2023 Second Quarter Earnings Conference Call

August 15, 2023

Jeffrey T. Gill
President & CEO

Richard L. Davis
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; risks of foreign operations, including foreign currency exchange rate risk exposure, which could impact our operating results; 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; dependence on, retention or recruitment of key employees and highly skilled personnel and distribution of our human capital; the cost and availability of full-time accounting personnel with technical accounting knowledge to execute, review and approve all aspects of the financial statement close and reporting process; 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; 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; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; significant reductions in U.S. government spending on products and services that Sypris Electronics provides; 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; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; the termination or non-renewal of existing contracts by customers; the costs and supply of insurance on acceptable terms and with adequate coverage; the costs of compliance with our auditing, regulatory or contractual obligations; pension valuation, health care or other benefit costs; 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; possible public policy response to a public health emergency, including U. S or foreign government legislation or restrictions that may impact our operations or supply chain; our failure to successfully win new business or develop new or improved products or new markets for our products; war, geopolitical conflict, terrorism, or political uncertainty, including disruptions resulting from the Russia-Ukraine war 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; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability, warranty or environmental claims; 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; labor relations; strikes; union negotiations; costs associated with environmental claims relating to properties previously owned; our inability to patent or otherwise protect our inventions or other intellectual property rights from potential competitors or fully exploit such rights which could materially affect our ability to compete in our chosen markets; 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

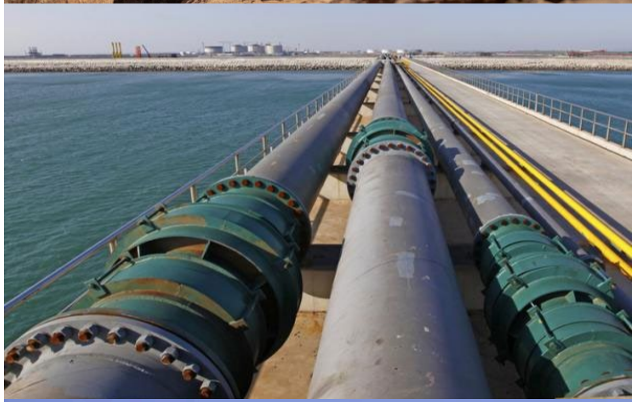
2Q23 Highlights

- Revenue increased 22.6% from the prior year period
  - Up 40.2% for Sypris Electronics
  - Up 11.7% for Sypris Technologies
- Backlog increased 25.5% on a consolidated basis, reflecting positive demand across both segments
  - Up $23.3 million or 25.0% to $116.6 million for Sypris Electronics
  - Up 38.0% for the energy products of Sypris Technologies
- EPS increased $0.04 per diluted share during the period, rising to $0.01 per diluted share from the prior year period
- Foreign exchange, an unrecoverable change in the price of raw material and an unexpected adjustment to pension expense weighed on an otherwise superior quarter
- The pace of conversion of backlog to revenue is expected to continue to accelerate during the balance of the year

Overview

2Q23 Highlights

- Important Public News Releases
  - Sypris Technologies
    - We announced a new program to supply drivetrain components for use in the production of a new model of side-by-side utility-terrain vehicles with production to begin in 2024
    - Subsequent to quarter end, we announced an award to provide 72” insulated joints for use in the expansion of the Atoka Water Pipeline for the Oklahoma City Water Utilities Trust with shipments to begin in 2023
    - In August, we announced an award for specialty high-pressure closures for use in the Venture Global CP2 LNG Export Terminal and the Venture Global CP Express Natural Gas Pipeline Project



Overview

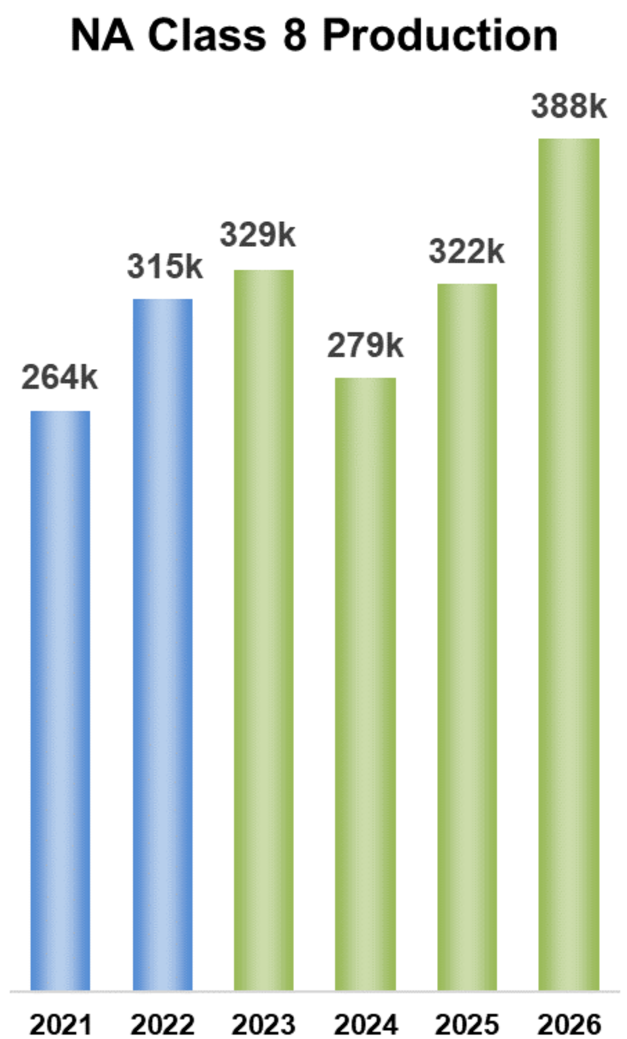
2Q23 Highlights

- Important Public News Releases
  - Sypris Electronics
    - We announced new releases under a multi-year production contract to manufacture and test power supply modules for a large, mission-critical U.S. Navy electronic warfare program
      - Upgrade to precision-guided anti-ship missile system
      - Shipments to begin in 2023
- Outlook
  - Demand from customers in the defense and communications sectors remains robust; automotive, sport utility and energy continue to be positive
  - Confirmed 25%-30% revenue growth; adjusted gross margin guidance to 75-125 basis point increase, reflecting the continued unfavorable impact of foreign exchange rates

Outlook

Commercial Vehicle

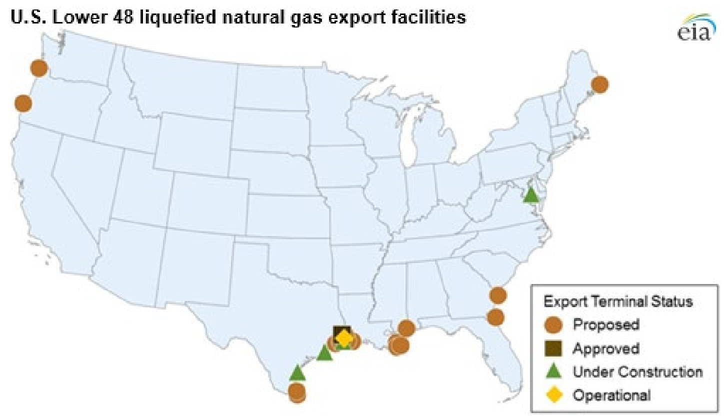
- Class 8 production is expected to increase 7.1% in 2023
  - Continued pent-up demand
  - Large customer backlogs supporting 2023 levels
- Long-term contract extensions and expansions provide opportunities to grow through market cycles
- The current outlook for 2023 indicates some softening in demand starting in Q4 of the year and into 2024 before beginning a forecasted sequential recovery in 2Q24
- All-time peak of build and sales forecast to be reached in 2026

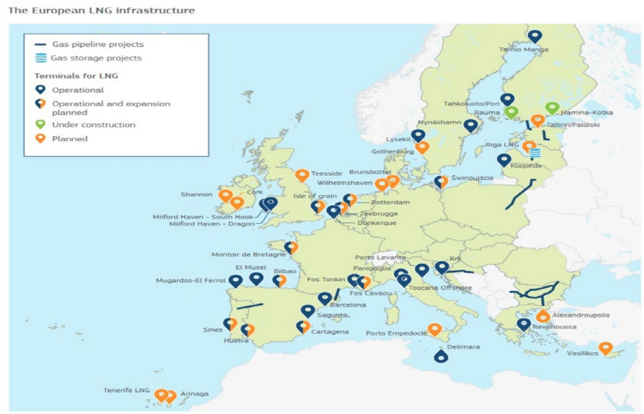


Source: ACT Research Co LLC 8/10/23

Energy

- European countries boosted LNG imports by 60% in 2022 to make up for declining pipeline gas shipments from Russia
- New LNG terminals could boost the continent's import capacity by one-third by the end of 2024
- With four LNG export facilities in operation, the U.S. became the world's largest exporter in 2022 and has three more under construction to support the rapid growth in LNG demand
- IEEFA anticipates many new global LNG market projects to come online starting in mid-2025, adding a record 64 million metric tons of annual liquefaction capacity in 2026
- Energy product backlog is up 38.0% YOY, reflecting strong demand in 2023
- Sypris Technologies announced a contract award made subsequent to quarter-end for products sold to support an LNG terminal



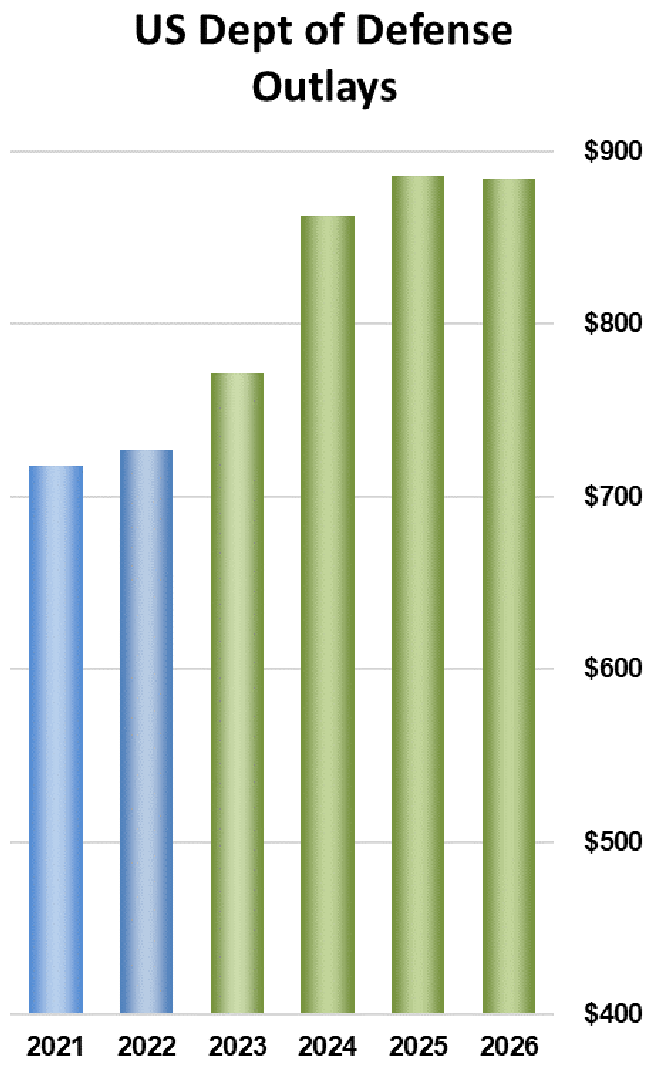


Source: U.S. Energy Information Administration, 2/7/23

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 remain robust
- Backlog is $116.6 million, up 25.0% YOY and now extends into 2025
- Very positive momentum for 2023; geopolitical situation may result in additional tailwind

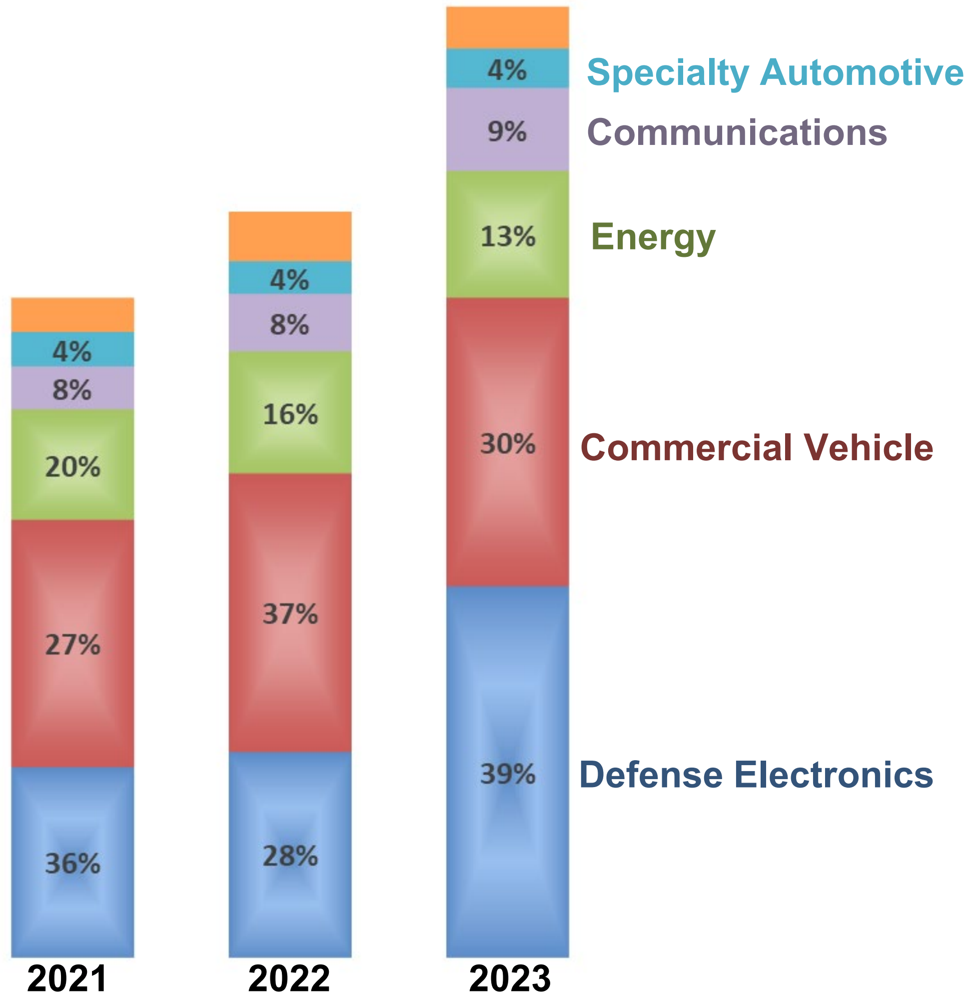


Source: Statista.com. 04/04/2023

Outlook

Revenue Mix

- Revenue is expected to increase 25%-30% YOY in 2023
- Backlog of $116.6 million for Defense Electronics leads to expanded mix in 2023
- New Commercial Vehicle programs drive an increase in volume in 2023, but overall share will decline due to growth of Defense Electronics
- Energy growth expected in 2023, but overall share will decline due to increase in Defense Electronics
- Continue to explore new markets to provide further growth opportunities for both segments



Outlook

Summary

- Revenue increased 22.6%
  - Up 40.2% for Sypris Electronics
  - Up 11.7% for Sypris Technologies
- Backlog remains strong; up 25.5% YOY
  - Up 25.0% for Sypris Electronics
  - Up 38.0% for the energy products of Sypris Technologies
- Market dynamics are positive, with a bullish outlook for defense electronics supported by improved supply chain performance
- Outlook for 2023
  - 25%-30% top line growth
  - Gross margin up 75-125 basis points
  - Positive cash flow from operations

Financial Review

Second Quarter 2023

August 15, 2023

Richard L. Davis
Vice President & CFO

2Q Financial Results

$ millions except per share data	2Q 2023			2Q 2022	
	ST	SE	Consolidated	Consolidated	Change
Net Revenue	$ 20.1	$ 15.6	**$ 35.6**	**$ 29.0**	$ 6.6
Gross Profit	2.0	2.7	**4.7**	**3.8**	0.9
Gross Margin	10.0%	17.1%	**13.1%**	**13.0%**	10 bps
SG&A			**3.7**	**3.7**	(0.0)
Operating Income			**1.0**	**0.0**	0.9
Net Income (Loss)			**0.2**	**(0.6)**	0.8

- Consolidated revenue increased 22.6%, with SE and ST up 40.2% and 11.7%, respectively
- Higher volume, favorable mix and cost savings on certain part purchases improved SE margins
- An unfavorable peso to dollar exchange rate and unreimbursed steel surcharges reduced ST gross profit and margin performance in 2Q 2023 as compared to the prior year period
- Operating income increased due to higher gross profit; SG&A decreased as a percentage of revenue

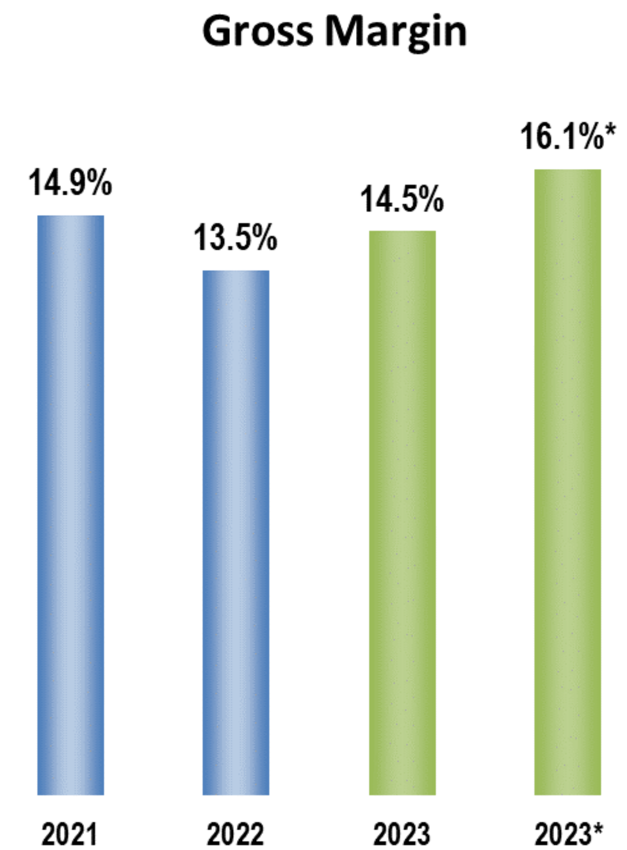
1H Financial Results

$ millions except per share data	1H 2023			1H 2022	
	ST	SE	Consolidated	Consolidated	Change
Net Revenue	$ 39.6	$ 28.3	**$ 67.9**	**$ 55.2**	$ 12.7
Gross Profit	4.6	4.2	**8.8**	**8.3**	0.5
Gross Margin	11.7%	14.8%	**13.0%**	**15.0%**	(200) bps
SG&A			**7.4**	**7.1**	0.3
Operating Income			**1.4**	**1.2**	0.2
Net Income (Loss)			**0.0**	**(0.4)**	0.4

- Consolidated revenue increased 23.0%, and gross profit improved $0.5 million
- SE revenue increased 41.0%, and gross profit increased $1.2 million
- ST revenue increased 12.7%; gross profit impacted by unfavorable foreign currency rates and unrecoverable steel price increases
- SG&A at 11.0% of revenue, down from 12.9% in prior year
- Operating income improved to $1.4 million from $1.2 million in the prior year

Gross Margin Performance

- FY 2022 decreased on
  - Less favorable mix
  - Supply chain delays and defects which caused production delays and inefficiencies
  - Material price increase pass-throughs to customers without additional markup
- FY 2023 increases despite unfavorable foreign exchange rates to a mid-point of 14.5% for the year
  - Improved supply chain performance
  - Higher volumes
  - Improved operating efficiency
  - Improved mix
- Absent the impact of foreign exchange, our outlook would increase by 160 basis points to 16.1% for the year



* *Excluding the estimated unfavorable impact of foreign exchange rates*

Key Takeaways

- Revenue for 2Q 2023 increased 22.6%, with SE up 40.2% and ST up 11.7%
- Revenue for 1H 2023 increased 23.0%, with SE up 41.0% and ST up 12.7%
- Backlog increased 25.5% for the period, marking the 12th consecutive quarter of year-over-year growth – leading to the ramp-up of new programs, with higher levels of revenue, operating efficiency and margin expected to follow
- Sypris Technologies energy product orders up 10.3% YOY, driving backlog up 38.0% over the prior year
- Class 8 demand expected to increase slightly for full-year 2023, but will begin to taper off in 2H 2023; offset by new programs with existing customers
- Gross margin expansion expected in 2023 on higher volume, improved mix and operating efficiencies; partially offset by continuing negative exchange-rate impact
- We are pleased to confirm our outlook
  - 25-30% growth in revenue
  - 75-125 bps increase in gross margin