



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549**

**FORM 10-Q**

(Mark One)

Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934  
For the quarterly period ended September 28, 2025

OR

Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number: 0-24020**

**SYPRIS SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**101 Bullitt Lane, Suite 450  
Louisville, Kentucky 40222**  
(Address of principal executive  
offices) (Zip code)

**61-1321992**

(I.R.S. Employer  
Identification No.)

**(502) 329-2000**

(Registrant's telephone number,  
including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SYPR	Nasdaq

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  
 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

As of November 5, 2025, the Registrant had 23,029,970 shares of common stock outstanding.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**SYPRIS SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except for per share data)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 28,</u> <u>2025</u>	<u>September 29,</u> <u>2024</u>	<u>September 28,</u> <u>2025</u>	<u>September 29,</u> <u>2024</u>
	(Unaudited)		(Unaudited)	
Net revenue	\$ 28,672	\$ 35,657	\$ 89,606	\$ 106,731
Cost of sales	26,621	29,678	81,605	92,227
Gross profit	2,051	5,979	8,001	14,504
Selling, general and administrative	3,789	4,250	11,310	12,876
Operating (expense) income	(1,738)	1,729	(3,309)	1,628
Interest expense, net	385	546	1,068	1,468
Other (income) expense, net	(2,474)	246	(2,085)	781
Income (loss) before taxes	351	937	(2,292)	(621)
Income tax (benefit) expense	(166)	547	141	1,194
Net income (loss)	<u>\$ 517</u>	<u>\$ 390</u>	<u>\$ (2,433)</u>	<u>\$ (1,815)</u>
Income (loss) per share:				
Basic	\$ 0.02	\$ 0.02	\$ (0.11)	\$ (0.08)
Diluted	\$ 0.02	\$ 0.02	\$ (0.11)	\$ (0.08)
Weighted average shares outstanding:				
Basic	22,325	22,088	22,251	22,011
Diluted	22,863	22,415	22,251	22,011
Dividends declared per common share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

The accompanying notes are an integral part of the consolidated financial statements.

**SYPRIS SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(in thousands)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2025</b>	<b>September 29, 2024</b>	<b>September 28, 2025</b>	<b>September 29, 2024</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Net income (loss)	\$ 517	\$ 390	\$ (2,433)	\$ (1,815)
Other comprehensive income (loss)				
Foreign currency translation adjustments	484	(1,335)	2,069	(3,016)
Comprehensive income (loss)	\$ 1,001	\$ (945)	\$ (364)	\$ (4,831)

The accompanying notes are an integral part of the consolidated financial statements.

**SYPRIS SOLUTIONS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except for share data)

	<u>September 28, 2025</u>	<u>December 31, 2024</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,443	\$ 9,675
Accounts receivable, net	9,015	10,593
Inventory, net	57,270	66,680
Other current assets	9,658	11,070
Total current assets	<u>84,386</u>	<u>98,018</u>
Property, plant and equipment, net	15,811	13,299
Operating lease right-of-use assets	7,694	3,749
Other assets	4,577	4,310
Total assets	<u>\$ 112,468</u>	<u>\$ 119,376</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 14,024	\$ 18,428
Accrued liabilities	35,727	57,639
Operating lease liabilities, current portion	1,053	906
Finance lease obligations, current portion	974	1,507
Equipment financing obligations, current portion	464	481
Working capital line of credit	500	500
Note payable – related party, current portion	2,000	0
Total current liabilities	<u>54,742</u>	<u>79,461</u>
Operating lease liabilities, net of current portion	6,918	3,251
Finance lease obligations, net of current portion	4,101	735
Equipment financing obligations, net of current portion	650	852
Note payable – related party, net of current portion	9,991	8,986
Other liabilities	16,112	6,510
Total liabilities	<u>92,514</u>	<u>99,795</u>
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued	0	0
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued	0	0
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued	0	0
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 23,051,483 shares issued and 23,029,970 outstanding in 2025 and 23,041,523 shares issued and 23,020,010 outstanding in 2024	230	230
Additional paid-in capital	157,717	156,980
Accumulated deficit	(121,045)	(118,612)
Accumulated other comprehensive loss	(16,948)	(19,017)
Treasury stock, 21,513 shares in 2025 and 2024	0	0
Total stockholders' equity	<u>19,954</u>	<u>19,581</u>
Total liabilities and stockholders' equity	<u>\$ 112,468</u>	<u>\$ 119,376</u>

The accompanying notes are an integral part of the consolidated financial statements.

**SYPRIS SOLUTIONS, INC.**  
**CONSOLIDATED CASH FLOW STATEMENTS**  
(in thousands)

	<b>Nine Months Ended</b>	
	<b>September 28, 2025</b>	<b>September 29, 2024</b>
	<b>(Unaudited)</b>	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,433)	\$ (1,815)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	2,128	2,449
Deferred income taxes	129	39
Stock-based compensation expense	839	660
Deferred loan costs recognized	5	6
Provision for excess and obsolete inventory	337	591
Non-cash lease expense	745	898
Net gain on sale leaseback transaction	(2,506)	0
Other noncash items	373	413
Contributions to pension plans	(219)	(580)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	1,528	(3,606)
Inventory	9,369	8,642
Other current assets	1,773	(2,116)
Accounts payable	(4,463)	(3,986)
Accrued and other liabilities	(12,218)	(1,903)
Net cash used in operating activities	<u>(4,613)</u>	<u>(308)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(373)	(666)
Proceeds from sale leaseback transaction	2,920	0
Net cash provided by (used in) investing activities	<u>2,547</u>	<u>(666)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from equipment financing obligations	0	430
Proceeds from Note payable – related party	3,000	2,500
Principal payments on finance lease obligations	(1,234)	(1,006)
Principal payments on equipment financing obligations	(266)	(471)
Indirect repurchase of shares for minimum statutory tax withholdings	(102)	(127)
Net cash provided by financing activities	<u>1,398</u>	<u>1,326</u>
Effect of exchange rate changes on cash balances	(564)	(18)
Net (decrease) increase in cash and cash equivalents	<u>(1,232)</u>	<u>334</u>
Cash and cash equivalents at beginning of period	9,675	7,881
Cash and cash equivalents at end of period	<u>\$ 8,443</u>	<u>\$ 8,215</u>
<b>Supplemental disclosure of cash flow information:</b>		
<b>Non-cash investing and financing activities:</b>		
Capital expenditures purchased through equipment financing obligations	\$ 317	\$ 0
Right-of-use asset arising from operating lease liabilities	\$ 4,691	\$ 1,592
Assets arising from finance lease liabilities	\$ 3,645	\$ 0

The accompanying notes are an integral part of the consolidated financial statements.

SYPRIS SOLUTIONS, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(in thousands)

**Three Months Ended September 28, 2025**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock
	Shares	Amount				
June 29, 2025 balance	23,029,970	\$ 230	\$ 157,443	\$ (121,562)	\$ (17,432)	\$ 0
Net income	0	0	0	517	0	0
Foreign currency translation adjustment	0	0	0	0	484	0
Exercise of stock options	0	0	0	0	0	0
Noncash compensation	0	0	274	0	0	0
Treasury stock	0	0	0	0	0	0
September 28, 2025 balance	<u>23,029,970</u>	<u>\$ 230</u>	<u>\$ 157,717</u>	<u>\$ (121,045)</u>	<u>\$ (16,948)</u>	<u>\$ 0</u>

**Three Months Ended September 29, 2024**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock
	Shares	Amount				
June 30, 2024 balance	23,024,128	\$ 230	\$ 156,675	\$ (119,137)	\$ (18,748)	\$ 0
Net income	0	0	0	390	0	0
Foreign currency translation adjustment	0	0	0	0	(1,335)	0
Exercise of stock options	48,147	0	(33)	0	0	0
Noncash compensation	0	0	222	0	0	0
Treasury stock	(50,265)	0	(92)	0	0	0
September 29, 2024 balance	<u>23,022,010</u>	<u>\$ 230</u>	<u>\$ 156,772</u>	<u>\$ (118,747)</u>	<u>\$ (20,083)</u>	<u>\$ 0</u>

**Nine Months Ended September 28, 2025**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock
	Shares	Amount				
January 1, 2025 balance	23,020,010	\$ 230	\$ 156,980	\$ (118,612)	\$ (19,017)	\$ 0
Net loss	0	0	0	(2,433)	0	0
Foreign currency translation adjustment	0	0	0	0	2,069	0
Exercise of stock options	72,006	1	(1)	0	0	0
Noncash compensation	0	0	839	0	0	0
Treasury stock	(62,046)	(1)	(101)	0	0	0
September 28, 2025 balance	<u>23,029,970</u>	<u>\$ 230</u>	<u>\$ 157,717</u>	<u>\$ (121,045)</u>	<u>\$ (16,948)</u>	<u>\$ 0</u>

**Nine Months Ended September 29, 2024**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock
	Shares	Amount				
January 1, 2024 balance	22,459,649	\$ 224	\$ 156,242	\$ (116,932)	\$ (17,067)	\$ 0
Net loss	0	0	0	(1,815)	0	0
Foreign currency translation adjustment	0	0	0	0	(3,016)	0
Issuance of restricted common stock	602,500	5	(5)	0	0	0
Exercise of stock options	75,126	1	(34)	0	0	0
Noncash compensation	15,000	0	660	0	0	0
Treasury stock	(130,265)	0	(91)	0	0	0
September 29, 2024 balance	<u>23,022,010</u>	<u>\$ 230</u>	<u>\$ 156,772</u>	<u>\$ (118,747)</u>	<u>\$ (20,083)</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the consolidated financial statements.

**(1) Nature of Business**

All references to “Sypris,” the “Company,” “we” or “our” include Sypris Solutions, Inc. and its wholly-owned subsidiaries. Sypris is a diversified provider of truck components, oil and gas pipeline components and aerospace and defense electronics. The Company produces a wide range of manufactured products, often under multi-year, sole-source contracts. The Company offers such products through its two business segments, Sypris Technologies, Inc. (“Sypris Technologies”) and Sypris Electronics, LLC (“Sypris Electronics”) (See Note 11).

**(2) Basis of Presentation**

The accompanying unaudited consolidated financial statements include the accounts of Sypris Solutions, Inc. and its wholly-owned subsidiaries and have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the SEC. Accordingly, pursuant to such rules and regulations, certain notes and other financial information included in audited financial statements have been condensed or omitted. The December 31, 2024 consolidated balance sheet data was derived from audited statements, but does not include all disclosures required by U.S. GAAP. The Company’s operations are domiciled in the United States (U.S.) and Mexico, and we serve a wide variety of domestic and international customers. All intercompany transactions and accounts have been eliminated.

These unaudited consolidated financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to fairly state the results of operations, financial position and cash flows for the periods presented, and the disclosures herein are adequate to make the information presented not misleading. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Changes in facts and circumstances could have a significant impact on the resulting estimated amounts included in our consolidated financial statements. Actual results could differ from these estimates. Actual results for the three and nine months ended September 28, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements, and notes thereto, for the year ended December 31, 2024 as presented in the Company’s Annual Report on Form 10-K.

**(3) Recent Accounting Pronouncements**

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40), which requires public entities to disclose detailed components of income statement expenses, such as inventory purchases, employee compensation, depreciation and amortization within relevant expense captions. Companies are also required to explain amounts not disaggregated and define and disclose total selling expenses. The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. We are currently evaluating the impact of the guidance on our financial statement disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280). The guidance requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. Additionally, it requires a public entity to disclose the title and position of the Chief Operating Decision Maker (CODM). The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. We adopted the new standard effective December 31, 2024. As a result, we have enhanced our segment disclosures to include the disclosure of our CODM. The adoption of this ASU affects only our disclosures, with no impacts to our financial condition and results of operations.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. This guidance requires disaggregated income tax disclosures on the rate reconciliation and income taxes paid. The guidance becomes effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the guidance on our financial statement disclosures.

No other new accounting pronouncement issued or effective during the fiscal year had, or is expected to have, a material impact on our Consolidated Financial Statements.

#### **(4) Leases**

The Company determines if an arrangement is a lease at its inception. The Company has entered into operating leases for real estate. These leases have initial terms which range from 10 years to 20 years and often include one or more options to renew. These renewal terms can extend the lease term by 5 years and will be included in the lease term when it is reasonably certain that the Company will exercise the option. The Company's existing leases do not contain significant restrictive provisions; however, certain leases contain provisions for payment of real estate taxes, insurance and maintenance costs by the Company. The lease agreements do not contain any residual value guarantees. Some of the real estate lease agreements include periods of rent holidays and payments that escalate over the lease term by specified amounts. All operating lease expenses are recognized on a straight-line basis over the lease term. For finance leases, interest expense is recognized on the lease liability and the right-of-use asset is amortized over the lease term.

Some leases may require variable lease payments based on factors specific to the individual agreements. Variable lease payments for which we are typically responsible include real estate taxes, insurance and common area maintenance expenses based on the Company's pro-rata share, which are excluded from the measurement of the lease liability. Additionally, one of the Company's real estate leases has lease payments that adjust based on annual changes in the Consumer Price Index ("CPI"). The leases that are dependent upon CPI are initially measured using the index or rate at the commencement date and are included in the measurement of the lease liability. Incremental payments due to changes in the index are treated as variable lease costs and expensed as incurred.

During the three and nine months ended September 28, 2025, the Company closed on a sale leaseback transaction with an unrelated third party. Under this transaction, the Company sold its facility located in Louisville, Kentucky, with a net book value of \$414,000 for gross proceeds of \$3,200,000, which was reduced by transaction costs of \$280,000 for net cash proceeds of approximately \$2,920,000. The lease agreement has a term of 20 years, and our initial annual cash payments to the buyer-lessor are approximately \$280,000, and the payments will escalate three percent annually. The Company recognized a gain of \$2,506,000 on this transaction, which is included in other (income) expense in the consolidated statements of operations. Right-of-use assets and lease liabilities recognized related to this sale leaseback transaction were \$2,205,000.

During the three and nine months ended September 28, 2025, the Company entered into a five-year extension of its land and building in Toluca, Mexico and reassessed its expectations to exercise one additional extension. As a result, an increase in the operating right-of-use assets and operating lease liabilities recognized related to this were \$2,486,000, and the Company recognized an increase of its finance lease of \$3,645,000.

These operating leases are included in "Operating lease right-of-use assets" on the Company's consolidated balance sheets and represent the Company's right to use the underlying asset for the lease term. The Company's obligations to make lease payments are included in "Operating lease liabilities, current portion" and "Operating lease liabilities, net of current portion" on the Company's consolidated balance sheets. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As of September 28, 2025, total right-of-use assets and operating lease liabilities were approximately \$7,694,000 and \$7,971,000, respectively. As of December 31, 2024, total right-of-use assets and operating lease liabilities were approximately \$3,749,000 and \$4,157,000, respectively.

We primarily use our incremental borrowing rate, which is updated quarterly, based on the information available at commencement date, in determining the present value of lease payments. If readily available, we would use the implicit rate in a new lease to determine the present value of lease payments. The Company has certain contracts for real estate which may contain lease and non-lease components which it has elected to treat as a single lease component.

The Company has entered into various short-term operating leases, primarily for office equipment with an initial term of twelve months or less. Lease payments associated with short-term leases are expensed as incurred and are not recorded on the Company's consolidated balance sheet. The related lease expense for short-term leases was not material for the three and nine months ended September 28, 2025 and September 29, 2024.

The following table presents information related to lease expense for the three and nine months ended September 28, 2025 and September 29, 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
	(Unaudited)		(Unaudited)	
Finance lease expense:				
Amortization expense	\$ 190	\$ 185	\$ 549	\$ 586
Interest expense	34	61	118	190
Operating lease expense	367	314	1,018	980
Variable lease expense	64	88	216	260
Total lease expense	<u>\$ 655</u>	<u>\$ 648</u>	<u>\$ 1,901</u>	<u>\$ 2,016</u>

The following table presents supplemental cash flow information related to leases (in thousands):

	Nine Months Ended	
	September 28, 2025	September 29, 2024
	(Unaudited)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,304	\$ 1,258
Operating cash flows from finance leases	118	190
Financing cash flows from finance leases	1,234	1,006

The annual future minimum lease payments as of September 28, 2025 are as follows (in thousands):

	Operating Leases	Finance Leases
Next 12 months	\$ 1,510	\$ 1,495
12 to 24 months	1,859	952
24 to 36 months	1,248	870
36 to 48 months	1,052	820
48 to 60 months	1,068	695
Thereafter	9,038	3,763
Total lease payments	<u>15,775</u>	<u>8,595</u>
Less imputed interest	<u>(7,804)</u>	<u>(3,520)</u>
Total	<u>\$ 7,971</u>	<u>\$ 5,075</u>

The following table presents certain information related to lease terms and discount rates for leases as of September 28, 2025 and December 31, 2024:

	September 28, 2025	December 31, 2024
	(Unaudited)	
Weighted-average remaining lease term (years):		
Operating leases	11.0	5.2
Finance leases	8.1	1.7
Weighted-average discount rate (percentage):		
Operating leases	11.9	8.4
Finance leases	12.6	8.7

## (5) Revenue from Contracts with Customers

The Company recognizes revenue when it satisfies a performance obligation by transferring control of a promised product or rendering a service to a customer. The amount of revenue recognized reflects the consideration the Company expects to be entitled to in exchange for the product or service (the “transaction price”). The Company’s transaction price in its contracts with customers is generally fixed; no payment discounts, rebates or refunds are included within its contracts. The Company also does not provide service-type warranties, nor does it allow customer returns. In connection with the sale of various parts to customers, the Company is subject to typical assurance warranty obligations covering the compliance of the electronics parts produced to agreed-upon specifications. Customer returns, when they occur, relate to quality rework issues and are not connected to any repurchase obligation of the Company.

A performance obligation is a promise in a contract to transfer a distinct product or render a service to a customer and is the unit of account to which the transaction price is allocated under ASC 606. When a contract contains multiple performance obligations, we allocate the transaction price to the individual performance obligations using the price at which the promised goods or services would be sold to customers on a standalone basis. For most sales within our Sypris Technologies segment and a portion of sales within Sypris Electronics, control transfers to the customer at a point in time. Indicators that control has transferred to the customer include the Company having a present right to payment, the customer obtaining legal title and the customer having the significant risks and rewards of ownership. The Company’s principal terms of sale are FOB Shipping Point, or equivalent, and, as such, the Company primarily transfers control and records revenue for product sales upon shipment.

For contracts where Sypris Electronics serves as a contractor for aerospace and defense companies under federally funded programs, we generally recognize revenue over time as we perform because of continuous transfer of control to the customer. This continuous transfer of control to the customer is supported by clauses in the contracts that allow the customer to unilaterally terminate the contract for convenience, pay us for costs incurred plus a reasonable profit and take control of any work in process. Because control is transferred over time, revenue and gross profit is recognized based on the extent of progress towards completion of the performance obligation. We use labor hours incurred as a measure of progress for these contracts because it best depicts the Company’s performance of the obligation to the customer, which occurs as we incur labor on our contracts. Under this measure of progress, the extent of progress towards completion is measured based on the ratio of labor hours incurred to date to the total estimated labor hours at completion of the performance obligation.

Some of Sypris Electronics’ contractual arrangements with customers are for one year or less. For the remaining population of contracts greater than one year we had \$76,946,000 of remaining performance obligations as of September 28, 2025, all of which were long-term Sypris Electronics’ contracts. Approximately 21% of our remaining performance obligations have deliveries scheduled in 2025, 67% in 2026 and the balance in 2027.

### *Disaggregation of Revenue*

The following table summarizes revenue from contracts with customers for the three and nine months ended September 28, 2025 and September 29, 2024:

	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
	(Unaudited)		(Unaudited)	
Sypris Technologies – transferred point in time	\$ 11,534	\$ 19,469	\$ 39,204	\$ 55,660
Sypris Electronics – transferred point in time	3,892	2,791	9,478	10,151
Sypris Electronics – transferred over time	13,246	13,397	40,924	40,920
	<u>\$ 28,672</u>	<u>\$ 35,657</u>	<u>\$ 89,606</u>	<u>\$ 106,731</u>

### *Contract Balances*

Differences in the timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets) and deferred revenue, customer deposits and billings in excess of revenue recognized (contract liabilities) on the consolidated balance sheets.

*Contract assets* – Contract assets include unbilled amounts typically resulting from sales under contracts where revenue is recognized over time and revenue recognized exceeds the amount billed to the customer, and the right to payment is subject to conditions other than the passage of time. Contract assets are generally classified as current assets in the consolidated balance sheet. The balance of contract assets as of September 28, 2025 and December 31, 2024 were \$3,365,000 and \$4,663,000, respectively, and are included within other current assets in the accompanying consolidated balance sheets.

*Contract liabilities* – Some of the Company’s contracts within Sypris Electronics are billed as work progresses in accordance with the contract terms and conditions, either at periodic intervals or upon achievement of certain milestones. Often this results in billing occurring prior to revenue recognition resulting in contract liabilities. Additionally, the Company occasionally receives cash payments from customers in advance of the Company’s performance resulting in contract liabilities. These contract liabilities are classified as either current or long-term in the consolidated balance sheet based on the timing of when the Company expects to recognize revenue. As of September 28, 2025, the contract liabilities balance was \$42,436,000, of which \$29,306,000 was included within accrued liabilities and \$13,130,000 was included within other liabilities in the accompanying consolidated balance sheets. As of December 31, 2024, the contract liabilities balance was \$54,375,000, of which \$50,430,000 was included within accrued liabilities and \$3,945,000 was included within other liabilities in the accompanying consolidated balance sheets. Payments received from customers in advance of revenue recognition are not considered to be significant financing components because they are used to meet working capital demands that can be higher in the early stages of a contract.

The Company recognized revenue from contract liabilities of \$9,620,000 and \$28,485,000 during the three and nine months ended September 28, 2025, respectively. The Company recognized revenue from contract liabilities of \$8,889,000 and \$22,925,000 during the three and nine months ended September 29, 2024, respectively.

*Practical expedients and exemptions*

Sales commissions are expensed when incurred because the amortization period would have been one year or less. These costs are recorded in selling, general and administrative expense in the consolidated statements of operations.

We do not disclose the value of unsatisfied performance obligations for contracts with original expected lengths of one year or less.

**(6) Earnings (Loss) Per Common Share**

The Company computes earnings per share using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and participating securities. Restricted stock awards granted by the Company are considered a participating security since it contains a non-forfeitable right to dividends.

Our potentially dilutive securities include potential common shares related to our stock options, restricted stock awards and restricted stock units. Diluted earnings per share considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect. Diluted earnings per share excludes the impact of common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our common stock for the period. There were 1,057,000 potential common shares excluded from diluted earnings per share for the three months ended September 28, 2025 and 1,054,000 potential common shares excluded from diluted earnings per share for the three months ended September 29, 2024. For the nine months ended September 28, 2025 and the three and nine months ended September 29, 2024, diluted weighted average common shares do not include the impact of any outstanding stock options and unvested compensation-related shares because the effect of these items on diluted net loss would be anti-dilutive.

A reconciliation of the weighted average shares outstanding used in the calculation of basic and diluted income (loss) per common share is as follows (in thousands):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2025</b>	<b>September 29, 2024</b>	<b>September 28, 2025</b>	<b>September 29, 2024</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
<b>Income (loss) attributable to stockholders:</b>				
Net income (loss) as reported	\$ 517	\$ 390	\$ (2,433)	\$ (1,815)
Less distributed and undistributed earnings allocable to restricted award holders	(16)	(15)	0	0
Net income (loss) allocable to common stockholders	<u>\$ 501</u>	<u>\$ 375</u>	<u>\$ (2,433)</u>	<u>\$ (1,815)</u>
<b>Income (loss) per common share attributable to stockholders:</b>				
Basic	\$ 0.02	\$ 0.02	\$ (0.11)	\$ (0.08)
Diluted	\$ 0.02	\$ 0.02	\$ (0.11)	\$ (0.08)
Weighted average shares outstanding – basic	22,325	22,088	22,251	22,011
Weighted average additional shares assuming conversion of potential common shares	538	327	0	0
Weighted average shares outstanding – diluted	<u>22,863</u>	<u>22,415</u>	<u>22,251</u>	<u>22,011</u>

**(7) Inventory**

Inventory consists of the following (in thousands):

	<b>September 28, 2025</b>	<b>December 31, 2024</b>
	<b>(Unaudited)</b>	
Raw materials	\$ 49,700	\$ 58,733
Work in process	8,463	8,629
Finished goods	1,483	1,562
Reserve for excess and obsolete inventory	(2,376)	(2,244)
Total	<u>\$ 57,270</u>	<u>\$ 66,680</u>

**(8) Property, Plant and Equipment**

Property, plant and equipment consists of the following (in thousands):

	<b>September 28, 2025</b>	<b>December 31, 2024</b>
	<b>(Unaudited)</b>	
Land and land improvements	\$ 0	\$ 43
Buildings and building improvements	6,359	7,781
Machinery, equipment, furniture and fixtures	70,981	67,636
Construction in progress	517	870
	<u>77,857</u>	<u>76,330</u>
Accumulated depreciation	(62,046)	(63,031)
	<u>\$ 15,811</u>	<u>\$ 13,299</u>

(9) **Debt**

Debt outstanding consists of the following (in thousands):

	<u>September 28, 2025</u>	<u>December 31, 2024</u>
	<u>(Unaudited)</u>	
<b>Current:</b>		
Finance lease obligation, current portion	\$ 974	\$ 1,507
Equipment financing obligations, current portion	464	481
Working capital line of credit	500	500
Note payable – related party, current portion	2,000	0
Current portion of long-term debt and finance lease obligations	<u>\$ 3,938</u>	<u>\$ 2,488</u>
<b>Long Term:</b>		
Finance lease obligation	\$ 4,101	\$ 735
Equipment financing obligations	650	852
Note payable – related party	10,000	9,000
Less unamortized debt issuance and modification costs	(9)	(14)
Long-term debt and finance lease obligations net of unamortized debt costs	<u>\$ 14,742</u>	<u>\$ 10,573</u>

*Note Payable – Related Party*

The Company has received the benefit of cash infusions from Gill Family Capital Management, Inc. (“GFCM”) in the form of secured promissory note obligations totaling \$12,000,000 in principal as of September 28, 2025 and \$9,000,000 as of December 31, 2024 (the “Note”). GFCM is an entity controlled by the Company’s Chairman, President and Chief Executive Officer, Jeffrey T. Gill, and one of our directors, R. Scott Gill. GFCM, Jeffrey T. Gill and R. Scott Gill are significant beneficial stockholders of the Company. As of September 28, 2025, our principal commitment under the Note was \$2,000,000 due on April 1, 2026, \$2,000,000 on April 1, 2027, \$5,000,000 on April 1, 2028 and the balance of \$3,000,000 due on April 1, 2029. Interest on the Note is reset on April 1 of each year, at the greater of 8.0% or 500 basis points above the five-year Treasury note average during the preceding 90-day period, in each case, payable quarterly, which was 9.25% as of September 28, 2025. The Note allows for a deferral of payment for up to 100% of the interest due on the Note to April 1, 2026. The total amount of interest on the Note deferred as of September 28, 2025 was \$1,641,000.

During the first quarter of 2025, the Company amended the Note to increase the principal amount by \$3,000,000, which is due on April 1, 2029. The amendment increased the aggregate amount previously loaned by GFCM to the Company from \$9,000,000 to \$12,000,000. This additional amount loaned to the Company in the first quarter of 2025 was approved by the Audit Committee and provided the Company necessary liquidity.

Obligations under the Note are guaranteed by all of the subsidiaries and are secured by a first priority lien on substantially all assets of the Company, including those in Mexico.

*Finance Lease Obligations*

As of September 28, 2025, the Company had \$5,075,000 outstanding under finance lease obligations for both property and machinery and equipment with maturities through 2036 and a weighted average interest rate of 12.6%.

## Equipment Financing Obligations

As of September 28, 2025, the Company had \$1,114,000 outstanding under equipment financing facilities, with a weighted average interest rate of 6.9% and payments due through 2030. Payments on the Company's equipment financing obligations are due as follows (in thousands):

Next 12 months	\$	529
12 to 24 months		427
24 to 36 months		227
36 to 48 months		23
48 to 60 months		19
Thereafter		0
Total payments		1,225
Less imputed interest		(111)
Total equipment financing obligations	\$	1,114

### (10) Derivative Financial Instruments

During the year ended December 31, 2024, the Company's Sypris Technologies segment entered into Mexican Peso ("MXP") put option contracts to manage a portion of the foreign currency exchange risk on forecasted expenses denominated in MXP. The contracts meet the definition of a derivative subject to the guidance of ASC 815, do not qualify for hedge accounting, and accordingly are recognized at fair value, with changes in fair value recognized in earnings in other expense, net. The contracts have a notional amount of \$4,800,000 as of September 28, 2025 and \$18,700,000 as of December 31, 2024 and expire at various dates through December 31, 2025. The Company does not use hedging arrangements for speculative purposes. There can be no assurance the hedges will fully offset the financial impact resulting from movements in foreign currency exchange rates.

The fair value of these derivative financial instruments is determined using level 2 inputs (inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability) in the fair value hierarchy as the fair value is based on publicly available foreign exchange and interest rates at each financial reporting date. The fair value of the non-designated foreign exchange contracts as of September 28, 2025 and December 31, 2024 was \$477,000 and \$157,000, respectively, and is included in other current assets in the Consolidated Balance Sheets.

### (11) Segment Data

The Company is organized into two business segments, Sypris Technologies and Sypris Electronics. Our Chief Executive Officer (CEO) serves as our Chief Operating Decision Maker (CODM) and is responsible for reviewing segment performance and making decisions regarding resource allocation. Our CODM evaluates each segment's performance based on metrics such as net revenue, gross profit, operating income and other key financial indicators, guiding strategic decisions to align with company-wide goals. On a monthly basis, the CODM considers budget-to-actual variances for gross profit and operating income when making decisions about allocating capital to the segments. The segments are each managed separately because of the distinctions between the products, markets, customers, technologies, and workforce skills of the segments. Sypris Technologies generates revenue primarily from the sale of forged, machined, welded and heat-treated steel components primarily for the heavy commercial vehicle and high-pressure energy pipeline applications. Sypris Electronics provides circuit card and box build manufacturing, high reliability manufacturing, systems assembly and integration, design for manufacturability and design to specification work to customers in the market for aerospace and defense, communications and space electronics. There was no intersegment net revenue recognized for any year presented.

The Company includes the unallocated costs of its corporate office, including the employment costs of its senior management team and other corporate personnel, administrative costs and net corporate interest expense incurred at the corporate level under the caption "General, corporate and other" in the table below. Such unallocated costs include those for centralized information technology, finance, legal and human resources support teams, certain professional fees, director fees, corporate office rent, certain self-insurance costs and recoveries, software license fees and various other administrative expenses that are not allocated to our reportable segments. The unallocated assets include cash and cash equivalents maintained in its domestic treasury accounts and the net book value of corporate facilities and related information systems. The unallocated liabilities consist primarily of the related party notes payable. Domestic income taxes are calculated at an entity level and are not allocated to our reportable segments. Corporate capital expenditures and depreciation and amortization include items attributable to the unallocated fixed assets of the corporate office and related information systems.

The following table presents financial information for the reportable segments of the Company (in thousands):

	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
	(Unaudited)		(Unaudited)	
Net revenue from unaffiliated customers:				
Sypris Technologies	\$ 11,534	\$ 19,469	\$ 39,204	\$ 55,660
Sypris Electronics	17,138	16,188	50,402	51,071
Total net revenue	<u>\$ 28,672</u>	<u>\$ 35,657</u>	<u>\$ 89,606</u>	<u>\$ 106,731</u>
Gross profit:				
Sypris Technologies	\$ 870	\$ 3,661	\$ 5,120	\$ 8,431
Sypris Electronics	1,181	2,318	2,881	6,073
Total gross profit	<u>\$ 2,051</u>	<u>\$ 5,979</u>	<u>\$ 8,001</u>	<u>\$ 14,504</u>
Operating (expense) income:				
Sypris Technologies	\$ (633)	\$ 2,236	\$ 583	\$ 4,131
Sypris Electronics	200	1,137	(267)	2,239
General, corporate and other	(1,305)	(1,644)	(3,625)	(4,742)
Total operating (expense) income	<u>\$ (1,738)</u>	<u>\$ 1,729</u>	<u>\$ (3,309)</u>	<u>\$ 1,628</u>
Interest expense, net:				
Sypris Technologies	\$ 51	\$ 63	\$ 145	\$ 191
Sypris Electronics	49	321	140	719
General, corporate and other	285	162	783	558
Total interest expense, net	<u>\$ 385</u>	<u>\$ 546</u>	<u>\$ 1,068</u>	<u>\$ 1,468</u>
Other (income) expense, net:				
Sypris Technologies	\$ (2,464)	\$ 252	\$ (2,061)	\$ 801
Sypris Electronics	(10)	(6)	(18)	(14)
General, corporate and other	0	0	(6)	(6)
Total other (income) expense, net	<u>\$ (2,474)</u>	<u>\$ 246</u>	<u>\$ (2,085)</u>	<u>\$ 781</u>
Income (loss) before taxes:				
Sypris Technologies	\$ 1,868	\$ 1,984	\$ 2,756	\$ 3,322
Sypris Electronics	160	822	(391)	1,533
General, corporate and other	(1,677)	(1,869)	(4,657)	(5,476)
Total income (loss) before taxes	<u>\$ 351</u>	<u>\$ 937</u>	<u>\$ (2,292)</u>	<u>\$ (621)</u>
Depreciation and amortization:				
Sypris Technologies	\$ 482	\$ 540	\$ 1,409	\$ 1,764
Sypris Electronics	239	233	719	683
General, corporate and other	0	0	0	2
Total depreciation and amortization	<u>\$ 721</u>	<u>\$ 773</u>	<u>\$ 2,128</u>	<u>\$ 2,449</u>
Capital expenditures:				
Sypris Technologies	\$ 199	\$ 48	\$ 357	\$ 432
Sypris Electronics	11	109	11	234
General, corporate and other	2	0	5	0
Total capital expenditures	<u>\$ 212</u>	<u>\$ 157</u>	<u>\$ 373</u>	<u>\$ 666</u>

	September 28, 2025 (Unaudited)	December 31, 2024
<b>Total assets:</b>		
Sypris Technologies	\$ 38,306	\$ 35,013
Sypris Electronics	65,780	76,405
General, corporate and other	8,382	7,958
<b>Total assets</b>	<b>\$ 112,468</b>	<b>\$ 119,376</b>
<b>Total liabilities:</b>		
Sypris Technologies	\$ 22,521	\$ 18,104
Sypris Electronics	53,594	68,780
General, corporate and other	16,399	12,911
<b>Total liabilities</b>	<b>\$ 92,514</b>	<b>\$ 99,795</b>

## (12) Commitments and Contingencies

The provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. The Company's warranty liability, which is included in accrued liabilities in the accompanying consolidated balance sheets as of September 28, 2025 and December 31, 2024 was \$848,000 and \$850,000, respectively. The Company's warranty expense for the three and nine months ended September 28, 2025 was \$103,000 and \$302,000, respectively. The Company's warranty expense for the three and nine months ended September 29, 2024 was \$97,000 and \$306,000, respectively.

The Company bears insurance risk as a member of a group captive insurance entity for certain general liability, automobile and workers' compensation insurance programs, a self-insured worker's compensation program and a self-insured employee health program. The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, expected costs of claims incurred but not paid, and expected costs to settle unpaid claims. The Company monitors its estimated insurance-related liabilities on a quarterly basis. As facts change, it may become necessary to make adjustments that could be material to the Company's consolidated results of operations and financial condition.

The Company is involved in certain litigation and contract issues arising in the normal course of business. While the outcome of these matters cannot, at this time, be predicted in light of the uncertainties inherent therein, management does not expect that these matters will have a material adverse effect on the consolidated financial position or results of operations of the Company. Additionally, the Company believes its product liability insurance is adequate to cover all potential liability claims.

The Company accounts for loss contingencies in accordance with U.S. GAAP. Estimated loss contingencies are accrued only if the loss is probable and the amount of the loss can be reasonably estimated. With respect to a particular loss contingency, it may be probable that a loss has occurred but the estimate of the loss is within a wide range or undeterminable. If the Company deems an amount within the range to be a better estimate than any other amount within the range, that amount will be accrued. However, if no amount within the range is a better estimate than any other amount, the minimum amount of the range is accrued.

The Company has various current and previously-owned facilities subject to a variety of environmental regulations. The Company has received certain indemnifications from either companies previously owning these facilities or from purchasers of those facilities. Additionally, certain property previously sold by the Company has been designated as a Brownfield Site and has been approved for development by the purchaser. As of September 28, 2025 and December 31, 2024, no amounts were accrued for any environmental matters.

On February 17, 2017, several employees (“Lucas Plaintiffs”) of KapStone Charleston Kraft, LLC filed a lawsuit in South Carolina alleging that they had been seriously burned when they opened a hinged closure and a hot tar-like material spilled out. Among other claims, the Lucas Plaintiffs allege that Sypris Technologies designed and manufactured the closure, that the closure was defective and that those defects had caused or contributed to their injuries. Sypris Technologies’ motion to dismiss for lack of jurisdiction was denied on February 28, 2020. On November 21, 2022, the Company received a demand for settlement presented by the Lucas Plaintiffs, which was rejected. On January 12, 2024, a hearing took place for oral arguments in support of Sypris Technologies’ motion for summary judgement previously filed in September 2023. The trial had been set for May 20, 2024, and a mediation of the parties was required to take place prior to the trial under South Carolina law. The Company entered into a settlement agreement on April 18, 2024 with the Lucas Plaintiffs at the pre-trial mediation. The settlement payment was funded entirely by insurance, and the Company did not make any payments under the terms of the settlement agreement. Additionally, the Company’s general liability insurer accepted the defense costs.

In order to reduce manufacturing lead times, the Company enters into agreements with certain suppliers to produce inventory based on the Company’s requirements. A significant portion of the Company’s purchase commitments arising from these agreements consists of firm and non-cancelable commitments. These purchase commitments totaled \$31,862,000 as of September 28, 2025, of which \$28,700,000 is scheduled in the next 12 months, with the balance due in one to three years.

### **(13) Income Taxes**

The provision for income taxes includes federal, state, local and foreign taxes. The Company’s effective tax rate varies from period to period due to the proportion of foreign and domestic pre-tax income expected to be generated by the Company. The Company provides for income taxes for its domestic operations at a statutory rate of 21% in 2025 and 2024 and for its foreign operations at a statutory rate of 30% in 2025 and 2024. Reconciling items between the federal statutory rate and the effective tax rate also include state income taxes, valuation allowances and certain other permanent differences. Additionally, a deferred tax adjustment was recorded in 2024 related to the fixed asset valuation utilized by the Company’s foreign operation which increased the effective tax rate. Furthermore, as noted below, the Company’s income tax expense for the nine months ended September 29, 2024 includes an expense of \$124,000 to settle with Mexico’s Federal Tax Administration Service, Servicio de Administracion Tributaria’s (the “SAT”) for the 2016 tax audit.

The Company recognizes liabilities or assets for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements in accordance with ASC 740, Income Taxes (ASC 740). These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of assets or liabilities are recovered or settled. ASC 740 requires that a valuation allowance be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company evaluates its deferred tax position on a quarterly basis and valuation allowances are provided as necessary. During this evaluation, the Company reviews its forecast of income in conjunction with other positive and negative evidence surrounding the realizability of its deferred tax assets to determine if a valuation allowance is needed.

Based on the Company’s consideration of all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations, the Company has established a valuation allowance against all U.S. deferred tax assets. Until an appropriate level and characterization of profitability is attained, the Company expects to continue to maintain a valuation allowance on its net deferred tax assets related to future U.S. tax benefits.

The Company files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. During July 2024, the Company was notified by the Internal Revenue Service (“IRS”) that it is examining the Company’s 2021 federal income tax return. On April 1, 2025, the Company received notification that the examination was complete with no changes to the reported tax amount. To the Company’s knowledge, the Internal Revenue Service (IRS) is not currently examining the Company’s U.S. income tax returns for 2022 through 2024, for which the statute has yet to expire.

During the first quarter of 2023, the Company’s wholly-owned subsidiary in Mexico received a formal tax assessment notice from Mexico’s Federal Tax Administration Service, Servicio de Administracion Tributaria’s (the “SAT”) pertaining to revenue variances and disallowed deductions related to an audit by the SAT of the 2016 tax year. The initial proposed tax liability for the variances approximated \$1,150,000, which included annual adjustments for inflation, interest and penalties. The Company made a payment in June 2024 of \$191,000 to settle the matter, of which \$124,000 was recorded in income tax expense, net, and the remainder was recorded in other (income) expense, net in the consolidated statements of operations for the nine months ended September 29, 2024. In addition, open tax years related to state and foreign jurisdictions remain subject to examination.

On July 4, 2025, the One Big Beautiful Bill Act (OB BB) became law, bringing significant changes across several areas, including tax reform, government assistance programs, and immigration and border policy. The OB BB's provisions have various effective dates. The Company is assessing the full impact of the OB BB on its operations, financial position, and cash flows. More information regarding the effects of the OB BB will be provided in subsequent periods as the Company continues to evaluate the legislation's implications.

**(14) Employee Benefit Plans**

Pension expense (benefit) consisted of the following (in thousands):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2025</b>	<b>September 29, 2024</b>	<b>September 28, 2025</b>	<b>September 29, 2024</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Service cost	\$ 0	\$ 0	\$ 0	\$ 0
Interest cost on projected benefit obligation	267	274	801	822
Net amortizations, deferrals and other costs	92	110	275	330
Expected return on plan assets	(210)	(180)	(630)	(541)
Net periodic benefit cost	<u>\$ 149</u>	<u>\$ 204</u>	<u>\$ 446</u>	<u>\$ 611</u>

The net periodic benefit cost of the defined benefit pension plans incurred during the three and nine-month periods ended September 28, 2025 and September 29, 2024 is included in other (income) expense, net in the accompanying consolidated statements of operations.

**(15) Accumulated Other Comprehensive Loss**

The Company's accumulated other comprehensive loss consists of employee benefit-related adjustments and foreign currency translation adjustments.

Accumulated other comprehensive loss consisted of the following (in thousands):

	<b>September 28, 2025</b>	<b>December 31, 2024</b>
	<b>(Unaudited)</b>	
Foreign currency translation adjustments	\$ (9,388)	\$ (11,457)
Employee benefit related adjustments – U.S., net of tax	(7,612)	(7,612)
Employee benefit related adjustments – Mexico, net of tax	52	52
Accumulated other comprehensive loss	<u>\$ (16,948)</u>	<u>\$ (19,017)</u>

**(16) Fair Value of Financial Instruments**

Cash, accounts receivable, accounts payable and accrued liabilities are reflected in the consolidated financial statements at their carrying amount which approximates fair value because of the short-term maturity of those instruments. The carrying amount of debt outstanding at September 28, 2025 approximates fair value, and is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments (Level 2).

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

We are a diversified provider of truck components, oil and gas pipeline components and aerospace and defense electronics. We offer a wide range of manufactured products, often under multi-year sole-source contracts.

We are organized into two business segments, Sypris Technologies and Sypris Electronics. Sypris Technologies, which is comprised of Sypris Technologies, Inc. and its subsidiaries, generates revenue primarily from the sale of forged, machined, welded and heat-treated steel components primarily for the heavy commercial vehicle and high-pressure energy pipeline applications. Sypris Electronics, which is comprised of Sypris Electronics, LLC, generates revenue primarily through circuit card and full "box build" manufacturing, high reliability manufacturing, systems assembly and integration, design for manufacturability and design to specification work.

We focus on those markets where we believe we have the expertise, qualifications and leadership position to sustain a competitive advantage. We target our resources to support the needs of industry participants that embrace technological innovation and flexibility, coupled with multi-year contractual relationships, as a strategic component of their supply chain management. These contracts, many of which are sole-source by part number, have historically created opportunities to invest in leading-edge processes or technologies to help our customers remain competitive. The productivity and innovation that can result from such investments helps to differentiate us from our competition when it comes to cost, quality, reliability and customer service.

### *Economic Conditions*

Our operations are impacted by global economic conditions, including inflationary increases of certain raw materials, as well as logistics, tariffs, transportation, utilities and labor costs, supply chain constraints and increased interest rates. While we have taken pricing actions and implemented transformation initiatives that we expect to improve productivity and offset these cost increases, we expect supply chain pressures and inflationary cost increases to continue throughout 2025, which may continue thereafter and could negatively impact our results of operations.

### *Sypris Technologies Outlook*

Uncertainty in tariffs, the economy, freight and regulations have the potential to disrupt fleet investment and replacement cycles for the North American Class 8 commercial vehicle market in addition to the automotive, sport utility vehicle and off-highway markets also served by Sypris Technologies. According to industry publications, the outlook for 2025 is for continued weakened demand with production down 28% from 2024 levels and an additional 14% decline in 2026 driven by lower year-over-year freight volumes and rates, before recovering 33% in 2027. We believe that the market diversification Sypris Technologies has accomplished over recent years by adding new programs in the automotive, sport-utility and off-highway markets will help offset some of the anticipated cyclical decline for the commercial vehicle market, as the demand cycles for our products in these markets differs from the Class 8 commercial vehicle market, thereby reducing volatility in our revenue profile.

The oil and gas markets served by our Tube Turns® brand of engineered products continues to be shaped largely by geopolitical factors, macroeconomic variables such as high interest rates and rising material costs, evolving policies and regulations and the emergence of new technologies. Sales in this market are dependent on, among other things, the level of worldwide oil and natural gas demand, the price of crude oil and natural gas, and capital spending by exploration and production companies and drilling contractors. The conflicts in the Middle East, the war between Russia and Ukraine and inflationary pressures have also led to disruption, instability and volatility in global markets and industries that could negatively impact our operations. Additionally, orders of our Tube Turns® products were impacted by tariff uncertainty during the first nine months of 2025.

We will continue to pursue new business in a wide variety of markets from light automotive to new pressure vessel and pipeline applications to achieve a more balanced portfolio across our customers, markets and products.

Ongoing demand in the electronic circuit card assembly industry across multiple manufacturing sectors continues to create shortages and extended lead times. In some instances, waiting times for certain components approach a year or more. We factor supplier-provided lead times into internal planning schedules and new customer quotations. From time to time, we encounter part obsolescence which requires us to identify an alternate part suitable for use. We continue to work with our customers on strategies to mitigate any adverse impact upon our ability to service their requirements. Factors which arise after the placement of the customer's order have delayed certain customer deliveries, limited our ability to ramp up production in response to customer demand for certain products and have caused out-of-sequence manufacturing, which increases costs and decreases operational efficiency.

The electronic circuit card assembly industry is highly competitive, and demand can be volatile from period to period. Increasing demand for advanced technologies, supply chain diversification, and continued strong government defense spending along with geopolitical factors, including ongoing U.S.-China trade tensions and regulatory shifts, are prompting companies to adopt supply chain resilience strategies, such as "friendshoring", nearshoring and onshoring that benefit domestic suppliers. Additionally, OEMs are expected to continue the trend of outsourcing lower-level electronic assemblies, while focusing on their core competencies of design and system integration. However, challenges such as labor cost fluctuations, raw material constraints, and evolving trade policies may impact operational efficiency and cost structures. Overall, the sector is positioned for growth, with companies focusing on technological innovation, strategic partnerships, and supply chain optimization to maintain competitiveness in a rapidly evolving defense and aerospace market. During 2024 and 2025, we announced new program awards and releases for Sypris Electronics, with certain programs continuing into 2026. In addition to contract awards from Department of War ("DoW") prime contractors related to weapons systems, electronic warfare and infrared countermeasures in our traditional aerospace and defense markets, we have also been awarded subcontracts for manufacturing services to the communication and navigation markets, which require our advanced capabilities for delivering products for complex, high cost of failure platforms.

While we do not serve as a prime contractor to the U.S. government, we serve as a subcontractor on various U.S. government programs. Funding for U.S. Government programs is subject to a variety of factors that can affect our business, including the U.S. presidential administration's budget requests and procurement priorities and policies, annual congressional budget authorization and appropriation processes, and other U.S. government domestic and international priorities. U.S. government spending levels, particularly defense spending, and timely funding thereof can affect our financial performance over the short and long term.

The Administration published its FY 2026 budget request in June 2025. The budget request includes \$848.3 billion in the base budget (discretionary) funding, and \$113.3 billion in reconciliation (mandatory) funding for the DoW. The One Big Beautiful Bill Act passed the Senate and House and was signed by the President on July 4, 2025. The bill provides more than \$150 billion in mandatory funding (inclusive of the \$113.3 billion) for DoW available until September 30, 2029.

The start of the new fiscal year began October 1, 2025, without the passage of Appropriation Acts or a Continuing Resolution ("CR") and the Government began its shutdown procedures, to include furloughing government civilian employees. It is unclear at this time when either a CR or Appropriations Act will be enacted. Federal agencies, including DoW, have published guidance for identifying those missions and functions that may continue to be carried out in the absence of available appropriations. The DoW published "Contingency Plan Guidance for Continuation of Operations in the Absence of Available Appropriations" stated the DoW's priorities include: Operations to secure the U.S. Southern Border, Middle East Operations, Golden Dome for America, Depot Maintenance, Shipbuilding, and Critical Munitions. We are closely monitoring the known and potential impact and if the shutdown extends for a prolonged period of time, we expect our cash flows to be negatively impacted.

With respect to the Appropriations Acts, the House Appropriations Subcommittee on Defense (HAC-D) released its FY 2026 congressional marks using the FY 2025 enacted amounts as its baseline on June 12, 2025. The bill recommends \$831.5 billion in discretionary funding for the DoW. The Senate Armed Services Committee marked up its version of the FY 2026 National Defense Authorization Act (FY 2026 NDAA) on July 10, 2025 and included a topline increase of \$32.1 billion. The House Armed Services Committee (HASC) also completed their markup of the FY 2026 NDAA on July 15, 2025 and held at the topline of the FY 2026 President's budget request.

We anticipate the federal budget, debt ceiling and regulatory environment will continue to be subject to debate and compromise shaped by, among other things, the new U.S. presidential administration and Congress, heightened political tensions, the global security environment, inflationary pressures, and macroeconomic conditions. The result may be shifting funding priorities, which could have material impacts on defense spending broadly, and the effect on individual programs or our results cannot be predicted at this time. Additionally, the U.S. presidential administration continues to take steps to evaluate government-wide and defense-specific staffing and procurement, which includes assessing mission priorities, procurement methods, program performance, and other factors and then potentially taking action based on those assessments. The impact on demand for our products and services and our business are difficult to predict.

See also the discussion of Congressional budgetary constraints or reallocations risks within “Item 1A, Risk Factors” included in our 2024 Form 10-K.

## Results of Operations

The tables below compare our segment and consolidated results for the three and nine-month periods of operations of 2025 to the three and nine-month periods of operations of 2024. The tables present the results for each period, the change in those results from 2024 to 2025 in both dollars and percentages and the results for each period as a percentage of net revenue.

- The first two columns in each table show the absolute results for each period presented.
- The columns entitled “Year Over Year Change” and “Year Over Year Percentage Change” show the change in results, both in dollars and percentages. These two columns show favorable changes as positive and unfavorable changes as negative. For example, when our net revenue increases from one period to the next, that change is shown as a positive number in both columns. Conversely, when expenses increase from one period to the next, that change is shown as a negative number in both columns.
- The last two columns in each table show the results for each period as a percentage of net revenue. In these two columns, the cost of sales and gross profit for each are given as a percentage of that segment’s net revenue. These amounts are shown in italics.

In addition, as used in the table, “NM” means “not meaningful.”

### Three Months Ended September 28, 2025 Compared to Three Months Ended September 29, 2024

	Three Months Ended,		Year Over	Year Over	Results as Percentage of	
	Sept. 28, 2025	Sept. 29, 2024	Year Change	Year Percentage Change	Net Revenue for the Three Months Ended	
			Favorable (Unfavorable)	Favorable (Unfavorable)	Sept. 28, 2025	Sept. 29, 2024
(in thousands, except percentage data)						
Net revenue:						
Sypris Technologies	\$ 11,534	\$ 19,469	\$ (7,935)	(40.8)%	40.2%	54.6%
Sypris Electronics	17,138	16,188	950	5.9	59.8	45.4
Total	28,672	35,657	(6,985)	(19.6)	100.0	100.0
Cost of sales:						
Sypris Technologies	10,664	15,808	5,144	32.5	92.5	81.2
Sypris Electronics	15,957	13,870	(2,087)	(15.0)	93.1	85.7
Total	26,621	29,678	3,057	10.3	92.8	83.2
Gross profit:						
Sypris Technologies	870	3,661	(2,791)	(76.2)	7.5	18.8
Sypris Electronics	1,181	2,318	(1,173)	(49.1)	6.9	14.3
Total	2,051	5,979	(3,828)	(65.7)	7.2	16.8
Selling, general and administrative	3,789	4,250	461	10.8	13.2	11.9
Operating (loss) income	(1,738)	1,729	(3,467)	NM	(6.1)	4.8
Interest expense, net	385	546	161	29.5	1.3	1.5
Other (income) expense, net	(2,474)	246	2,720	NM	(8.6)	0.7
Income before taxes	351	937	(586)	(62.5)	1.2	2.6
Income tax (benefit) expense, net	(166)	547	713	NM	(0.6)	1.5
Net income	\$ 517	\$ 390	\$ 127	32.6	1.8%	1.1%

Nine Months Ended September 28, 2025 Compared to Nine Months Ended September 29, 2024.

	Nine Months Ended,		Year Over	Year Over	Results as Percentage of	
	Sept. 28, 2025	Sept. 29, 2024	Change Favorable (Unfavorable)	Percentage Change Favorable (Unfavorable)	Sept. 28, 2025	Sept. 29, 2024
(in thousands, except percentage data)						
Net revenue:						
Sypris Technologies	\$ 39,204	\$ 55,660	\$ (16,456)	(29.6)%	43.8%	52.1%
Sypris Electronics	50,402	51,071	(669)	(1.3)	56.2	47.9
Total	89,606	106,731	(17,125)	(16.0)	100.0	100.0
Cost of sales:						
Sypris Technologies	34,084	47,229	13,145	27.8	86.9	84.9
Sypris Electronics	47,521	44,998	(2,523)	(5.6)	94.3	88.1
Total	81,605	92,227	10,622	11.5	91.1	86.4
Gross profit:						
Sypris Technologies	5,120	8,431	(3,311)	(39.3)	13.1	15.1
Sypris Electronics	2,881	6,073	(3,192)	(52.6)	5.7	11.9
Total	8,001	14,504	(6,503)	(44.8)	8.9	13.6
Selling, general and administrative	11,310	12,876	1,566	12.2	12.6	12.1
Operating (loss) income	(3,309)	1,628	(4,937)	NM	(3.7)	1.5
Interest expense, net	1,068	1,468	400	27.2	1.2	1.4
Other (income) expense, net	(2,085)	781	2,866	NM	(2.3)	0.7
Loss before taxes	(2,292)	(621)	(1,671)	(269.1)	(2.6)	(0.6)
Income tax expense, net	141	1,194	1,053	88.2	0.2	1.1
Net loss	\$ (2,433)	\$ (1,815)	\$ (618)	(34.0)	(2.7)%	(1.7)%

*Net Revenue.* Sypris Technologies derives its revenue from the sale of forged and finished steel components and subassemblies and high-pressure closures and other fabricated products. Net revenue for Sypris Technologies for the three- and nine-month periods ended September 28, 2025 decreased \$7.9 million and \$16.5 million, respectively, from the prior year comparable periods. The net revenue decrease for the quarter and nine-month periods was primarily attributable to the anticipated cyclical decline in the commercial vehicle market. Additionally, energy product sales decreased \$1.7 million and \$1.9 million for the three and nine months ended September 28, 2025 as compared to the prior year comparable periods due to timing. During the first quarter of 2025, Sypris Technologies began operating under a sub-maquiladora services agreement with one of its customers in Mexico. As a result, the customer retains ownership of the inventory, and revenue is recognized on the value-add portion only, resulting in a decrease of \$1.0 million and \$4.2 million for the three and nine months ended September 28, 2025 respectively as compared to the prior year comparable periods.

Sypris Electronics derives its revenue primarily from circuit card and full “box build” manufacturing, high reliability manufacturing and systems assembly and integration. Net revenue for Sypris Electronics increased \$1.0 million and decreased \$0.7 million, respectively, for the three and nine months ended September 28, 2025, from the prior year comparable periods. The increase in revenue for the three months ended September 28, 2025 was primarily attributable improved material availability on certain programs during the period, which allowed for increased shipments. The net revenue decrease for the nine-month period was primarily attributable to changes in customer delivery schedules requested for 2025 as compared to the previous year and material availability issues.

*Gross Profit.* Sypris Technologies’ gross profit decreased \$2.8 million and \$3.3 million for the three and nine months ended September 28, 2025, respectively, from the prior year comparable periods as a result of the lower volumes. Gross margin for the three and nine months ended September 28, 2025 was 7.5% and 13.1%, respectively, as compared to 18.8% and 15.1%, respectively, for the three and nine months ended September 29, 2024.

Sypris Electronics' gross profit decreased \$1.1 million and \$3.2 million for the three and nine months ended September 28, 2025, respectively, from the prior year comparable periods. The decrease in gross profit for the three and nine months ended September 28, 2025 was primarily a result of an unfavorable mix of programs and delays of certain customer deliveries, which has limited our ability to ramp up production and resulted in increased costs and decreased operational efficiency. The order backlog for Sypris Electronics is expected to support a stable revenue rate during the balance of 2025 and into 2026. Gross margin for the three and nine months ended September 28, 2025 was 6.9% and 5.7%, respectively, as compared to 14.3% and 11.9%, respectively, for the three and nine months ended September 29, 2024.

*Selling, General and Administrative.* Selling, general and administrative decreased \$0.5 million and \$1.6 million for the three and nine months ended September 28, 2025, respectively, as compared to the prior year comparable periods. The decrease for the three and nine month periods was primarily as a result of as a result of lower consulting costs, reduced headcount and favorable medical claims. Selling, general and administrative expense as a percentage of revenue for the three and nine months ended September 28, 2025 was 13.2% and 12.6%, respectively, as compared to 11.9% and 12.1%, respectively, for the three and nine months ended September 29, 2024.

*Other (Income) Expense, Net.* During the three and nine months ended September 28, 2025, the Company closed on a sale leaseback transaction with an unrelated third party. Under this transaction, the Company sold its facility located in Louisville, Kentucky, with a net book value of \$0.4 million for net cash proceeds of approximately \$2.9 million. The Company recognized a gain of \$2.5 million on this transaction, which is included in other income (expense), net in the consolidated statements of operations. This gain was partially offset by pension expense of \$0.1 million and \$0.4 million for the three and nine months ended September 28, 2025.

Other (income) expense for the three and nine months ended September 29, 2024 included pension expense of \$0.2 million and \$0.6 million, respectively.

*Income Taxes.* The Company's income tax expense for the three and nine months ended September 28, 2025 and September 29, 2024 consists primarily of foreign income taxes on its Mexican subsidiaries. Additionally, a deferred tax adjustment was recorded in 2024 related to the fixed asset valuation utilized by the Company's foreign operation which increased the effective tax rate. Furthermore, the Company's income tax expense for the nine months ended September 29, 2024 includes an expense of \$0.1 million to settle with Mexico's Federal Tax Administration Service, Servicio de Administracion Tributaria's for the 2016 tax audit (See Note 13 to the consolidated financial statements in this Quarterly Report on Form 10-Q).

Deferred tax assets and liabilities are determined separately for each tax jurisdiction in which we conduct our operations or otherwise incur taxable income or losses. The Company evaluates its deferred tax position on a quarterly basis and valuation allowances are provided as necessary. During this evaluation, the Company reviews its forecast of income in conjunction with other positive and negative evidence surrounding the realizability of its deferred tax assets to determine if a valuation allowance is needed. Based on its current forecast, the Company has established a valuation allowance against all U.S. deferred tax assets. Until an appropriate level and characterization of profitability is attained, the Company expects to continue to maintain a valuation allowance on its net deferred tax assets related to future U.S. tax benefits. If we determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to reduce the valuation allowance would increase net income in the period that such determination is made.

## **Liquidity, Capital Resources**

As reflected in the consolidated financial statements, the Company has an accumulated deficit as of September 28, 2025, a net loss for the nine months ended September 28, 2025 and the year ended December 31, 2024, as well as negative cash flow from operating activities for the nine months ended September 28, 2025. The Company's net inventory increased significantly in 2023, primarily related to contracts with Sypris Electronics' aerospace and defense customers. Shipments to customers on certain of these contracts were delayed beyond the initial delivery dates, which negatively impacted the cycle time to convert inventory to cash. As a result, the Company experienced a liquidity shortfall beginning in the fourth quarter of 2023, and the Company is continuing to aggressively manage working capital to improve liquidity. The shipment delays also contributed to an increase in trade payable balances with certain suppliers during 2023 and early 2024. The Company successfully negotiated amended payment and other terms on the past due balances with certain suppliers during 2024 and is continuing to work with suppliers to improve terms and maintain consistency in its supply chain relationships. The Company received the benefit of additional loans of \$3.0 million during the nine months ended September 28, 2025 and \$2.5 million during the year ended December 31, 2024 from Gill Family Capital Management, Inc. ("GFCM") to help the Company manage its liquidity during those periods. This additional \$5.5 million loaned to the Company by GFCM in 2024 and the first nine months of 2025 was approved by the Audit Committee and provided the Company necessary liquidity. Additionally, during the first nine months of 2025, the Company and GFCM amended the Note to extend the maturity dates for \$2.0 million of the obligation to April 1, 2026, \$2.0 million to April 1, 2027, \$5.0 million to April 1, 2028 and \$3.0 million to April 1, 2029 (see Note 9 to the consolidated financial statements in this Quarterly Report on Form 10-Q).

Our ability to service our current liabilities will require a significant amount of cash. Management has evaluated our ability to generate this cash to meet our obligations for the next twelve months. Our primary sources of funds to meet our liquidity and capital requirements include cash on hand, funds generated through continued revenue growth from the Company's consolidated operations and reductions in the Company's investment in working capital. Based upon our current forecast, we believe that we will have sufficient liquidity to finance our operations for the next twelve months.

Although we believe the assumptions underlying our current forecast are reasonable, management is also prepared to implement contingency plans that include other cost reduction initiatives to improve profitability and cash flow, or management can take additional steps such as adjusting the timing and amount of certain operating expenses as well as capital expenditures or the issuance of new debt. If we are unable to achieve our forecasted revenue, or if our costs are higher than expected, we may be required to revise our plans to provide for additional cost-cutting measures, seek additional financing or to consider other strategic alternatives. We may not be able to secure additional financing on favorable terms, if at all.

*Cash Balance.* As of September 28, 2025, we had approximately \$8.4 million of cash and cash equivalents, of which \$2.7 million was held in jurisdictions outside of the U.S. that, if repatriated, could result in withholding taxes.

We expect existing cash and cash flows from operations to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities, such as capital expenditures, for at least the next twelve months. Significant changes from our current forecasts, including, but not limited to: (i) meaningful shortfalls in our projected revenues, (ii) unexpected costs or expenses, and/or (iii) operating difficulties which cause unexpected delays in scheduled shipments, could require us to seek additional funding or force us to make further reductions in spending, extend payment terms with suppliers, liquidate assets where possible and/or suspend or curtail planned programs. Any of these actions could materially harm our business, results of operations and future prospects. Additional financing may not be available to us.

### **Material Cash Requirements**

*Gill Family Capital Management Note.* The Company has received the benefit of cash infusions from GFCM in the form of secured promissory note obligations totaling \$12.0 million in principal as of September 28, 2025 and \$9.0 million as of December 31, 2024 (the "Note"). GFCM is an entity controlled by the Company's Chairman, President and Chief Executive Officer, Jeffrey T. Gill and one of our directors, R. Scott Gill. GFCM, Jeffrey T. Gill and R. Scott Gill are significant beneficial stockholders of the Company.

As of September 28, 2025, our principal commitment under the Note was \$2.0 million due on April 1, 2026, \$2.0 million on April 1, 2027, \$5.0 million due on April 1, 2028 and the balance of \$3.0 million due on April 1, 2029. Interest on the Note is reset on April 1 of each year, at the greater of 8.0% or 500 basis points above the five-year Treasury note average during the preceding 90-day period, in each case, payable quarterly. The Note allows for a deferral of payment for up to 100% of the interest due on the Note to April 1, 2026.

During the first nine months of 2025, the Company amended the Note to increase the principal amount by \$3.0 million, which is due on April 1, 2029. The amendment increased the aggregate amount previously loaned by GFCM to the Company from \$9.0 million to \$12.0 million. This additional amount loaned to the Company in the first nine months of 2025 was approved by the Audit Committee and provided the Company necessary liquidity.

*Finance Lease Obligations.* As of September 28, 2025, the Company had \$5.1 million outstanding under finance lease obligations for both property and machinery and equipment with anticipated maturities through 2035 and a weighted average interest rate of 12.6%.

*Equipment Financing Obligations.* As of September 28, 2025, the Company had \$1.1 million outstanding under equipment financing facilities, with payments due through 2030, and a weighted average interest rate of 6.9%.

*Operating leases.* As of September 28, 2025, the Company had \$8.0 million outstanding under operating lease obligations for property with payments due through 2045 and a weighted average interest rate of 11.9%. During the three and nine months ended September 28, 2025, the Company closed on a sale leaseback transaction with an unrelated third party. Under this transaction, the Company sold its facility located in Louisville, Kentucky, with a net book value of \$0.4 million for net cash proceeds of approximately \$2.9 million. Our initial annual cash payments to the buyer-lessor are approximately \$0.3 million, and the payments will escalate three percent annually. The Company recognized a gain of \$2.5 million on this transaction, which is included in other (income) expense in the consolidated statements of operations. Right-of-use assets and lease liabilities recognized related to this sale leaseback transaction were \$2.2 million.

*Purchase Commitments.* We had purchase commitments totaling approximately \$31.9 million as of September 28, 2025, primarily for inventory and manufacturing equipment, which are due through 2026.

## **Cash Flows**

*Operating Activities.* Net cash used in operating activities was \$4.6 million in the first nine months of 2025 as compared to \$0.3 million in the same period of 2024. The decrease in inventory in 2025 resulted in a source of cash of \$9.4 million. The decrease in inventory was primarily as a result of the ramp up of shipments within Sypris Electronics. A significant portion of the inventory had been purchased in previous periods and was funded through prepayments from customers, which was recorded as contract liabilities. As shipments have increased with Sypris Electronics during the period, these contract liabilities have also decreased, which is the primary component of the \$12.2 million change in accrued and other liabilities during the first nine months of 2025. Prepaid expenses and other assets decreased during the period, resulting in an increase in cash of \$1.8 million, primarily as a result of a decrease in contract assets and a decrease in VAT refundable. Accounts payable decreased during the first nine months of 2025, resulting in a use of cash of \$4.5 million. During the first nine months of 2025, Sypris Technologies began operating under a sub-maquiladora services agreement with one of its customers in Mexico. As a result, the customer retains ownership of the inventory, and payment for the inventory is now made by the customer, resulting in a decrease in accounts payable.

*Investing Activities.* Net cash provided by investing activities was \$2.5 million for the nine months ended September 28, 2025. During the nine months ended September 28, 2025, the Company closed on a sale leaseback transaction with an unrelated third party. Under this transaction, the Company sold its facility located in Louisville, Kentucky, with a net book value of \$0.4 million for net cash proceeds of approximately \$2.9 million. Partially offsetting this was capital expenditures during the same period of \$0.4 million.

Net cash used in investing activities for the nine months ended September 29, 2024 was comprised of capital expenditures of \$0.7 million.

*Financing Activities.* Net cash provided by financing activities was \$1.3 million for the first nine months of 2025 and was comprised of proceeds from the Note of \$3.0 million, partially offset by payments on finance leases and equipment financing obligation of \$1.0 million and \$0.1 million for minimum statutory tax withholdings on stock-based compensation. Net cash provided by financing activities was \$1.3 million for the first nine months of 2024 and was comprised of proceeds from the Note of \$2.5 million and proceeds from an equipment financing obligation of \$0.4 million, partially offset by payments on finance leases and equipment financing obligation of \$1.5 million and payments of \$0.1 million for minimum statutory tax withholdings on stock-based compensation.

## **Critical Accounting Policies**

See the information concerning our critical accounting policies included under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation - Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. There have been no significant changes in our critical accounting policies during the nine months ended September 28, 2025.

## Forward-looking Statements

This Quarterly Report on Form 10-Q, and our other oral or written communications, may contain “forward-looking” statements. These statements may include our expectations or projections about the future of our business, industries, business strategies, prospects, potential acquisitions, liquidity, financial condition or financial results and our views about developments beyond our control, including domestic or global economic conditions, such as inflation, supply chain conditions, government spending, industry trends and market developments. These statements are based on management’s views and assumptions at the time originally made, and, except as required by law, we undertake no obligation to update these statements, even if, for example, they remain available on our website after those views and assumptions have changed. There can be no assurance that our expectations, projections or views will come to pass, and undue reliance should not be placed on these forward-looking statements.

A number of significant factors could materially affect our specific business operations and cause our performance to differ materially from any future results projected or implied by our prior statements. Many of these factors are identified in connection with the more specific descriptions contained throughout this report. Other factors which could also materially affect such future results currently include: 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; 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; 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; 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, as well as the impact of proposed or imposed tariffs by the U.S. government on imports to the U.S. and/or the imposition of retaliatory tariffs by foreign countries; our reliance on a few key customers, third party vendors and sub-suppliers; significant delays or reductions due to a prolonged continuing resolution or U.S. government shutdown reducing the spending on products and services that Sypris Electronics provides; risks of foreign operations, including foreign currency exchange rate risk exposure, which could impact our operating results; 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; 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; 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 or develop new or improved products or new markets for our products; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; the costs and supply of insurance on acceptable terms and with adequate coverage; unanticipated or uninsured product liability claims, disasters, public health crises, losses or business risks; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; the costs of compliance with our auditing, regulatory or contractual obligations; pension valuation, health care or other benefit costs; dependence on, retention or recruitment of key employees and highly skilled personnel and distribution of our human capital; 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; war, geopolitical conflict, terrorism, or political uncertainty, or disruptions resulting from the Russia-Ukraine war or the Israel and Gaza conflict, or other tensions in the Middle East, including arising out of international sanctions, foreign currency fluctuations and other economic impacts; labor relations; strikes; union negotiations; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, premises liability, personal injury, product liability, warranty or environmental claims; failure to adequately insure or to identify product liability, environmental or other insurable risks; costs associated with environmental or other claims relating to properties previously owned; 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; 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; possible public policy response to a public health emergency, including U.S. or foreign government legislation or restrictions that may impact our operations or supply chain; or unknown risks and uncertainties and the risk factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined in Item 10(f)(1) of Regulation S-K and thus are not required to provide the quantitative and qualitative disclosures about market risk specified in Item 305 of Regulation S-K.

**ITEM 4. CONTROLS AND PROCEDURES**

(a) *Evaluation of disclosure controls and procedures.* Based on the evaluation of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) required by Securities Exchange Act Rules 13a-15(b) or 15d-15(b), our Principal Executive Officer and our Principal Financial Officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) *Changes in internal controls.* There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

Groundwater and other contamination has occurred at certain of our current and former facilities during the operation of those facilities by their former owners, and this contamination may occur at future facilities we operate or acquire. There is no assurance that environmental indemnification agreements we have secured from the former owners of certain of these properties will be adequate to protect us from liability. No administrative or judicial proceedings with respect to these or any other environmental regulations or conditions are pending against the Company or known by the Company to be contemplated by government authorities.

The Company is subject to other legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. In the opinion of management, there was not at least a reasonable possibility the Company may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for these other asserted legal and other claims. However, the outcome of legal proceedings and claims brought against the Company is subject to significant uncertainty. In addition, there may be other potential claims, liabilities, materials or design defects, or other customer complaints that have not been asserted, but which could adversely impact us in the future. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these other legal matters or potential matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's consolidated financial statements for that reporting period could be materially adversely affected.

The information set forth in Note 12 to the consolidated financial statements in this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1.

### **ITEM 1A. RISK FACTORS**

Information regarding risk factors appears in Part I — Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements," in this Quarterly Report on Form 10-Q, and in Part I — Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. There have been no material changes during the fiscal quarter from the risk factors disclosed in our Annual Report on Form 10-K.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

During the quarter ended September 28, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
31(i).1	<a href="#">Principal Executive Officer certification pursuant to Section 302 of Sarbanes - Oxley Act of 2002.</a>
31(i).2	<a href="#">Principal Financial Officer certification pursuant to Section 302 of Sarbanes - Oxley Act of 2002.</a>
32	<a href="#">Principal Executive Officer and Principal Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

**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 thereunto duly authorized.

SYPRIS SOLUTIONS, INC.  
(Registrant)

Date: November 12, 2025

By: /s/ Jeffrey T. Gill  
(Jeffrey T. Gill)  
President & Chief Executive Officer  
(Principal Executive Officer)

Date: November 12, 2025

By: /s/ Rebecca R. Eckert  
(Rebecca R. Eckert)  
Vice President, Chief Accounting Officer and  
Controller  
(Principal Financial Officer and Principal  
Accounting Officer)

## CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Jeffrey T. Gill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sypris Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

By: /s/ Jeffrey T. Gill  
Jeffrey T. Gill  
President & Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Rebecca R. Eckert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sypris Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

By: /s/ Rebecca R. Eckert  
Rebecca R. Eckert  
Vice President, Chief Accounting Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Sypris Solutions, Inc. (the Company) on Form 10-Q for the period ending September 28, 2025 as filed with the Securities and Exchange Commission on the date hereof (the Report), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Sypris Solutions, Inc., that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2025

By: /s/ Jeffrey T. Gill  
Jeffrey T. Gill  
President & Chief Executive Officer  
(Principal Executive Officer)

Date: November 12, 2025

By: /s/ Rebecca R. Eckert  
Rebecca R. Eckert  
Vice President, Chief Accounting Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Sypris Solutions, Inc. and will be retained by Sypris Solutions, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.