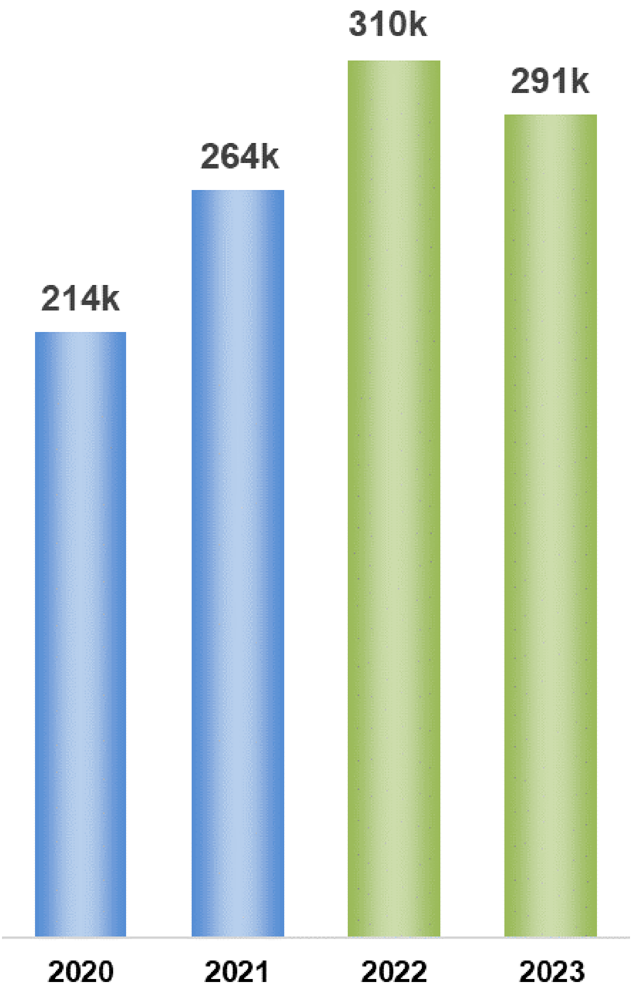
- New Contract Awards and Releases
  - Sypris Technologies
    - Multi-year contract extension to provide drivetrain components for use in commercial vehicles with a leading global commercial vehicle OEM
- Outlook
  - Confirmed 25%-30% year-over-year revenue growth
  - 25 to 50 basis point gross margin expansion
    - Impact of capacity expenditures, inflation and supply chain inefficiencies
  - Double-digit percentage growth in cash flow from operations
    - Increased year-over-year profitability
    - Favorable working capital changes

Outlook

Commercial Vehicle

- Class 8 production is expected to increase 17.2% in 2022
  - Pent-up demand
  - Capacity shortfalls
  - Carrier profitability
  - Goods for services swap
  - Transition to e-commerce
- Shortage of semiconductors and other key components has caused OEM production disruptions through first half of 2022; leads to pent-up demand pushing Class 8 market peak to 2H 2022
- Long-term contract extensions provide opportunities to expand our customer relationships in the coming years

NA Class 8 Production

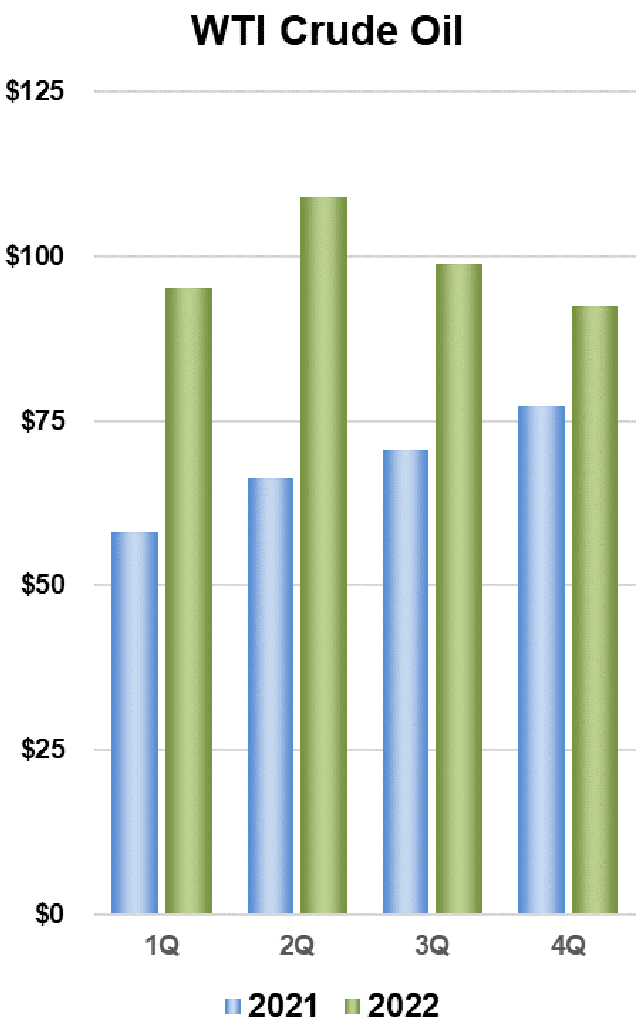


Source: ACT Research Co LLC 8/10/22

Outlook

Energy

- Demand for LNG is forecast to outpace all other sources of fossil fuel for the foreseeable future
- U.S. natural gas prices are up significantly, with Henry Hub spot prices of $7.70 per million BTU, up from $3.26 last year
- Oil prices have increased significantly over the past year, with the price of WTI up 36% from July 2021; Brent crude up 37%
- Outlook for oil prices to remain close to $100 per barrel for the remainder of 2022
- Although the energy market outlook is somewhat uncertain, our backlog is up 20% from Q4 2021 as of the end of June 2022
- Additional opportunities in support of increasing rig counts over pre-pandemic levels



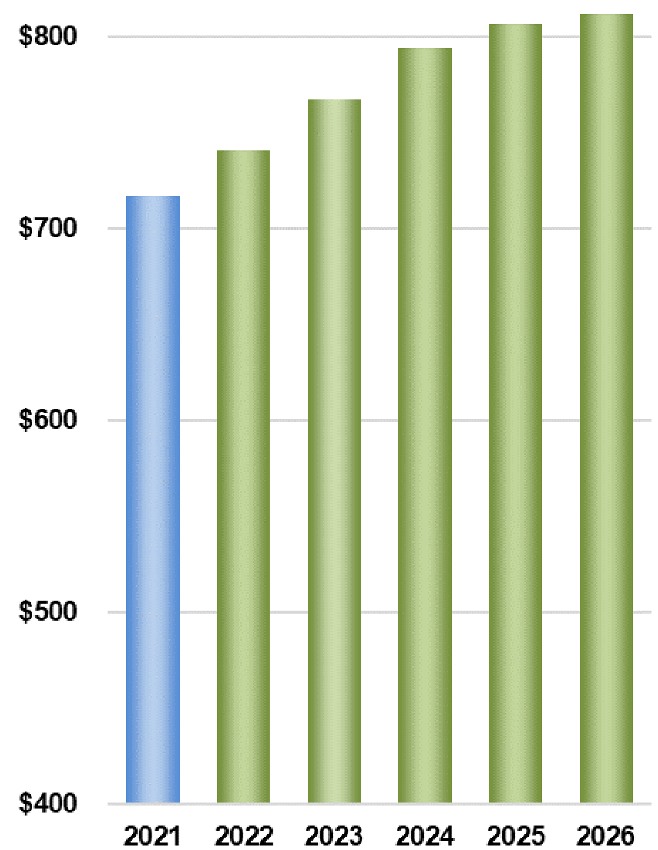
Source: U.S. Energy Information Administration, 8/9/22

Outlook

Defense Electronics

- The long-term outlook for defense spending remains positive
- Technology upgrades to existing strategic platforms will take precedence
  - Naval electronic warfare; surveillance
  - Avionics upgrades; electronic warfare
  - Missile guidance
  - Secure communications
- Deep-sea communications demand remains robust
- Backlog is up 84.1% YOY and now extends well into 2024
- Very positive momentum for 2022; geopolitical situation may result in additional tailwind

US Dept of Defense Outlays

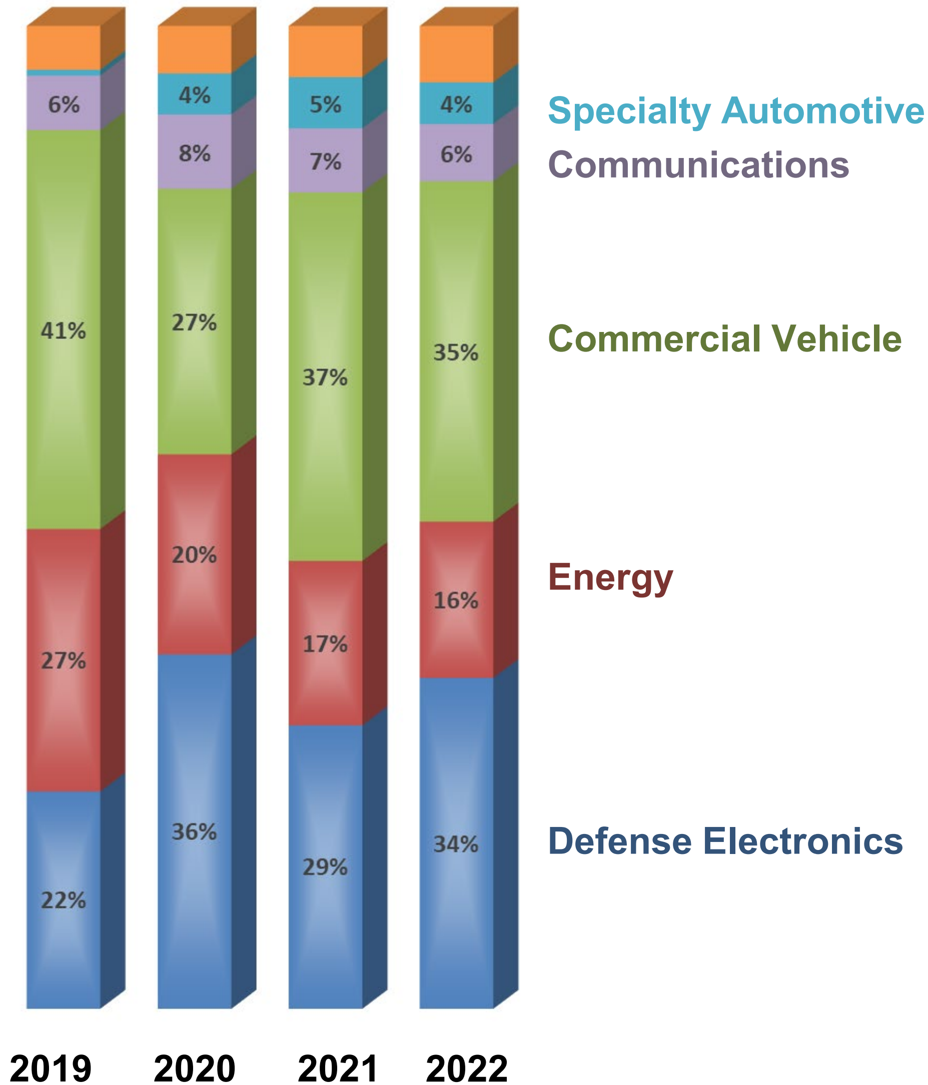


Source: Erin Duffin, Statista.com. 04/06/22

Outlook

Revenue Mix

- Revenue is expected to increase 25%-30% in 2022
- New programs and the strength of the commercial vehicle market drives an increase in volume in 2022, but mix will decline due to strength of other markets
- Backlog for defense electronics leads to expanded mix in 2022
- Energy growth expected in 2022, but mix will decline due to increase in defense electronics revenue
- Continue to explore new markets to provide further growth opportunities for both segments



Outlook

Summary

- Revenue expanded 11.8%
- Backlog jumped 77.4% year-over-year on a 360.7% increase in orders from multiple new contract awards
- Our markets are stable
  - Production of commercial vehicles is forecast to expand 17.2% in 2022
  - Defense spending is expected to remain robust, especially for upgrades to electronic warfare, avionics, surveillance and communications programs
  - Multiple recent new contract awards support additional optimism
- 2022 full-year outlook
  - Revenue up 25%-30%
  - Gross margin up 25-50 basis points
  - Strong cash flow from operations

Financial Review

Second Quarter 2022

August 16, 2022

Anthony C. Allen
Vice President & CFO

2Q Financial Results

$ millions except per share data	2Q 2022			2Q 2021	
	ST	**SE**	**Consolidated**	**Consolidated**	**Change**
Net Revenue	$ 18.0	$ 11.1	**$ 29.0**	**$ 26.0**	$ 3.1
Gross Profit	2.1	1.6	**3.8**	**4.3**	(0.5)
Gross Margin	11.9%	14.9%	**13.0%**	**16.6%**	(360) bps
SG&A			**3.7**	**3.4**	0.3
Operating Income			**0.0**	**0.9**	(0.9)
Net (Loss) Income			**(0.6)**	**3.8**	(4.5)

- Consolidated revenue increased 11.8% with SE and ST up 25.6% and 4.7%, respectively
- Revenue mix, inflationary pressures and costs incurred to support capacity improvements impacted margin performance in 2Q
- Price adjustments for pass-through of higher steel prices have positive impact on revenue, yet no direct benefit to contribution margin
- Net income for 2021 included $3.6 million gain from PPP loan forgiveness

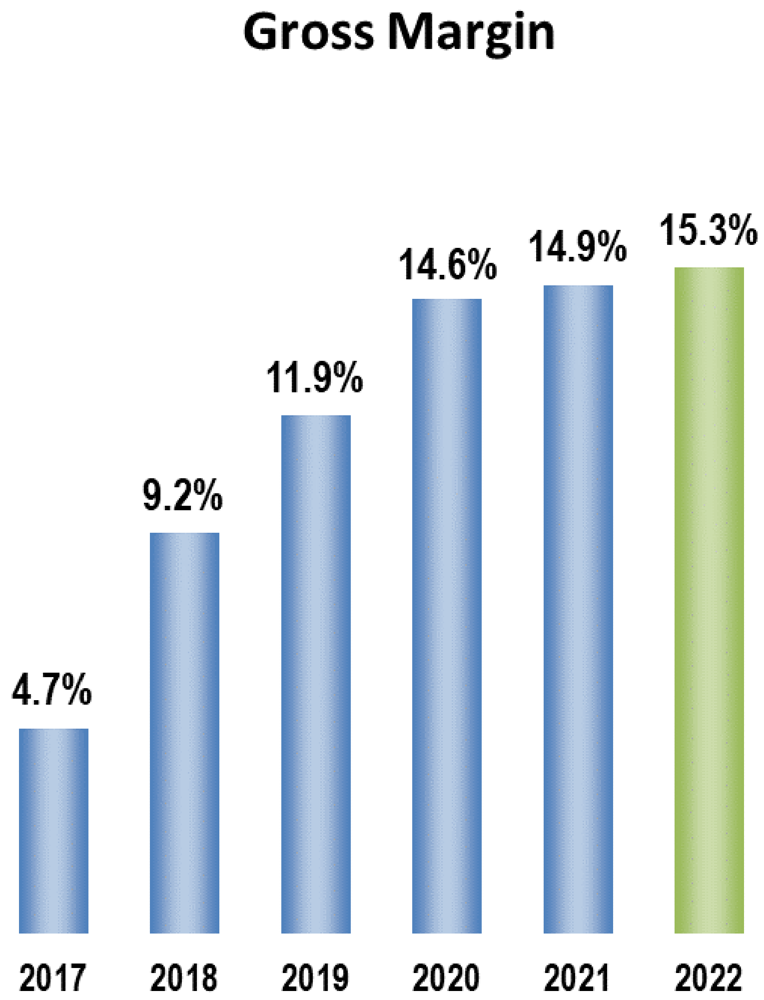
1H Financial Results

$ millions except per share data	1H 2022			1H 2021	
	ST	SE	Consolidated	Consolidated	Change
Net Revenue	$ 35.1	$ 20.1	**$ 55.2**	**$ 46.0**	$ 9.3
Gross Profit	5.3	3.0	**8.3**	**6.1**	2.2
Gross Margin	15.0%	15.1%	**15.0%**	**13.3%**	170 bps
SG&A			**7.1**	**6.3**	0.8
Operating Income (Loss)			**1.2**	**(0.2)**	1.3
Net (Loss) Income			**(0.4)**	**2.2**	(2.6)

- Consolidated revenue increased 20.1% with SE and ST up 28.7% and 15.8%, respectively
- Consolidated gross profit increased $2.2 million or 35.3% and gross margin improved 170 bps to 15.0%
- SG&A at 12.9% of revenue, down from 13.7% in prior year
- Operating income improved to $1.2 million from prior year loss of $0.2 million

Gross Margin Performance

- Gross margin for 1H 2022 of 15.0% in line with FY 2021
- Outlook for FY 2022 adjusted to 25 to 50 bps YOY improvement
- Lower Q2 margin performance, 2H revenue mix, material price adjustments and inflationary pressures contribute to FY outlook
- Sequential and YOY quarterly revenue growth expected for balance of 2022
- SE margin expected to improve as volume ramps more significantly in 4Q and 2023 driven by record backlog



Key Takeaways

- Revenue for 2Q increased 11.8% with SE up 25.6% and ST up 4.7%
- Revenue for 1H increased 20.1% with SE up 28.7% and ST up 15.8%
- Gross margin decreased in 2Q but YTD margin of 15.0% above PY by 170 bps
- Orders for 2Q increased 360% year over year and 169% sequentially to drive backlog up 77% from a year ago, primarily driven by multiple contract awards for SE
- 2022 forecast for Class 8 production indicates 17.2% YOY growth, with OEM daily build rates expected to increase 11% in 2H from 1H
- Revenue expected to increase sequentially in 3Q and more significantly in 4Q with both segments producing double digit increases from comparable prior year periods
- Gross margin expansion expected in 4Q, primarily driven by increased shipment volume and productivity improvements
- Updated FY 2022 outlook
  - Revenue growth remains at 25-30%
  - Gross margin increase adjusted to 25-50 bps
  - Cash flow from operations expected to show double-digit percentage growth