



Sypris Awarded Expanded Scope on Electronic Warfare Program

October 6, 2022

Amendment to Add up to \$22 Million to Base Multi-Year Contract

Upgrade to Precision-Guided Anti-Ship Missile System

TAMPA, Fla.--(BUSINESS WIRE)--Oct. 6, 2022-- Sypris Electronics, LLC, a subsidiary of Sypris Solutions, Inc. (Nasdaq/GM: SYPR), announced today that it has entered into an amendment to an existing multi-year supply agreement to include the production of electronic power logic assemblies for a large, mission-critical Navy program.

The amended contract, including options, now provides for the purchase of up to \$77.0 million of assemblies from Sypris over the term of the agreement, representing a 39.5% increase in potential volume when compared to the original base contract announced earlier this year. In conjunction with the amendment, Sypris also received releases for the first year of production, with shipments scheduled to begin in 2023. Additional terms of the contract were not disclosed.

The modules to be produced by Sypris will be integrated into an electronic warfare improvement program for the U.S. Navy. According to news sources, the upgrade will provide the capability to actively jam incoming missiles that threaten a warship, cue decoys, and adapt quickly to evolving threats. The improvements to the electronic attack portion will provide integrated countermeasures against radio frequency-guided threats, according to the Navy.

The U.S. Naval Institute reported that the system's capability for non-kinetic electronic attack options can be further deployed in additional critical areas. From advanced communications to multi-role waveforms, the multi-function applications of the system will provide enhanced mission capabilities to the U.S. Navy Fleet while presenting opportunities for future reductions in cost, size, weight, and power.

"We are pleased to expand our long-term partnership on and support of this important program," said Mark R. Kane, Vice President & General Manager of Sypris Electronics. "Our engineering expertise, production capabilities and proven performance were essential to this win. We are certainly proud to increase our support for this strategic long-term upgrade program for the U.S. Navy that we believe to be critical to our National Defense."

Sypris Electronics is a trusted provider of engineering and manufacturing services for complex, mission-critical electronic solutions for customers in the Defense, Space, Deep Sea Communications, and Industrial markets. Backed by over 50 years of experience, the Company specializes in producing electronics for high-cost-of-failure applications. For more information, please visit www.sypriselectronics.com.

Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of the federal securities laws. Forward-looking statements include our plans and expectations of future financial and operational performance. 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 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 component parts 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; volatility of our customers' forecasts, 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 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, product liability or warranty; 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 regulatory or contractual obligations; 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; U.S. government spending on products and services, 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; 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; or unknown risks and uncertainties. We undertake no obligation to update our forward-looking statements, except as may be required by law.

Lawrence J. Bernicky
Vice President of Finance
(813) 972-6040

Source: Sypris Electronics, LLC