2021 Third Quarter Earnings Conference Call

November 10, 2021

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: 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; the impact of potential U.S. Government COVID-19 vaccine mandates on our ability to attract and retain employees and on our business and results of operations; 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; 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; cost, quality and availability or lead times of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; 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; inaccurate data about markets, customers or business conditions; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability, warranty or environmental claims; 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 maintain 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; 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; 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; 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; war, terrorism, or political uncertainty; cyber security threats and disruptions; our ability to maintain compliance with the Nasdaq listing standards minimum closing bid price; 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.*

Table of Contents

Overview

3Q21 Highlights

- Revenue increased 15.9% YOY
  - Driven by a 38.3% increase for Sypris Technologies
- Gross profit increased 12.4% YOY
  - 14.5% increase for Sypris Electronics
  - 10.6% increase for Sypris Technologies
- Sypris Electronics gross margin increased 460 bps to 20.8%
- Sypris Technologies gross margin deceased to 12.6%
  - Product mix and expenses incurred to increase capacity
- Customer orders were robust during the period
  - Sypris Electronics backlog up 24.0% YOY; up 51.3% YTD
  - Sypris Technologies energy backlog up 38.8% YOY; up 59.6% YTD
  - Demand for commercial vehicles high but OEM supply constraints limiting production

Overview

New Contract Awards

- Sypris Electronics
  - Announced award to build embedded circuit card assemblies to perform Cryptographic functions for the Army Key Management System; late 2021 start date
  - Announced award to produce and test power supply modules for the upgrade of the electronic warfare suite of U.S. fighter jets; early 2022 start date

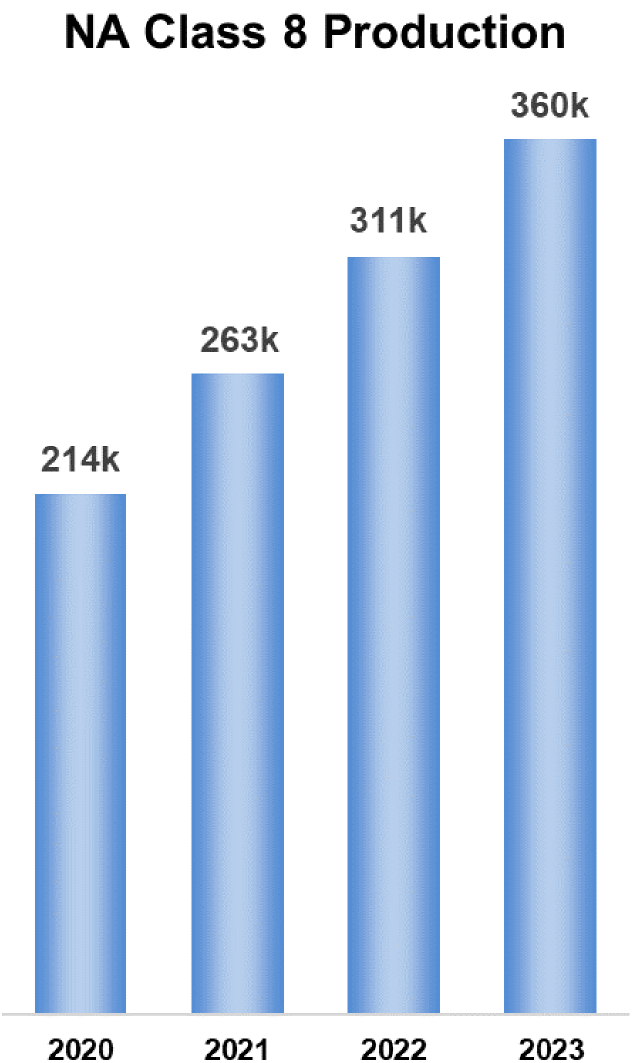
Outlook

- 2021 outlook updated
  - 20-25% revenue growth
  - 4Q margin expansion of 400 to 500 bps over the comparable period of 2020
- 2022 outlook
  - 25% revenue growth; margin expansion of 200 bps
  - Material increase in cash flow from operations YOY

Outlook

Commercial Vehicle

- Class 8 demand expected to increase 18.3% in 2022 and 15.5% in 2023
  - Strong US economic expansion
  - Housing strength
  - Manufacturing prosperity
  - Transition to e-commerce
  - Carrier profitability
  - Goods for services swap
- Supply chain challenges leads to pent-up demand pushing Class 8 market peak to 2023
- Class 8 backlog is up 200% YOY to 284K units
- When combined with our new program awards, 2022 is poised to be a very positive year

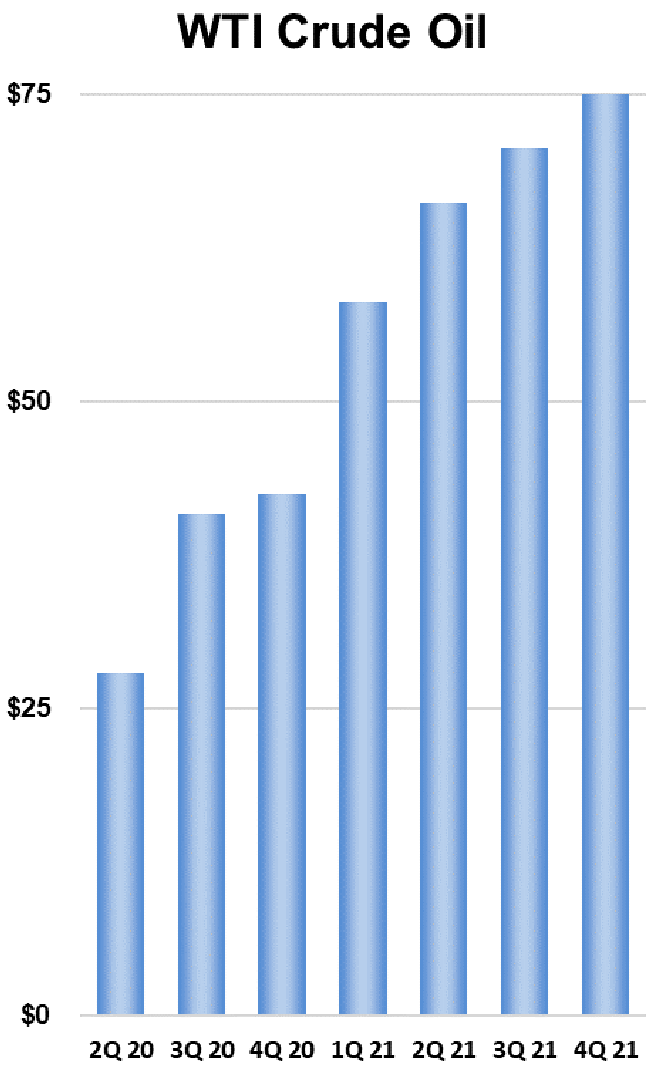


Source: ACT Research Co LLC 10/10/21

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 135% from October 2020; Brent crude up 125%
- Outlook for oil prices to increase to ~$80 per barrel at year-end, up 67% or more from year-end 2020
- Total U.S. rig count is up to 533 rigs, or up 264 over this time last year
- Natural gas prices at the end of 3Q were up 119% from 2019
- Strong economic growth of 4.9% in 2021 and 5.0% in 2022 in the US is expected to drive consumption
- Backlog is up 38.8% YOY and up 59.6% YTD



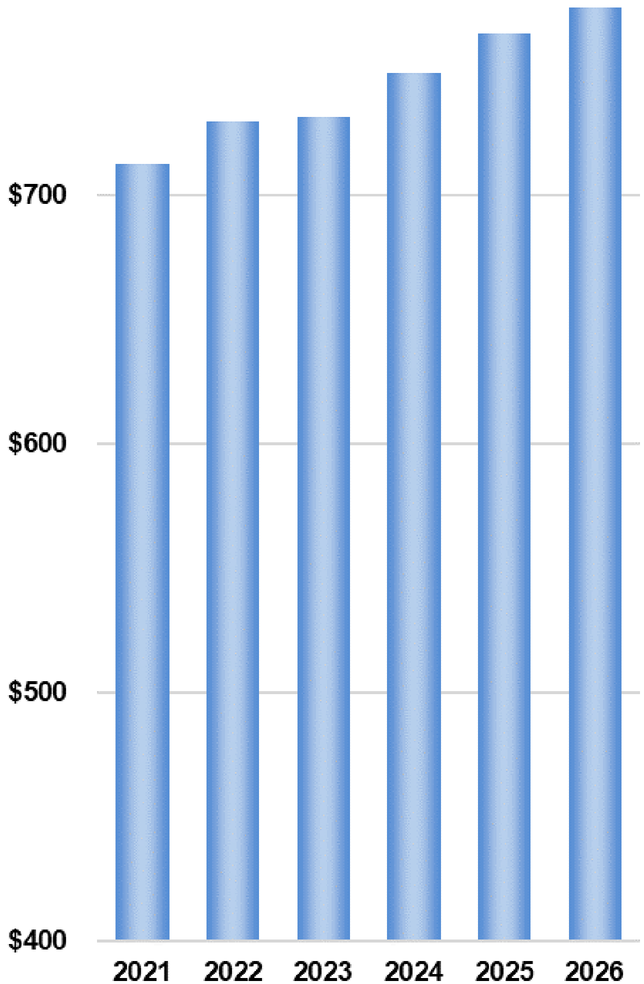
Source: U.S. Energy Information Administration, 10/13/21

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 51.3% since the beginning of the year and 24.0% YOY and now extends well into 2023
- Very positive momentum for the balance of 2021 and into 2022

US Dept of Defense Outlays

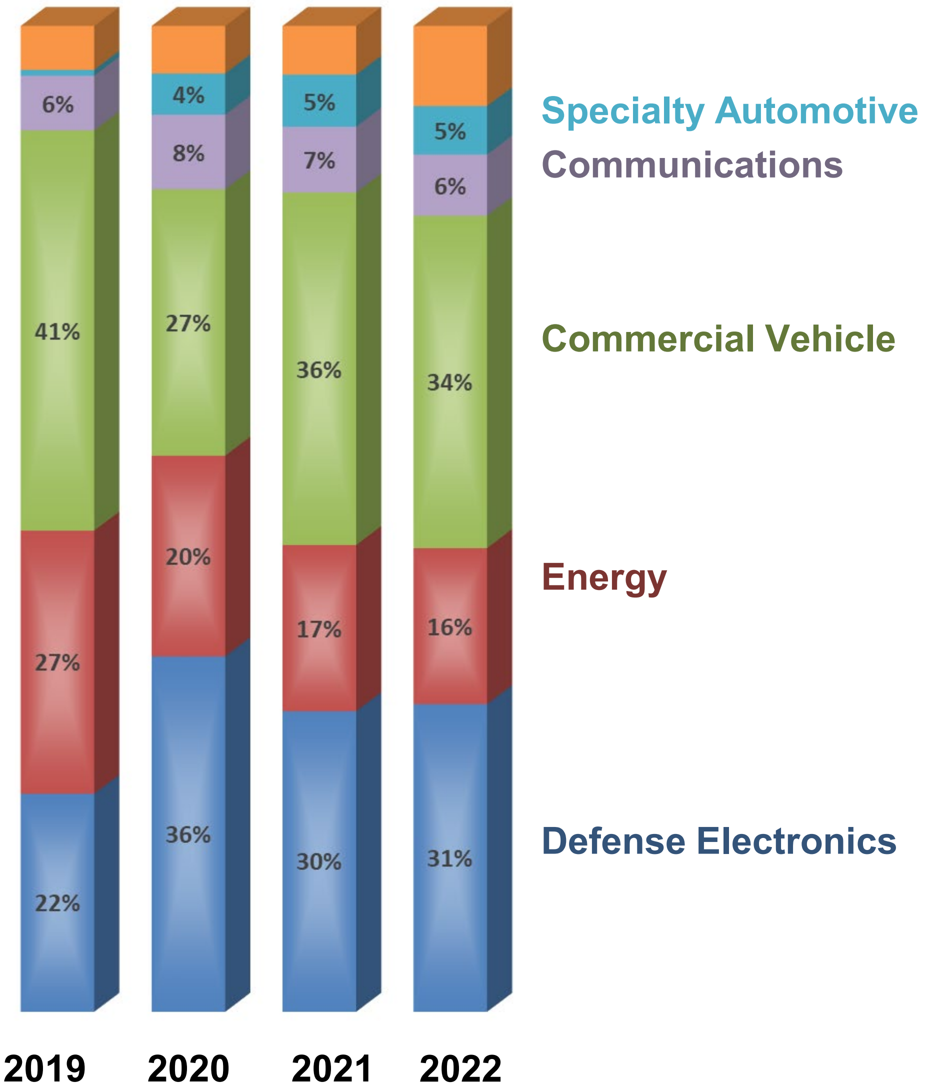


Source: Erin Duffin, Statista.com. 06/03/21

Outlook

Revenue Mix

- Revenue is expected to increase 20-25% in 2021 and an additional 25% in 2022
- New programs and the strength of the commercial vehicle market increases mix in 2021 with further upside in 2022/23
- Backlog for defense electronics leads to expanded mix in 2022
- Energy growth expected in 2022, but mix will decline due to the strength of other markets
- Continue to explore new markets to provide further growth opportunities for both segments



Outlook

Summary

- New contract awards and market strength are expected to fuel a 20-25% growth in the top line for 2021 on a YOY basis
- Operating results are expected to accelerate further during the 4Q 2021, resulting in strong YOY comparisons
- Outlook for 2022:
  - 25% top line growth; 200bps margin improvement; increase in cash flow from operations YOY
    - The commercial vehicle market is forecast to expand 18.3% in 2022 and an additional 15.5% in 2023
    - 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

Financial Review

Third Quarter 2021

November 10, 2021

Anthony C. Allen
Vice President & CFO

3Q Financial Results

$ millions except per share data	3Q 2021			3Q 2020	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 25.7	$ 16.7	$ 9.0	$ 22.2	$ 3.5
Gross Margin	15.5%	12.6%	20.8%	16.0%	(50) bps
Operating Income	$ 1.0	$ 0.9	$ 1.0	$ 0.8	$ 0.1
Net Income	$ 0.3			$ 3.5	$ (3.2)
EPS	$ 0.01			$ 0.17	$ (0.16)

- Consolidated revenue up 15.9%, driven by higher shipments at ST
- Gross profit improved 12.4% to $4.0 million from $3.5 million in the prior year
- ST revenue growth of 38.3% driven primarily by strong demand from the commercial vehicle market
- ST gross margin declined 320 bps due to product mix, supply spend and equipment repair and maintenance projects
- SE revenue down 10.8% to $9.0 million due to supply constraints
- SE gross margin increased 460 bps to 20.8% from 16.2% in 2020

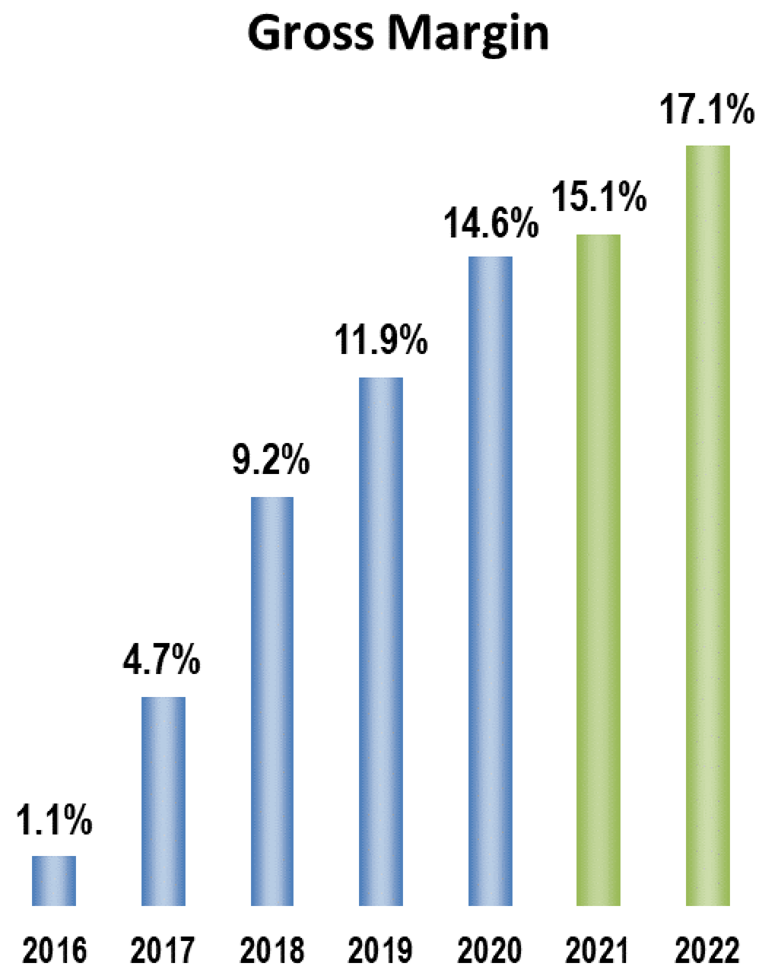
YTD Financial Results

$ millions except per share data	YTD 2021			YTD 2020	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 71.6	$ 47.0	$ 24.6	$ 61.7	$ 9.9
Gross Margin	14.1%	12.3%	17.5%	15.2%	(110) bps
Operating Income	$ 0.8	$ 2.3	$ 1.6	$ 0.3	$ 0.5
Net Income	$ 2.2			$ 2.8	$ (0.6)
EPS	$ 0.11			$ 0.14	$ (0.03)

- Consolidated revenue up $9.9 million or 16.0% and gross profit up $0.7 million
- ST revenue increase of $13.8 million partially offset by SE revenue decline of $3.9 million
- Consolidated gross profit increase of $0.7 million driven by ST additional volume
- Consolidated gross margin of 14.1% reflects increased mix of commercial vehicle revenue in 2021 from prior year
- Operating income up $0.5 million or 206% over the prior year

Gross Margin Performance

- Revised outlook for 2021 FY revenue to 20-25% YOY and gross margin to 15.1% at midpoint of range
- Q4 revenue and margin improvement primarily driven by higher mix of defense electronics and energy products
- Q4 margin expected to improve 400-500 bps YOY reflecting favorable revenue mix
- Initial outlook for 2022 includes revenue growth of 25% and 200 bps expansion of gross margin



Key Takeaways

- Consolidated revenue increased for the second consecutive quarter to $25.7 million, up 15.9% YOY
- Gross profit increased 12.4%; gross margin of 15.5% impacted by mix and variable manufacturing costs
- Cash flow from operations of $2.2 million YTD, inclusive of working capital investments
- Sypris Electronics and energy product backlog up 51.3% and 59.6%, respectively, from 2020 year end
- Class 8 production expected to increase 18.3% in 2022 and an additional 15.5% in 2023
- Expect 20-25% revenue growth for FY 2021 and YOY gross margin improvement in Q4 of 400-500 bps
- New contract awards, positive market conditions and market diversification support revenue growth and margin expansion in 2022
  - 25% growth in revenue; 200 bps increase in gross margin
  - Cash flow from operations expected to improve on improved profitability and working capital management