2021 Second Quarter Earnings Conference Call

August 12, 2021

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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: 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; 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; 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; inaccurate data about markets, customers or business conditions; 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.*

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Overview

2Q21 Highlights

- Revenue increased 51.4% YOY and 30.0% sequentially
  - Driven by the accelerating expansion of shipments at Sypris Technologies
- Gross profit increased 103.2% YOY and 137.3% sequentially
  - Gross margin up 420 bps YOY and 750 bps sequentially
- EPS rose to $0.17, up from a loss of $0.02 YOY
- Customer orders were robust during the period
  - Sypris Electronics backlog up 29.3% YOY; up 51.9% YTD
  - Sypris Technologies energy backlog up 56.4% YOY
  - Order board from commercial vehicle customers continued to increase significantly
- 2021 outlook raised
  - 30-35% revenue growth
  - 2H margin expansion of 300 to 400 bps over the comparable period of 2020

Overview

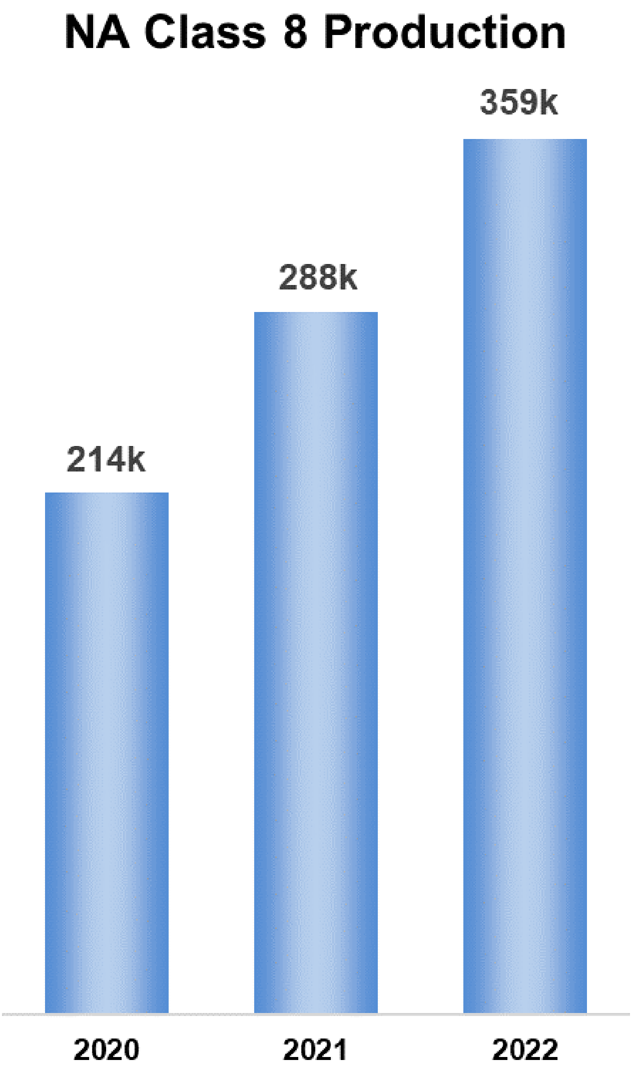
New Contract Awards

- Sypris Electronics
  - Entered into a contract to build and test electronic assemblies for a Deep Space program; 2021 start date
  - Announced an agreement to produce electronic power supply modules for multiple Subsea Communication Networks; 2021 start date
  - Received a full-rate production award to provide a variety of electronic modules for a mission-critical, Electronic Warfare program for the Navy; 2021 start date
  - Post quarter end, announced award to build embedded circuit card assemblies to perform Cryptographic functions for the Army Key Management System; 2021 start date
- Sypris Technologies
  - Awarded contracts to provide high-pressure closures for the Golden Pass LNG Export project and the Cherry Point Refinery Renewable Diesel Optimization project

Outlook

Commercial Vehicle

- Class 8 demand expected to increase 34.6% in 2021 and a further 24.6% 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”
- Class 8 backlog is up 187% YOY to 257K units
- 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

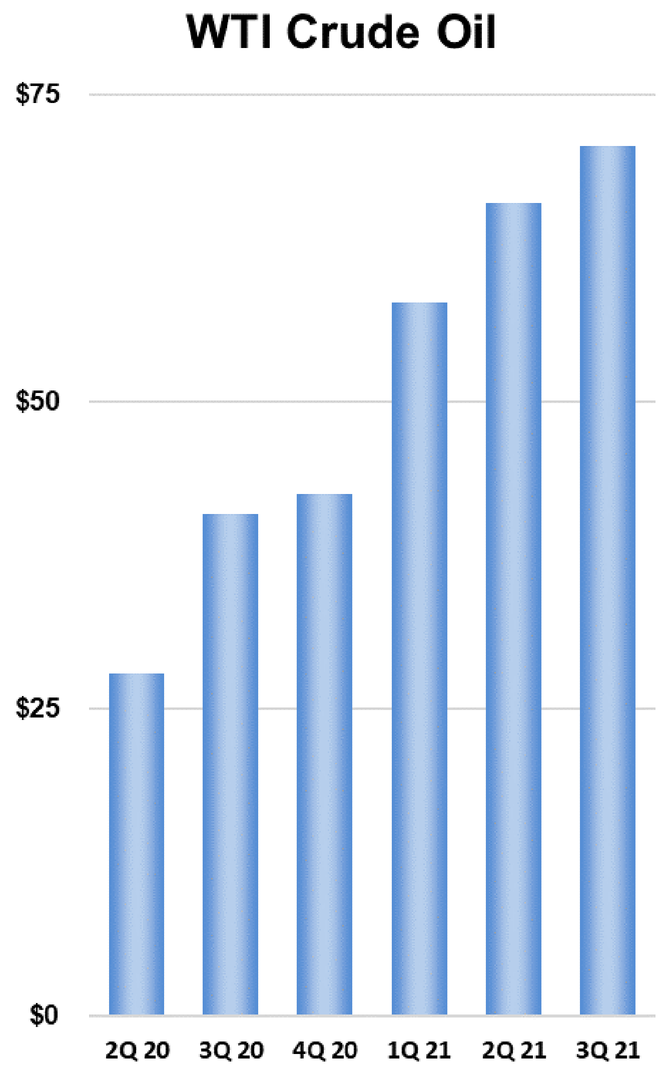


Source: ACT Research Co LLC 08/10/21

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 75% from August 2020; Brent crude up 64%
- Outlook for oil prices to increase to $72 per barrel for 2H 2021, up 39% or more from year-end 2020
- Total rig count is up to 491 rigs, or up 93.3%, over this time last year and up 101.2% since falling to a record low of 244 in August 2020
- Natural gas prices are up 90% from 2019
- Strong economic growth of 6.2% in 2021 and 6.2% in 2022 in the US is expected to drive consumption
- Backlog is up 56.4% YOY and up 32.3% YTD



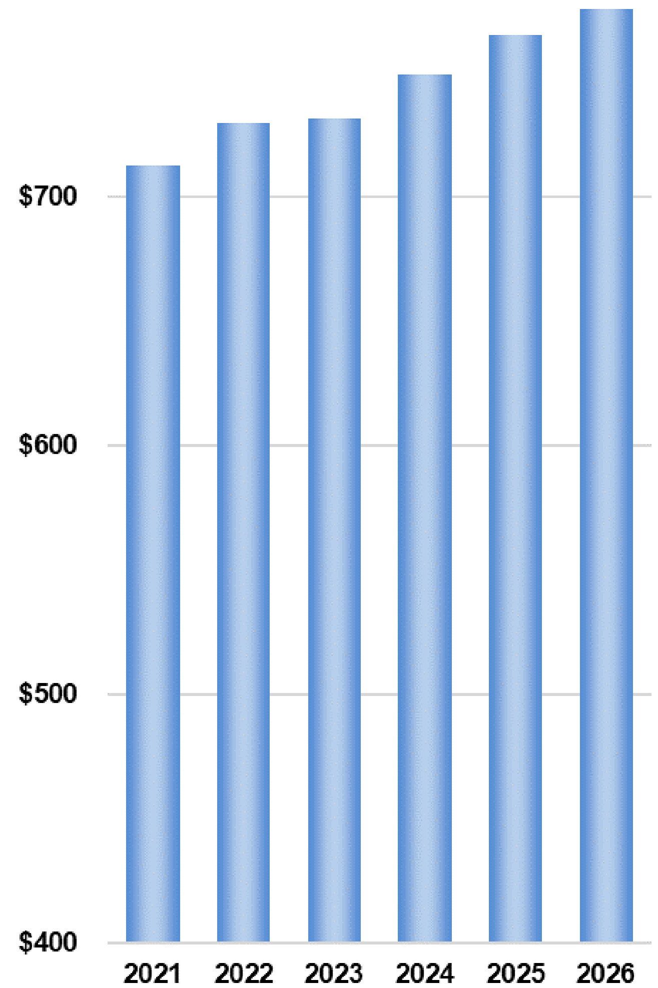
Source: U.S. Energy Information Administration, 08/04/21

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 51.9% since the beginning of the year and 29.3% YOY and now extends well into 2022
- YTD new orders up 28.2% YOY; positive momentum for the balance of 2021

US Dept of Defense Outlays

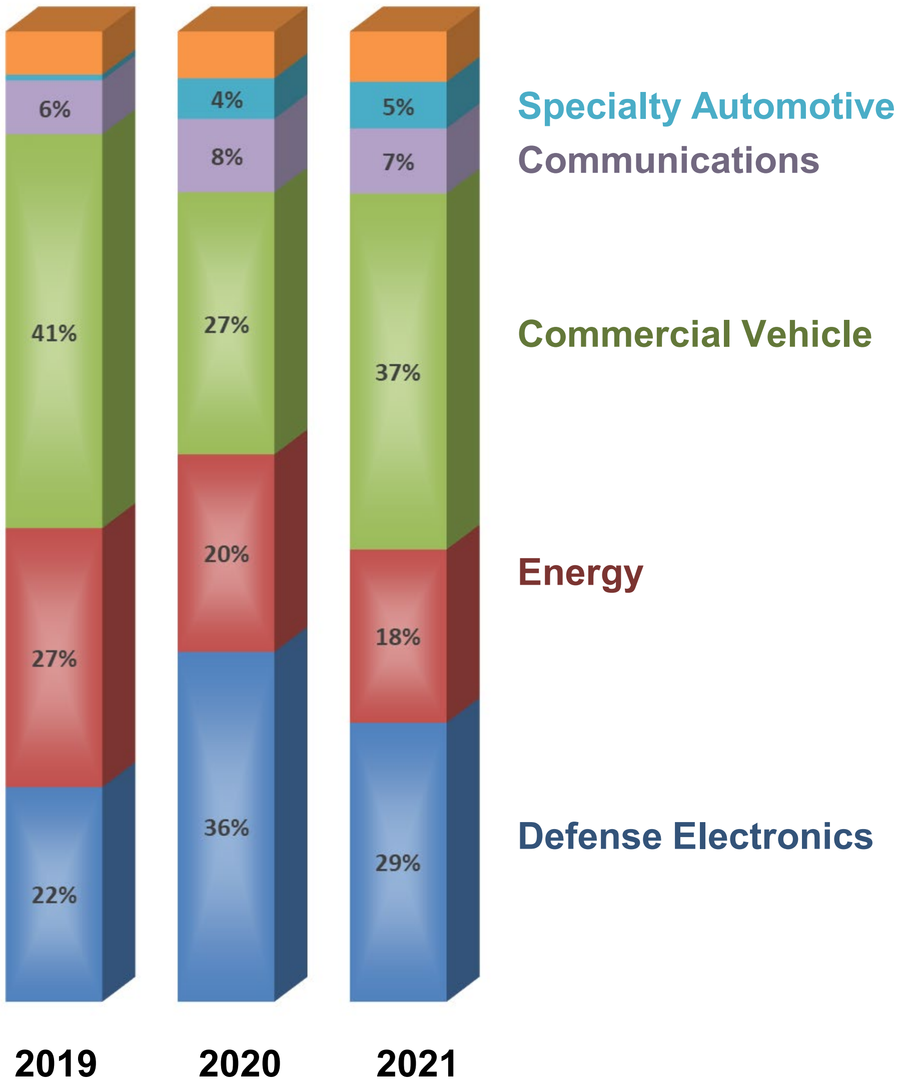


Source: Erin Duffin, Statista.com. 06/03/21

Outlook

Revenue Mix

- Revenue is expected to increase 30-35% YOY, resulting in a slight change in mix
- New programs and the strength of the Commercial Vehicle market are expected to expand its share in 2021
- The future growth of Defense Electronics is forecast to expand its share of the portfolio
- Energy is expected to grow, but will decline slightly as a percent of the total due to the strength of the 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 30-35% growth in the top line for 2021 on a YOY basis
  - The commercial vehicle market is forecast to expand 34.6% in 2021 and an additional 24.6% in 2022; new program awards are expected to add further growth to 2022
  - 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
- Operating results are expected to accelerate further during the second half of 2021, resulting in strong YOY comparisons
  - Revenue outlook supports further meaningful expansion
  - Gross margin is forecast to grow 300-400 bps as the top line continues to increase

Financial Review

Second Quarter 2021

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Anthony C. Allen
Vice President & CFO

2Q Financial Results

$ millions except per share data	2Q 2021			2Q 2020	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 26.0	$ 17.1	$ 8.8	$ 17.2	$ 8.8
Gross Margin	16.6%	14.6%	20.4%	12.4%	420 bps
Operating Income (Loss)	$ 0.9	$ 1.3	$ 0.8	$ (0.9)	$ 1.8
Net Income (Loss)	$ 3.8			$ (0.3)	$ 4.2
EPS	$ 0.17			$ (0.02)	$ 0.19

- Consolidated revenue up 51.4%, driven by higher shipments at ST
- Gross margin of 16.6% up 420 bps over the prior year, with both segments reporting margin expansion
- ST revenue growth driven primarily by strong demand from the commercial vehicle market; Gross margin increased to 14.6% from 3.1% in 2020
- SE revenue down $0.9 million due to the tapering down on a limited rate production contract for a key program that is expected to ramp up late in Q3; Gross margin increased to 20.4% from 19.5% in 2020
- Net income up $4.2 million YOY, or $0.19 per diluted share; Includes $3.6 million gain from PPP loan forgiveness

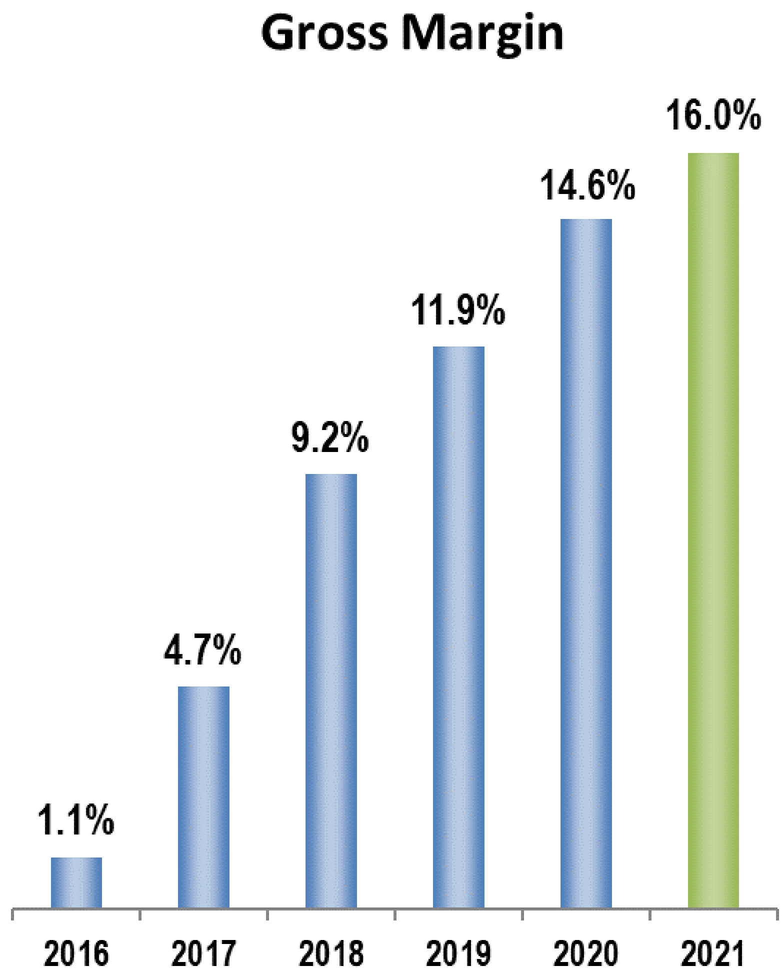
1H Financial Results

$ millions except per share data	1H 2021			1H 2020	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 46.0	$ 30.3	$ 15.6	$ 39.6	$ 6.4
Gross Margin	13.3%	12.1%	15.7%	14.8%	(150) bps
Operating Income (Loss)	$ (0.2)	$ 1.4	$ 0.7	$ (0.6)	$ 0.4
Net Income (Loss)	$ 2.2			$ (0.7)	$ 2.8
EPS	$ 0.10			$ (0.03)	$ 0.13

- Consolidated revenue up 16.1% and gross profit up $0.3 million
- ST revenue up $9.2 million, or 43.3% YOY, driven by growth from the commercial vehicle market partially offset by lower energy product sales
- ST gross margin down slightly due to revenue mix and additional equipment maintenance expense in support of expected revenue increase; Gross profit up $1.0 million
- SE revenue down $2.7 million due to a customer design change and the timing of material receipts to resolve the change and the completion of a limited rate production contract for a key program
- SE gross margin down due to decrease in revenue and unfavorable revenue mix
- Net income up $2.8 million YOY, or $0.13 per diluted share

Gross Margin Performance

- 2Q gross margin of 16.6% up 750 bps from 1Q and 420 bps YOY
- Updated outlook for 2H gross margin to increase 300-400 bps YOY
- Margin improvement expected for both segments in second half as revenues increase and efficiencies improve
- Class 8 production forecast, recent contract awards and favorable market conditions support revenue outlook for 2H 2021
- Diversification and increasing value-add content to our customers provides margin upside opportunities beyond 2021



Key Takeaways

- Consolidated revenue increased 51.4% YOY, gross margin improved 420 bps and PPP forgiveness contributed to EPS of $0.17 for 2Q
- Sypris Electronics backlog up 29.3% YOY and 51.9% YTD, driven by the strength of orders in the first half of 2021; long-term outlook for defense spending remains positive
- Class 8 production expected to increase 34.6% in 2021 and an additional 24.6% in 2022
- Energy products backlog up 56.4% YOY and 32.3% YTD; 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
  - 30-35% growth in revenue; 300-400 bps increase in 2H gross margin over the comparable period of 2020
  - Cash flow from operations expected to improve on improved profitability and working capital management
- With a strong backlog and favorable markets, we look forward to the remainder of 2021 with optimism