2021 First Quarter Earnings Conference Call

May 18, 2021

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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. *Such statements may relate to projections of the company's revenue, earnings, and other financial and operational measures, our liquidity, our ability to mitigate or manage disruptions posed by COVID-19, and the impact of COVID-19 and economic conditions on our future operations, among other matters. Briefly, we currently believe that such risks also include the following: the impact of COVID-19 and economic conditions on our future operations; possible public policy response to the pandemic, including legislation or restrictions that may impact our operations or supply chain; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; our failure to successfully win new business; the termination or non-renewal of existing contracts by customers; 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; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; the cost, quality, timeliness, efficiency and yield of our operations and capital investments, including the impact of 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 distribution of our human capital; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability, warranty or environmental claims; our failure to achieve targeted gains and cash proceeds from the anticipated sale of certain equipment and other assets; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; our ability to comply with the requirements of the SBA and seek forgiveness of all or a portion of our Paycheck Protection Program loan; our inability to develop new or improved products or new markets for our products; cost, quality and availability or lead times of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; our ability to maintain compliance with the NASDAQ listing standards minimum closing bid price; 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; other potential weaknesses in internal controls over financial reporting and enterprise risk management; failure to adequately insure or to identify product liability, environmental or other insurable risks; unanticipated or uninsured disasters, public health crises, losses or business risks; unanticipated or uninsured product liability claims; volatility of our customers' forecasts, scheduling demands and production levels which 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 costs of compliance with our auditing, regulatory or contractual obligations; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; costs associated with environmental claims relating to properties previously owned; 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 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; war, terrorism, or political uncertainty; cyber security threats and disruptions; inaccurate data about markets, customers or business conditions; risk related to owning our common stock including increased volatility; or unknown risks and uncertainties. There can be no assurance that our expectations, projections or views expressed in any forward-looking statements will come to pass, and undue reliance should not be placed on these forward-looking statements. We undertake no obligation to update these statements, except as required by law.*

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Overview

1Q21 Highlights

- Customer orders were robust during the period
  - Sypris Electronics orders up 70% YOY
  - Backlog up 36% YOY and 56% sequentially
  - Sypris Technologies energy backlog up 38% YOY and 75% sequentially
  - Order board from commercial vehicle customers continued to increase significantly
- Revenue declined YOY as delayed material receipts and customer releases pushed shipments into 2Q
- Gross margin impacted by lower volume, sales mix and costs incurred to ramp up production to meet significant increase in commercial vehicle demand
- 2021 outlook raised
  - 25-30% revenue growth
  - 200 to 300 bps margin expansion; strong cash flow
  - Supported by contract awards; positive markets

Overview

New Contract Awards

- Sypris Electronics
  - Received a contract to build and test a variety of electronic power supply modules for a mission-critical, long-range, precision-guided, anti-ship missile system; production to begin in 2021
  - Entered into a contract to manufacture and test electronic assemblies for a Government spacecraft program; production to begin in 2021
- Sypris Technologies
  - Signed a long-term contract extension with a leading commercial vehicle manufacturer
    - Includes the award of two additional axle shaft model lines; adoption of Sypris Ultra features; production on new products to begin in 2021
  - Announced contracts to provide high-pressure closures for a natural gas pipeline system in North America; Anchor Field Gulf of Mexico project

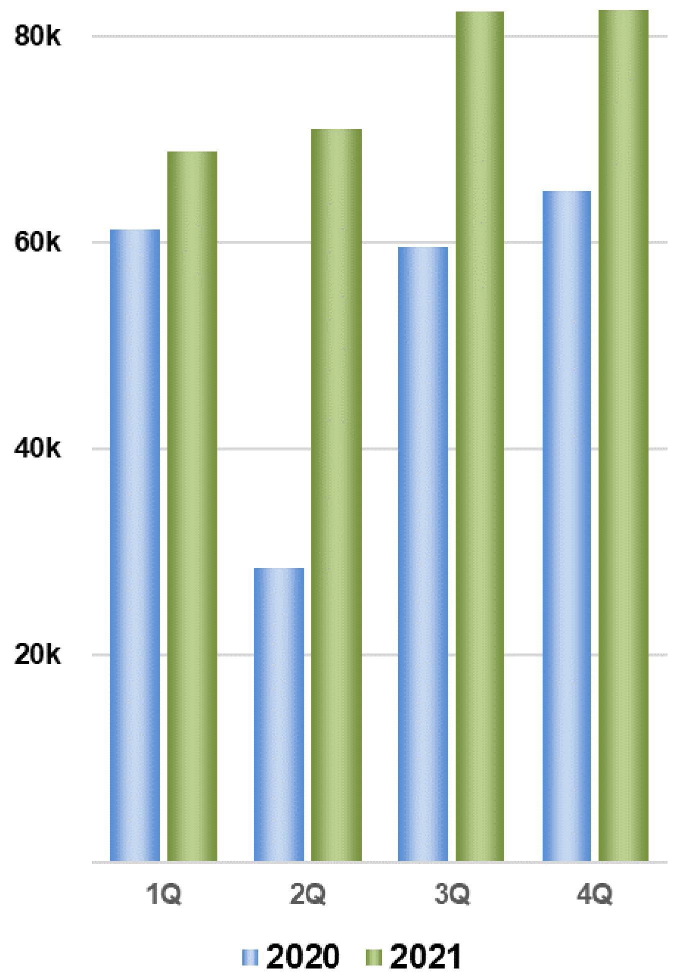
Outlook

SYPRIS SOLUTIONS

Commercial Vehicle

- Class 8 demand expected to increase 43% in 2021 and a further 18% in 2022
  - Strong US economic expansion
  - Housing strength
  - Manufacturing prosperity
  - Transition to e-commerce
  - Carrier profitability
  - Goods for services swap
- “Freight demand is overwhelming capacity.”
- Orders for Class 8 commercial vehicles are up 153% YOY during the past six months
- Further upside exists to both 2021 and 2022, subject to potential supply chain constraints
- When combined with our new program awards, 2021 is poised to be a very positive year

NA Class 8 Production

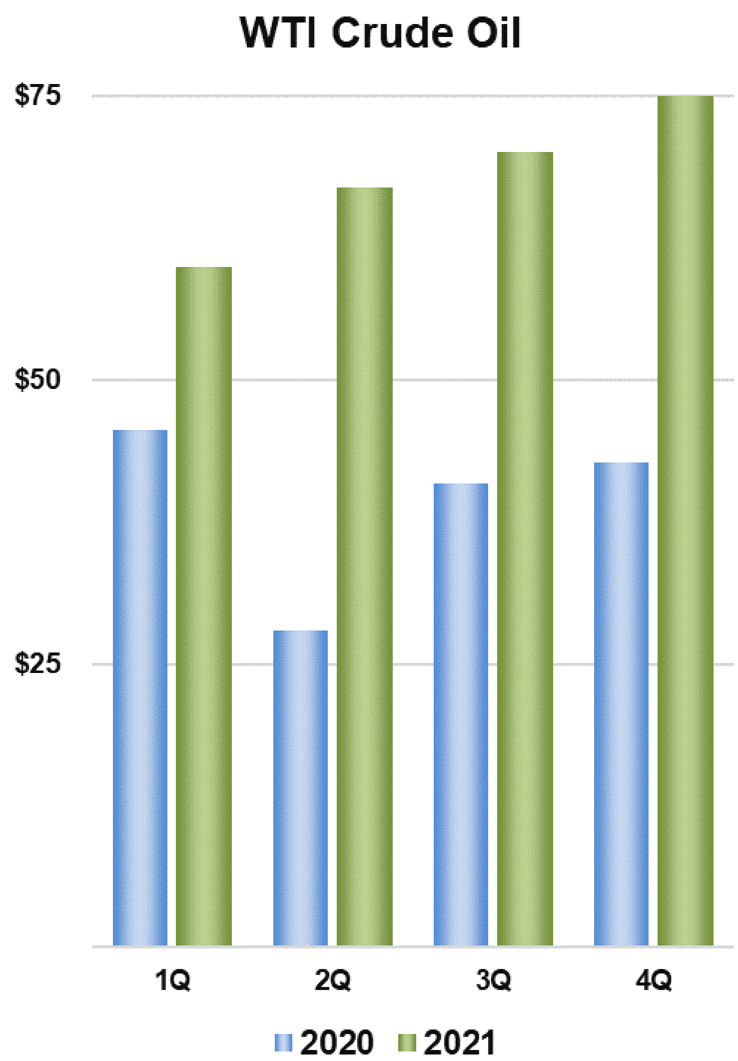


Source: ACT Research Co LLC 05/10/21

Outlook

Energy

- Demand for LNG is forecast to outpace all other sources of fossil fuel for the foreseeable future
- Oil prices have increased significantly over the past year, with the price of WTI up 176% from May 7, 2020 to May 7, 2021; Brent crude up 132% for the same period
- Outlook for oil prices to increase to $80 per barrel this summer, up 54% or more from year-end 2020
- Rig count is up 20% over the past year and is expected to rise further by year end
- Strong economic growth above 6% in 2021 and 2022 in the US is expected to drive consumption
- Transmission, conversion and export spending expected to benefit from price recovery



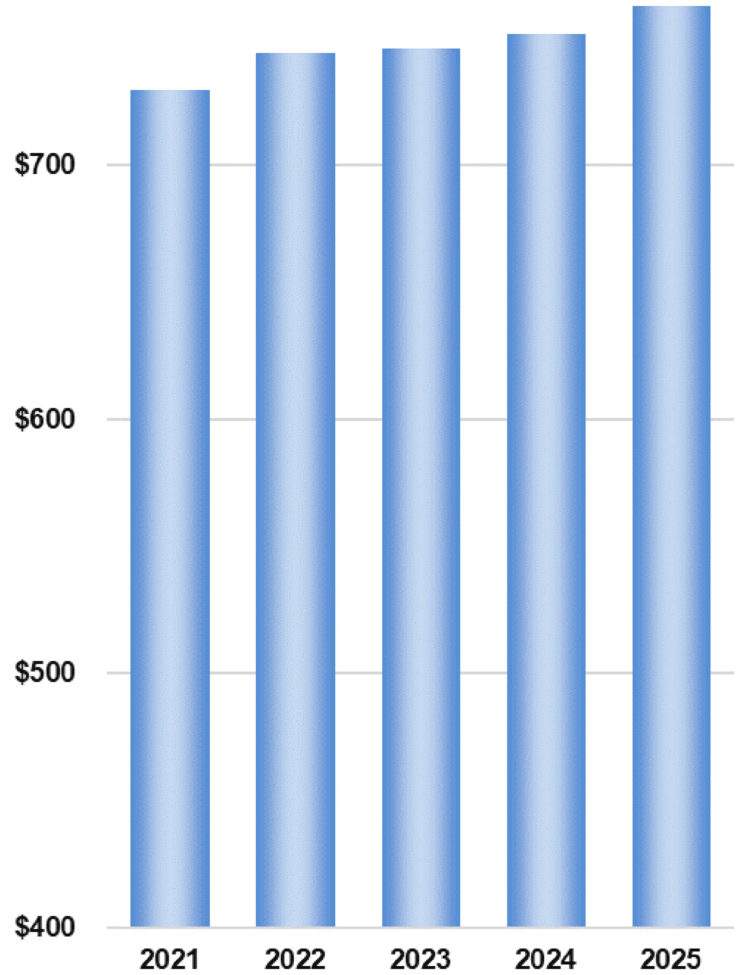
Source: Raymond Janes & Assoc, Industry Brief, 03/08/21

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 up 56% sequentially and now extends well into 2023
- New orders up 70% YOY; positive momentum for the balance of 2021

US Dept of Defense Outlays

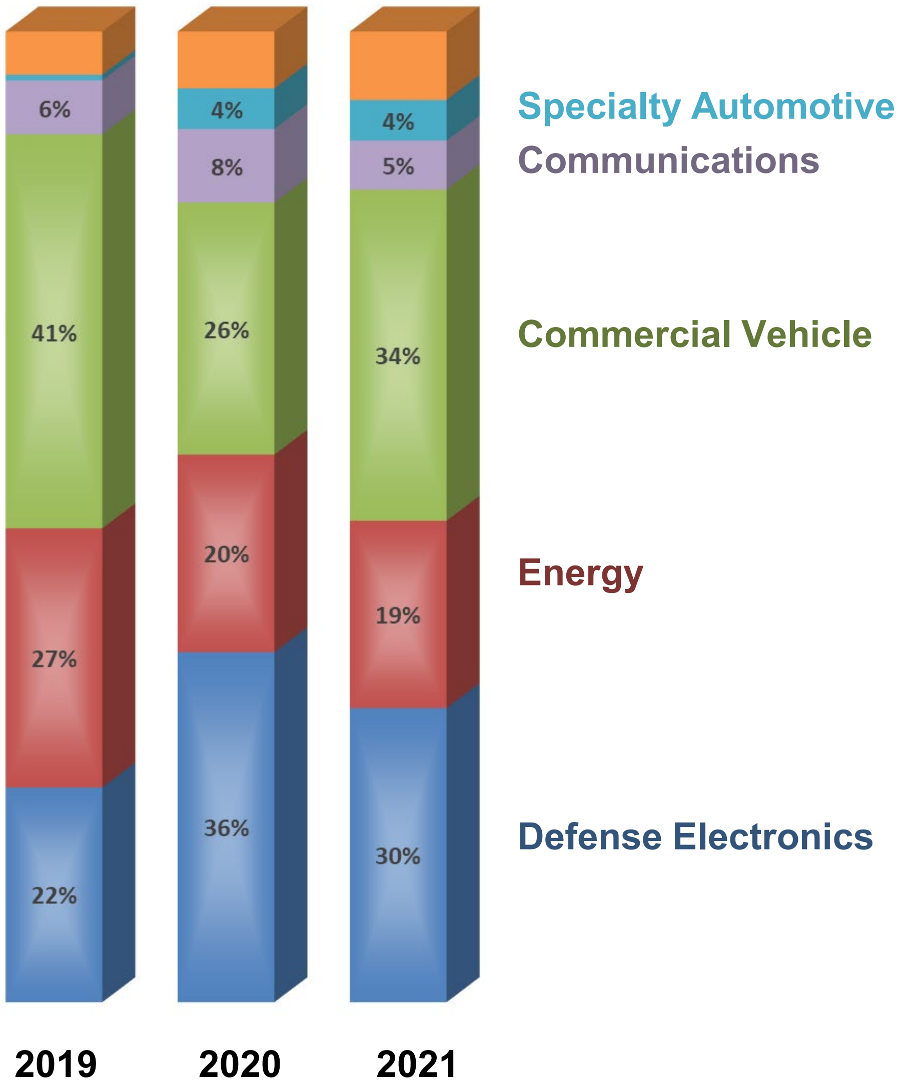


Source: Erin Duffin, Statista.com. 04/12/21

Outlook

Revenue Mix

- Revenue is expected to increase 25-30% YOY, resulting in only a slight change in mix
- Specialty Automotive and Energy are expected to increase, but remain flat as a percent of the total
- The strength of the Commercial Vehicle market and new programs are expected to expand its share in 2021, but only incrementally due to portfolio balance
- Defense Electronics is expected to register solid growth in 2021; accelerate further in 2022
- Continue to explore new markets to provide further growth opportunities for both segments



Outlook

Summary

- Market strength and new contracts are expected to fuel a 25-30% growth in the top line for 2021 on a YOY basis
  - The commercial vehicle market is forecast to expand 43% in 2021 and an additional 18% in 2022
  - Improving commodity prices are expected to have a positive impact on transmission, conversion and export infrastructure spending
  - The outlook for defense spending is expected to remain vibrant, especially for upgrades to electronic warfare, avionics, surveillance and communications programs
  - The addition of new programs under long-term contract, along with recent contract wins in Defense Electronics and Energy, support further top line optimism
- Forecast to expand gross margin by an additional 200 to 300 basis points for the year, while cash flow from operations is expected to increase by strong double digits

Financial Review

First Quarter 2021

May 18, 2021

Anthony C. Allen
Vice President & CFO

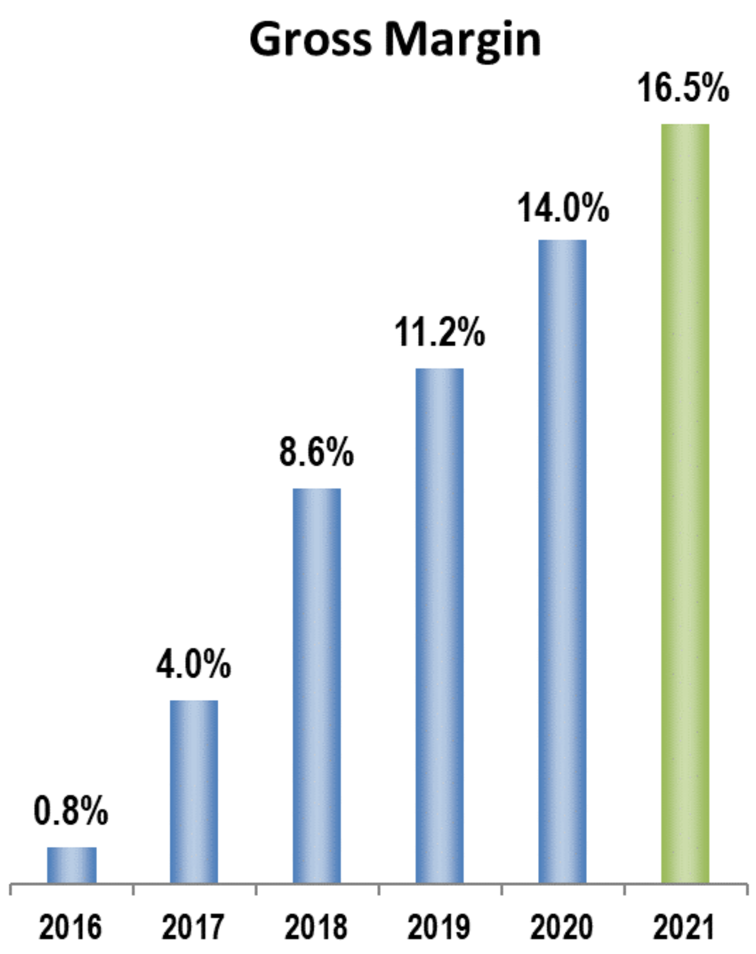
1Q Financial Results

$ millions	1Q 2021			1Q 2020	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 20.0	$ 13.2	$ 6.8	$ 22.4	$ (2.4)
Gross Margin	9.1%	8.9%	9.5%	16.6%	(750) bps
SG&A	$ 2.9			$ 3.4	$ (0.6)
Operating (Loss) Income	$ (1.1)	$ 0.1	$ (0.2)	$ 0.3	$ (1.3)

- Consolidated revenue down 10.9% as both segments had shipments shift out of 1Q
- Gross margin of 9.1% impacted by lower volume and costs associated with ramping production to meet a substantial expected increase in demand
- SE revenue down $1.9 million due to a customer design change and the timing of material receipts to resolve the design change and lower sales to a commercial communications customer
- Lower energy product sales for ST partially offset by YOY growth from the commercial vehicle market
- SG&A down $0.6 million from prior year reflecting continued spending reductions in response to COVID-19

Gross Margin Performance

- Order backlog and favorable market conditions provide opportunity to offset the slower than expected start to 2021
- 2021 gross margin performance anticipated to be above historical levels despite 1Q setback
- Conversion on SE revenue growth anticipated to drive margin improvement in 2021
- Softness in energy markets expected to improve beginning in 2H 2021
- Strong demand for ST expected to drive 2021 gross margin above current levels



Key Takeaways

- Management focused on daily execution to support robust business conditions for the balance of 2021
- Sypris Electronics orders up 70% YOY, driving backlog to highest level since 2010; long-term outlook for defense spending remains positive
- Class 8 demand expected to increase 43% in 2021 and an additional 18% in 2022
- Energy product outlook improving as transmission, conversion and export spending are expected to benefit from oil price recovery
- New contract awards, positive market conditions and market diversification support revenue growth and margin expansion in 2021
  - 25-30% growth in revenue; 200-300 bps increase in gross margin
  - Revenue expected to ramp from current level beginning in 2Q to drive sequential and YOY top line and margin improvements for balance of 2021
  - Cash flow from operations expected to improve on improved profitability and working capital management
- With a strong backlog and recovering markets, we look forward to the remainder of 2021 with optimism