SYPRIS SOLUTIONS

2022 Third Quarter Earnings Conference Call

November 16, 2022

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President & CEO

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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; 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; 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; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; volatility of our customers' forecasts and our contractual obligations to meet current scheduling demands and production levels, 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 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; 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; 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; 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; 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

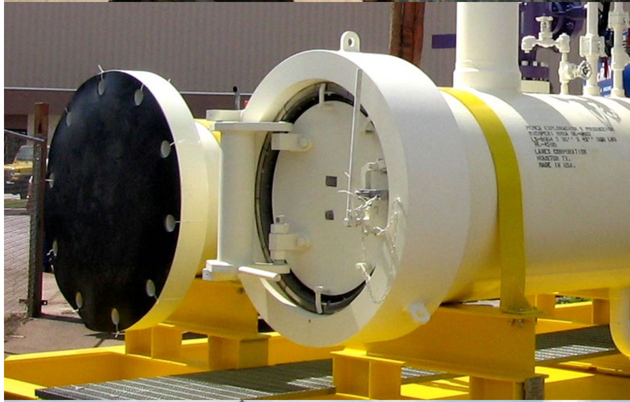
3Q22 Highlights

- Orders were robust for the period; backlog rising 92% YOY
  - Sypris Electronics
    - Orders up 75% YOY
    - Backlog exceeds $100.0 million, up 99% YOY; up 86% YTD
  - Sypris Technologies
    - Energy orders up 33% YOY
    - Energy backlog up 15% YOY; up 84% YTD
    - Demand for commercial vehicles elevated, but OEM supply constraints limiting production
- Revenue decreased 1.9% YOY
  - Supply chain shortages and disruptions materially reduced planned shipments
  - A substantial portion of these delayed shipments are expected to be recovered in Q4

Overview

3Q22 Highlights

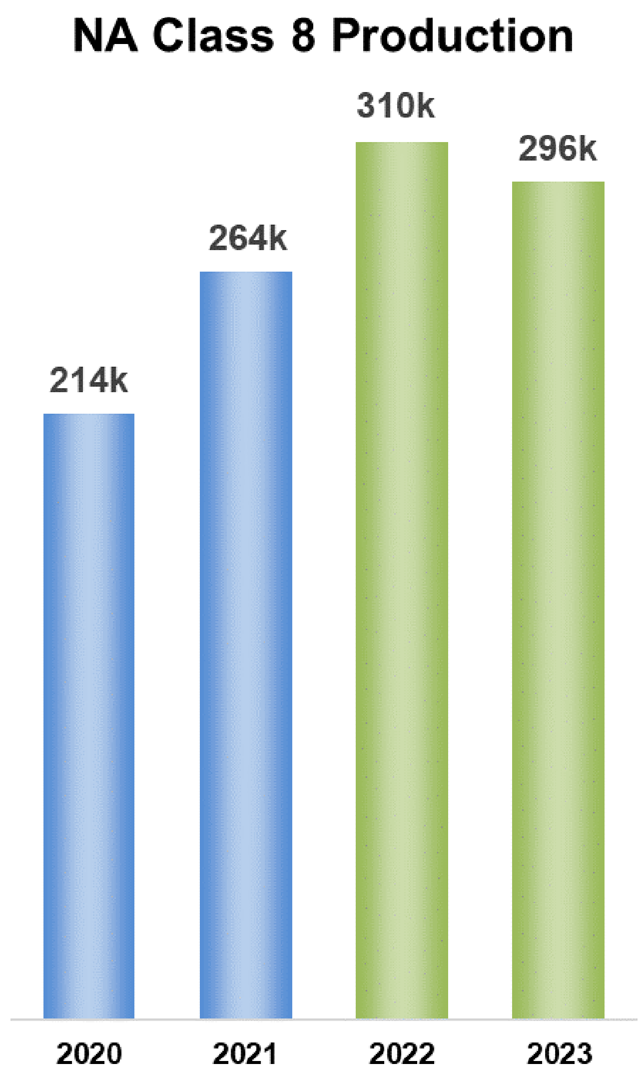
- Important Announcements
  - An award to provide specialty high-pressure closures for use in the Permian Highway Pipeline Expansion Project; up to 70” in diameter and 20,000 pounds in weight; shipments to be completed by year-end
  - The purchase of intellectual property rights for the rapid opening closure product line from Pipeline Engineering and Supply Co.; expands presence in Europe, Asia and Middle East
  - An amendment to an existing multi-year contract to increase deliveries by up to 39.5% for a large, mission-critical U.S. Navy electronic warfare improvement program; total potential amended contract value, including options, of $77.0 million; shipments to begin in 2023
  - A follow-on award to build embedded circuit card assemblies to perform cryptographic functions for the Army Key Management System; shipments to begin in 2023



Outlook

Commercial Vehicle

- Class 8 production is expected to increase 17.5% 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
- Long-term contract extensions and expansions provide opportunities to grow our customer relationships in the coming years
- The current outlook for 2023 forecasts some softening in demand during the second half of the year, resulting in a 4.7% YOY decline



Source: ACT Research Co LLC 11/10/22

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 $7.88 per million BTU, up from $5.16 last year
- Oil prices have continued to increase over the past year, with the price of WTI up 7% from September 2021; Brent crude up 13%
- Outlook for oil prices to remain elevated
- Although the energy market outlook is somewhat uncertain, our backlog is up 84% from Q4 2021 as of the end of September 2022
- Additional opportunities in support of increasing LNG demand and higher rig counts

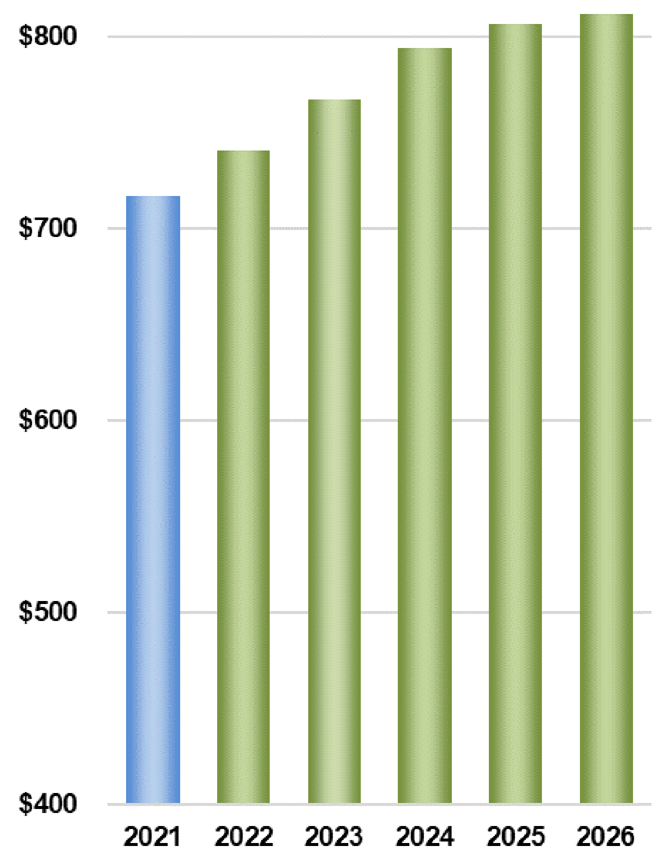
Source: U.S. Energy Information Administration, 10/12/22

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 exceeds $100 million, up 99.0% YOY and now extends into 2025
- Very positive momentum for 2023; geopolitical situation may result in additional tailwind

US Dept of Defense Outlays

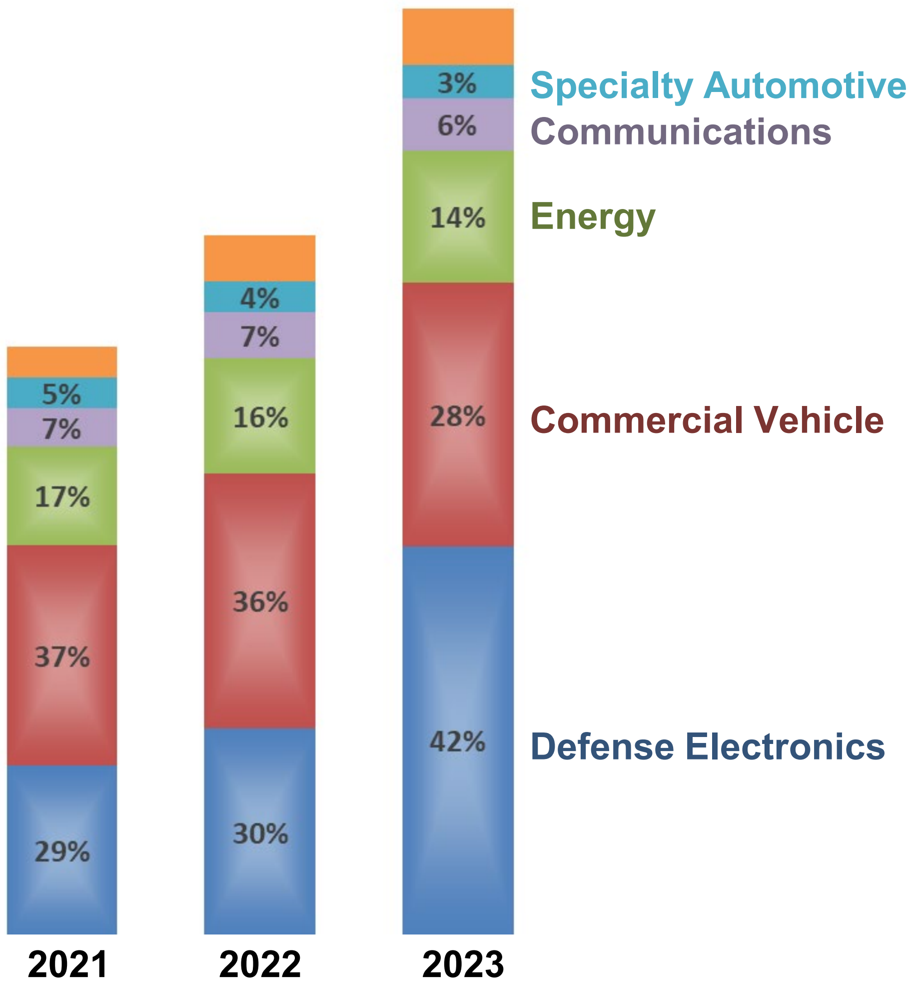


Source: Erin Duffin, Statista.com. 04/06/22

Outlook

Revenue Mix

- Revenue is expected to increase 20%-25% in 2023
- Record backlog of $100 million for defense electronics leads to expanded mix in 2023
- New programs and the strength of the commercial vehicle market drives an increase in volume in 2022, but mix will decline due to increase in defense electronics revenue
- Energy growth expected in 2022 and 2023, 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

- Backlog jumped 92% YOY as a result of multiple new contract awards; provides platform for strong 2023 growth
  - Backlog now exceeds $100 million at Sypris Electronics, reflecting a 99% YOY increase
  - Backlog for energy products up 84% YTD
- Our markets overall are stable
  - Defense is robust, especially for upgrades to electronic warfare, avionics, surveillance and communications programs
  - Commercial vehicle production is forecast to taper off in the second half of 2023, resulting in a 4.7% YOY decline
    - New program starts expected to provide support
- Outlook for 2023
  - 20%-25% top line growth
  - Gross margin up 150-200 basis points
  - Strong cash flow from operations

Financial Review

Third Quarter 2022

November 16, 2022

Richard L. Davis
Vice President & CFO

3Q Financial Results

$ millions except per share data	3Q 2022			3Q 2021	
	ST	**SE**	**Consolidated**	**Consolidated**	**Change**
Net Revenue	$ 17.0	$ 8.2	**$ 25.2**	**$ 25.7**	$ (0.5)
Gross Profit	1.1	0.9	**2.0**	**4.0**	(2.0)
Gross Margin	6.3%	11.0%	**7.8%**	**15.5%**	(770) bps
Operating (Loss) Income			**(1.6)**	**1.0**	(2.6)
Net (Loss) Income			**(2.2)**	**0.3**	(2.5)

- Consolidated revenue down 1.9% due to supply chain constraints
- Revenue volume and mix and inflationary pressures impacted margin performance in 3Q
- Price adjustments for pass-through of higher steel prices have positive impact on revenue, yet no impact on gross profit, thus reducing gross margin

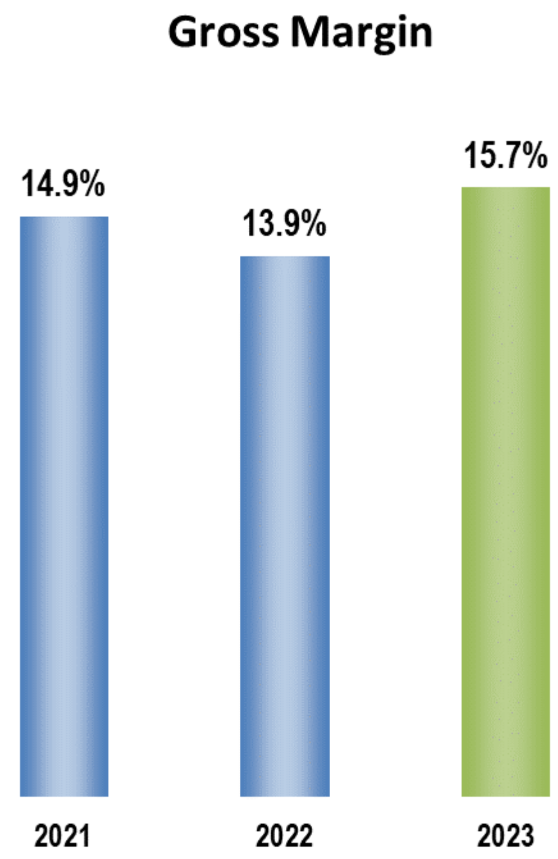
YTD Financial Results

$ millions except per share data	3Q YTD 2022			3Q YTD 2021	
	ST	SE	Consolidated	Consolidated	Change
Net Revenue	$ 52.1	$ 28.3	**$ 80.4**	**$ 71.6**	$ 8.8
Gross Profit	6.3	3.9	**10.3**	**10.1**	0.2
Gross Margin	12.2%	13.9%	**12.8%**	**14.1%**	(130) bps
Operating (Loss) Income			**(0.4)**	**0.8**	(1.2)
Net (Loss) Income			**(2.6)**	**2.5**	(5.1)

- Consolidated revenue increased 12.2% and gross profit improved $0.2 million
- ST revenue increased 10.8% and gross profit increased $0.6 million
- SE revenue increased 15.0%; gross profit impacted by mix and additional engineering costs on certain new programs
- Net income for 2021 included $3.6 million gain from PPP loan forgiveness

Gross Margin Performance

- Outlook for FY 2022 reduced on lower revenue in Q3, related production inefficiencies and unfavorable mix
- Reduction in revenue due to supply chain issues in Q3 expected to ship in Q4, partly restoring gross margin
- FY 2022 outlook also impacted by material price adjustments at 0% margin and other inflationary pressures
- The 2023 outlook improves on SE's increasing share of mix and higher margins



Key Takeaways

- Sypris Electronics orders up 75% YOY, backlog up 99% YOY and 86% YTD to a record $100 million
- Energy product orders up 33% YOY, backlog up 15% over the prior year and 84% YTD
- Purchase of intellectual property rights for a closure product line from a competitor; expands our energy products' presence in Europe, Asia and Middle East
- Class 8 demand expected to increase 17.5% in 2022 before tapering off slightly in 2023
- 15-20% revenue growth is expected for FY 2022 primarily driven by recovery in 4Q shipment volume
- Sequential gross margin expansion expected in 4Q on higher volume and improved mix
- Sypris Electronics' backlog, increasing orders for Sypris Technologies' energy products and other anticipated new program wins support revenue and margin expansion in 2023
  - 20-25% growth in revenue
  - 150-200 bps increase in gross margin
- Management focused on daily execution to support robust backlog