

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 16, 2023**

**Sypris Solutions, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-24020  
(Commission  
File Number)

61-1321992  
(I.R.S. Employer  
Identification No.)

101 Bullitt Lane, Suite 450  
Louisville, Kentucky  
(Address of Principal  
Executive Offices)

40222  
(Zip Code)

Registrant's telephone number, including area code: **(502) 329-2000**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, \$0.01 par value per share | SYPR              | The Nasdaq Global Select Market           |

## Section 2 – Financial Information

### Item 2.02 Results of Operations and Financial Condition.

On March 16, 2023, Sypris Solutions, Inc. (the “Company”) announced its financial results for the fourth quarter and year ended December 31, 2022. The full text of the press release is set forth in Exhibit 99 hereto. The Company has also released certain supplemental financial information that can be accessed through the Company’s website at <http://www.sypris.com>.

The information in this Form 8-K and the attached Exhibit is being furnished pursuant to Item 2.02 “Results of Operations and Financial Condition” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

## Section 7 – Regulation FD

### Item 7.01 Regulation FD Disclosure.

On March 16, 2023, Sypris Solutions, Inc. (the “Company”) announced its financial results for the fourth quarter and year ended December 31, 2022. The full text of the press release is set forth in Exhibit 99 hereto. The Company has also released certain supplemental financial information that can be accessed through the Company’s website at <http://www.sypris.com>.

On March 7, 2023, the Company’s Board of Directors determined the 2023 Annual Meeting of Stockholders will be held on May 11, 2023, at 11:00 a.m. Eastern Time in Louisville, Kentucky.

The information in this Form 8-K and the attached Exhibit as well as the supplemental information referenced above is being furnished pursuant to Item 7.01 “Regulation FD Disclosure” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

## Section 9 – Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description of Exhibit</u>                        |
|-----------------------|--|
| <a href="#">99</a>    | <a href="#">Press release issued March 16, 2023.</a> |

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 16, 2023

**Sypris Solutions, Inc.**

By: /s/ Richard L. Davis

Richard L. Davis

Vice President & Chief Financial Officer

## Sypris Reports Fourth Quarter Results

### Backlog Up 117%; 2023 Outlook Raised

LOUISVILLE, Ky.--(BUSINESS WIRE)--March 16, 2023--Sypris Solutions, Inc. (Nasdaq/GM: SYPR) today reported financial results for its fourth quarter and full-year ended December 31, 2022.

#### HIGHLIGHTS

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- Consolidated revenue for the quarter increased 15.2% year-over-year and 17.9% sequentially driven by continued expansion across the business.
  - Gross profit rose 4.3% from the prior-year period and 133.0% sequentially.
  - Earnings for the period of \$0.01 per diluted share represented an \$0.11 per share increase sequentially from the third quarter of 2022.
  - Orders increased 102.7% year-over-year and 71.3% sequentially, while backlog jumped 117.3% and 16.9%, respectively.
  - Quarterly revenue for Sypris Electronics increased 13.2% year-over-year and 52.9% sequentially. Gross profit rose 14.4% and 164.1%, respectively, while backlog increased 119.5%, or \$64.5 million, to \$118.5 million from the prior year end.
  - Quarterly revenue for Sypris Technologies increased 16.6% year-over-year and 1.0% sequentially. Orders for energy products rose 71.4% when compared to the prior-year period, while backlog increased 75.6% from the prior year end.
  - During the quarter, Sypris Electronics announced an amendment to an existing multi-year supply agreement to increase deliveries 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, representing a 39.5% increase in potential volume compared to the original base contract. Sypris also received releases for the first year of production with shipments scheduled to begin in 2023.
  - Sypris Electronics also announced a follow-on award from a U.S. DOD prime contractor for a secure communications infrastructure program. Sypris will produce and test the embedded circuit card assemblies that will perform certain cryptographic functions for the Army Key Management System. Production is expected to begin in 2023.
  - Subsequent to quarter end, Sypris Electronics announced that it had received an award to produce and test electronic interface modules for a U.S. Department of Defense missile weapons system as part of an ongoing modernization program. Production is expected to begin in 2023.
  - On March 7, Sypris Technologies announced that it had entered into an amendment to its existing supply agreement with Detroit Diesel Corporation, a subsidiary of Daimler Truck North America, to produce a new series of part numbers for driveline components for use in Detroit® Diesel-branded drive axles. The components to be produced by Sypris will be essential to the performance of the drive axles of Freightliner® heavy-duty trucks. Production is expected to begin in 2023.
  - The Company raised its outlook for 2023, with revenue now expected to increase 25-30% year-over-year, reflecting the continued momentum of new contract awards and strong backlog across many of the Company's markets. We expect margins to expand 175-225 basis points year-over-year and cash flow from operations to be solid, reflecting the positive impact of earnings growth.
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“We were pleased with our fourth quarter performance, as we continued to expand across all segments of our business. Material shortages and supply chain disruptions are abating, and our focus is clearly on meeting the growing demand of our customers. We have reached the inflection point, with future shipments now expected to reflect the impact of our growing backlog,” commented Jeffrey T. Gill, President and Chief Executive Officer.

“Backlog for Sypris Electronics continued to increase on both a year-over-year and sequential basis, resulting in our largest book of business in over a decade. The record \$118 million backlog is expected to support revenue growth through 2024. Customer funding has already been secured for a portion of these key programs, which enables us to procure inventory under multi-year purchase orders to mitigate future supply chain issues.

“Overall demand from customers serving the automotive, commercial vehicle, sport utility and off-highway markets has remained somewhat stable, with new product line shipments offsetting headwinds for automotive and commercial vehicle components as our customers adjust inventory levels to align with OEM build schedules. While we continue to experience volatility within this market, current forecasts are predicting that 2023-2027 will be the strongest five years ever experienced by the North American Class 8 truck market.

“We continue to invest in new equipment, maintain or upgrade existing assets, and drive continuous improvement initiatives to add capacity and support more cost-efficient operations in the future. The successful extension of long-term contracts with two of our key Sypris Technologies’ customers during the year supports our revenue base and provides opportunities to expand these relationships in the coming years.

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“Orders for our energy products during the fourth quarter increased 71% year-over-year, with open quotes outstanding on several large projects. Additional opportunities for growth may exist with new projects in support of increasing rig counts over pre-pandemic levels. We are also actively pursuing applications for our products in adjacent markets to further diversify our industry and customer portfolios.”

#### **Fourth Quarter and Full-Year Results**

The Company reported revenue of \$29.7 million for the fourth quarter ended December 31, 2022, compared to \$25.8 million for the prior-year period. Net income was \$0.1 million, or \$0.01 per diluted share, compared to \$0.4 million, or \$0.02 per diluted share, for the prior-year period.

For the full-year 2022, the Company reported revenue of \$110.1 million compared with \$97.4 million for the prior-year period. The Company reported a net loss of \$2.5 million, or \$0.11 per share, for 2022 compared with net income of \$2.9 million, or \$0.13 per diluted share, for the prior-year period. Results for 2021 include the recognition of a \$3.6 million gain on the forgiveness of the Company’s PPP loan.

#### **Sypris Technologies**

Revenue for Sypris Technologies increased to \$17.2 million in the fourth quarter of 2022, compared to \$14.7 million for the prior-year period. Increased shipments of energy components and steel price increase pass-throughs contributed to the increase. These increases were partially offset by lower shipment volume to the commercial vehicle market due to inventory rebalancing at year-end. Gross profit for the fourth quarter of 2022 was \$2.2 million, or 12.9% of revenue, compared to \$2.3 million, or 15.8% of revenue, for the same period in 2021. In addition to the change in revenue mix, gross profit for the fourth quarter of 2022 was impacted by production inefficiencies driven by volatile customer demand schedules and inflation.

#### **Sypris Electronics**

Revenue for Sypris Electronics increased to \$12.5 million in the fourth quarter of 2022 compared to \$11.1 million for the prior-year period. The increase in revenue for the three months ended December 31, 2022, was primarily due to the ramping of production under a follow-on program along with increased shipments for a communications program. Supply chain constraints partially offset these gains, limiting shipments on certain other programs during the period. Gross profit for the fourth quarter of 2022 was \$2.4 million, or 18.9% of revenue, compared to \$2.1 million, or 18.7% of revenue, for the same period in 2021 due to the higher volumes.

#### **Outlook**

Commenting on the future, Mr. Gill added, “While challenging supply chain conditions impacted our 2022 results, demand from customers serving the automotive, commercial vehicle and sport utility markets has remained at high levels. Similarly, demand from customers in the defense and communications sector remains robust, while the outlook for the energy market continues to move in the right direction.

“Our record backlog, new program wins and long-term contract extensions are expected to support continued revenue and earnings growth during 2023. We now expect revenue to increase 25-30% year-over-year as a result of the combined strength of our backlog for Sypris Electronics, increasing orders for our energy products and anticipated new program wins for Sypris Technologies’ commercial vehicle product line. We also continue to expect to achieve gross margin expansion in the range of 175 to 225 basis points and cash flow from operations is expected to remain positive for the year.

#### **Webcast and Conference Call Information**

Sypris Solutions will host a listen only conference call to discuss the Company's financial results today, March 16, 2023, at 9:00 a.m. (Eastern Time). To listen to the call, participants should dial (833) 316-0560 approximately 10 minutes prior to the start of the call (ask to be joined into the Sypris Solutions, Inc. call).

The live broadcast of Sypris’ quarterly conference call will also be available online at [www.sypris.com](http://www.sypris.com) on March 16, 2023, beginning at 9:00 a.m. (Eastern Time). The online replay will be available at approximately 11:00 a.m. (Eastern Time) and continue for 30 days. Related presentation materials will be posted to the “Investor Information” section of the Company’s website at [www.sypris.com](http://www.sypris.com), located under the sub-heading “Upcoming Events,” prior to the call.

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## About Sypris Solutions

Sypris Solutions is a diversified manufacturing and engineering services company serving the defense, transportation, communications, and energy industries. For more information about Sypris Solutions, visit its Web site at [www.sypris.com](http://www.sypris.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 or require us to sell assets to fund operating losses; 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; 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; dependence on, retention or recruitment of key employees and highly skilled personnel and distribution of our human capital; 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”; 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 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; our failure to successfully win new business or develop new or improved products or new markets for our products; risks of foreign operations; currency exchange rates; inflation; 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; the costs of compliance with our auditing, regulatory or contractual obligations; labor relations; strikes; union negotiations; costs associated with environmental claims relating to properties previously owned; pension valuation, health care or other benefit costs; 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; 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; 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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**SYPRIS SOLUTIONS, INC.**  
**Financial Highlights**  
(In thousands, except per share amounts)

|                                      | <b>Three Months Ended</b> |                     |    |             |
|--------------------------------------|---------------------------|---------------------|----|-------------|
|                                      | <b>December 31,</b>       |                     |    |             |
|                                      | <b>2022</b>               |                     |    | <b>2021</b> |
|                                      |                           | <b>(Unaudited)</b>  |    |             |
| Revenue                              | \$                        | 29,712              | \$ | 25,800      |
| Net income                           | \$                        | 140                 | \$ | 436         |
| Income per common share:             |                           |                     |    |             |
| Basic                                | \$                        | 0.01                | \$ | 0.02        |
| Diluted                              | \$                        | 0.01                | \$ | 0.02        |
| Weighted average shares outstanding: |                           |                     |    |             |
| Basic                                |                           | 21,759              |    | 21,694      |
| Diluted                              |                           | 21,759              |    | 22,941      |
|                                      |                           | <b>Year Ended</b>   |    |             |
|                                      |                           | <b>December 31,</b> |    |             |
|                                      | <b>2022</b>               |                     |    | <b>2021</b> |
|                                      |                           | <b>(Unaudited)</b>  |    |             |
| Revenue                              | \$                        | 110,121             | \$ | 97,434      |
| Net (loss) income                    | \$                        | (2,494)             | \$ | 2,923       |
| (Loss) income per common share:      |                           |                     |    |             |
| Basic                                | \$                        | (0.11)              | \$ | 0.14        |
| Diluted                              | \$                        | (0.11)              | \$ | 0.13        |
| Weighted average shares outstanding: |                           |                     |    |             |
| Basic                                |                           | 21,729              |    | 21,585      |
| Diluted                              |                           | 21,729              |    | 23,001      |

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**Sypris Solutions, Inc.**  
**Consolidated Statements of Operations**  
(in thousands, except for per share data)

|   | Three Months Ended<br>December 31, |               | Year Ended<br>December 31, |                 |
|---|------------------------------------|---------------|----------------------------|-----------------|
|   | 2022                               | 2021          | 2022                       | 2021            |
|   | (Unaudited)                        |               | (Unaudited)                |                 |
| Net revenue:                                    |                                    |               |                            |                 |
| Sypris Technologies                             | \$ 17,163                          | \$ 14,715     | \$ 69,259                  | \$ 61,737       |
| Sypris Electronics                              | 12,549                             | 11,085        | 40,862                     | 35,697          |
| Total net revenue                               | <u>29,712</u>                      | <u>25,800</u> | <u>110,121</u>             | <u>97,434</u>   |
| Cost of sales:                                  |                                    |               |                            |                 |
| Sypris Technologies                             | 14,947                             | 12,389        | 60,709                     | 53,622          |
| Sypris Electronics                              | 10,172                             | 9,008         | 34,559                     | 29,306          |
| Total cost of sales                             | <u>25,119</u>                      | <u>21,397</u> | <u>95,268</u>              | <u>82,928</u>   |
| Gross profit:                                   |                                    |               |                            |                 |
| Sypris Technologies                             | 2,216                              | 2,326         | 8,550                      | 8,115           |
| Sypris Electronics                              | 2,377                              | 2,077         | 6,303                      | 6,391           |
| Total gross profit                              | <u>4,593</u>                       | <u>4,403</u>  | <u>14,853</u>              | <u>14,506</u>   |
| Selling, general and<br>administrative          | <u>3,789</u>                       | <u>3,291</u>  | <u>14,489</u>              | <u>12,596</u>   |
| Operating income                                | 804                                | 1,112         | 364                        | 1,910           |
| Interest expense, net                           | 326                                | 224           | 1,110                      | 868             |
| Other expense, net                              | 145                                | 147           | 800                        | 645             |
| Forgiveness of PPP Loan and<br>related interest | -                                  | -             | -                          | (3,599)         |
| Income (loss) before taxes                      | <u>333</u>                         | <u>741</u>    | <u>(1,546)</u>             | <u>3,996</u>    |
| Income tax expense, net                         | 193                                | 305           | 948                        | 1,073           |
| Net income (loss)                               | <u>\$ 140</u>                      | <u>\$ 436</u> | <u>\$ (2,494)</u>          | <u>\$ 2,923</u> |
| Income (loss) per common share:                 |                                    |               |                            |                 |
| Basic   | \$ 0.01                            | \$ 0.02       | \$ (0.11)                  | \$ 0.14         |
| Diluted   | \$ 0.01                            | \$ 0.02       | \$ (0.11)                  | \$ 0.13         |
| Dividends declared per common<br>share          | \$ -                               | \$ -          | \$ -                       | \$ -            |
| Weighted average shares<br>outstanding:         |                                    |               |                            |                 |
| Basic   | 21,759                             | 21,694        | 21,729                     | 21,585          |
| Diluted   | 21,759                             | 22,941        | 21,729                     | 23,001          |

**Sypris Solutions, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except for share data)

|   | <b>December 31,</b> |             |
|---|---------------------|-------------|
|   | <b>2022</b>         | <b>2021</b> |
|   | <b>(Unaudited)</b>  |             |
| <b>ASSETS</b>   |                     |             |
| Current assets:   |                     |             |
| Cash and cash equivalents   | \$ 21,648           | \$ 11,620   |
| Accounts receivable, net  | 8,064               | 8,467       |
| Inventory, net  | 42,133              | 30,100      |
| Other current assets  | 8,133               | 5,868       |
| Total current assets  | 79,978              | 56,055      |
| Property, plant and equipment, net  | 15,532              | 14,140      |
| Operating lease right-of-use assets   | 4,251               | 5,140       |
| Other assets  | 4,383               | 4,170       |
| Total assets  | \$ 104,144          | \$ 79,505   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |             |
| Current liabilities:  |                     |             |
| Accounts payable  | \$ 17,638           | \$ 11,962   |
| Accrued liabilities   | 33,316              | 19,646      |
| Operating lease liabilities, current portion  | 1,168               | 1,063       |
| Finance lease obligations, current portion  | 1,102               | 983         |
| Equipment financing obligations, current portion  | 398                 | 336         |
| Note payable - related party, current portion   | 2,500               | -           |
| Total current liabilities   | 56,122              | 33,990      |
| Operating lease liabilities, net of current portion   | 3,710               | 4,878       |
| Finance lease obligations, net of current portion   | 2,536               | 3,469       |
| Equipment financing obligations, net of current portion   | 738                 | 868         |
| Note payable - related party  | 3,989               | 6,484       |
| Other liabilities   | 17,474              | 10,530      |
| Total liabilities   | 84,569              | 60,219      |
| Stockholders' equity:   |                     |             |
| Preferred stock, par value \$0.01 per share, 975,150 shares authorized;<br>no shares issued   | -                   | -           |
| Series A preferred stock, par value \$0.01 per share, 24,850 shares<br>authorized; no shares issued   | -                   | -           |
| Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares<br>authorized; no shares issued   | -                   | -           |
| Common stock, par value \$0.01 per share, 30,000,000 shares authorized;<br>22,175,664 shares issued and 22,175,645 outstanding in 2022 and<br>21,864,743 shares issued and 21,864,724 outstanding in 2021 and | 221                 | 218         |
| Additional paid-in capital  | 155,535             | 154,904     |
| Accumulated deficit   | (115,336)           | (112,842)   |
| Accumulated other comprehensive loss  | (20,845)            | (22,994)    |
| Treasury stock, 19 in 2022 and 2021   | -                   | -           |
| Total stockholders' equity  | 19,575              | 19,286      |
| Total liabilities and stockholders' equity  | \$ 104,144          | \$ 79,505   |

**Consolidated Cash Flow Statements**  
(in thousands)

|  | Year Ended   |           |
|--|--------------|-----------|
|  | December 31, |           |
|  | 2022         | 2021      |
|  | (Unaudited)  |           |
| Cash flows from operating activities:  |              |           |
| Net (loss) income  | \$ (2,494)   | \$ 2,923  |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |              |           |
| Depreciation and amortization  | 3,088        | 2,646     |
| Forgiveness of PPP Loan and related interest   |              | (3,599)   |
| Deferred income taxes  | 329          | 1,015     |
| Stock-based compensation expense   | 683          | 491       |
| Deferred loan costs recognized   | 6            | 7         |
| Net loss on the sale of assets   | -            | 11        |
| Provision for excess and obsolete inventory  | 65           | 162       |
| Non-cash lease expense   | 890          | 963       |
| Other noncash items  | (148)        | 150       |
| Contributions to pension plans   | (60)         | (297)     |
| Changes in operating assets and liabilities:   |              |           |
| Accounts receivable  | 345          | (1,265)   |
| Inventory  | (11,804)     | (13,978)  |
| Prepaid expenses and other assets  | (3,072)      | (1,314)   |
| Accounts payable   | 5,556        | 5,268     |
| Accrued and other liabilities  | 20,409       | 11,055    |
| Net cash provided by operating activities  | 13,793       | 4,238     |
| Cash flows from investing activities:  |              |           |
| Capital expenditures   | (3,041)      | (2,824)   |
| Proceeds from sale of assets   | 10           | 10        |
| Net cash used in investing activities  | (3,031)      | (2,814)   |
| Cash flows from financing activities:  |              |           |
| Principal payments on finance lease obligations  | (982)        | (499)     |
| Principal payments on equipment financing obligations                                    | (352)        | (176)     |
| Proceeds from Paycheck Protection Program loan   | -            | -         |
| Indirect repurchase of shares for minimum statutory tax withholdings                     | (49)         | (607)     |
| Net cash used in financing activities  | (1,383)      | (1,282)   |
| Effect of exchange rate changes on cash balances   | 649          | (128)     |
| Net increase in cash and cash equivalents  | 10,028       | 14        |
| Cash and cash equivalents at beginning of period   | 11,620       | 11,606    |
| Cash and cash equivalents at end of period   | \$ 21,648    | \$ 11,620 |

## Contacts

Richard L. Davis  
Vice President & Chief Financial Officer  
(502) 329-2000