

MIRA INFORM REPORT

Report No. :	537622
Report Date :	02.11.2018

IDENTIFICATION DETAILS

Name :	CPS TECHNOLOGIES CORP.
Registered Office :	Corporation Trust Center 1209 Orange St, Wilmington, New Castle, DE, 19801
Country :	United States
Financials (as on) :	30.12.2017
Date of Incorporation :	1984
Legal Form :	Corporation
Line of Business :	Subject produces and sells advanced material solutions to the transportation, automotive, energy, computing/Internet, telecommunication, aerospace, defense, and oil and gas markets.
No. of Employees :	143

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Moderate
Payment Behaviour :	Slow
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
United States	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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UNITED STATES - ECONOMIC OVERVIEW

The US has the most technologically powerful economy in the world, with a per capita GDP of \$59,500. US firms are at or near the forefront in technological advances, especially in computers, pharmaceuticals, and medical, aerospace, and military equipment; however, their advantage has narrowed since the end of World War II. Based on a comparison of GDP measured at purchasing power parity conversion rates, the US economy in 2014, having stood as the largest in the world for more than a century, slipped into second place behind China, which has more than tripled the US growth rate for each year of the past four decades.

In the US, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace. US business firms enjoy greater flexibility than their counterparts in Western Europe and Japan in decisions to expand capital plant, to lay off surplus workers, and to develop new products. At the same time, businesses face higher barriers to enter their rivals' home markets than foreign firms face entering US markets.

Long-term problems for the US include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits.

The onrush of technology has been a driving factor in the gradual development of a "two-tier" labor market in which those at the bottom lack the education and the professional/technical skills of those at the top and, more and more, fail to get comparable pay raises, health insurance coverage, and other benefits. But the globalization of trade, and especially the rise of low-wage producers such as China, has put additional downward pressure on wages and upward pressure on the return to capital. Since 1975, practically all the gains in household income have gone to the top 20% of households. Since 1996, dividends and capital gains have grown faster than wages or any other category of after-tax income.

Imported oil accounts for more than 50% of US consumption and oil has a major impact on the overall health of the economy. Crude oil prices doubled between 2001 and 2006, the year home prices peaked; higher gasoline prices ate into consumers' budgets and many individuals fell behind in their mortgage payments. Oil prices climbed another 50% between 2006 and 2008, and bank foreclosures more than doubled in the same period. Besides dampening the housing market, soaring oil prices caused a drop in the value of the dollar and a deterioration in the US merchandise trade deficit, which peaked at \$840 billion in 2008. Because the US economy is energy-intensive, falling oil prices since 2013 have alleviated many of the problems the earlier increases had created.

The sub-prime mortgage crisis, falling home prices, investment bank failures, tight credit, and the global economic downturn pushed the US into a recession by mid-2008. GDP contracted until the third quarter of 2009, the deepest and longest downturn since the Great Depression. To help stabilize financial markets, the US Congress established a \$700 billion Troubled Asset Relief Program in October 2008. The government used some of these funds to purchase equity in US banks and industrial corporations, much of which had been returned to the government by early 2011. In January 2009, Congress passed and former President Barack OBAMA signed a bill providing an additional \$787 billion fiscal stimulus to be used over 10 years - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. In 2010 and 2011, the federal budget deficit reached nearly 9% of GDP. In 2012, the Federal Government reduced the growth of spending and the deficit shrank to 7.6% of GDP. US revenues from taxes and other sources are lower, as a percentage of GDP, than those of most other countries.

Wars in Iraq and Afghanistan required major shifts in national resources from civilian to military purposes and contributed to the growth of the budget deficit and public debt. Through FY 2018, the direct costs of the wars will have totaled more than \$1.9 trillion, according to US Government figures.

In March 2010, former President OBAMA signed into law the Patient Protection and Affordable Care Act (ACA), a health insurance reform that was designed to extend coverage to an additional 32 million Americans by 2016, through private health insurance for the general population and Medicaid for the impoverished. Total spending on healthcare - public plus private - rose from 9.0% of GDP in 1980 to 17.9% in 2010.

In July 2010, the former president signed the DODD-FRANK Wall Street Reform and Consumer Protection Act, a law designed to promote financial stability by protecting consumers from financial abuses, ending taxpayer bailouts of financial firms, dealing with troubled banks that are "too big to fail," and improving accountability and transparency in the financial system - in particular, by requiring certain financial derivatives to be traded in markets that are subject to government regulation and oversight.

The Federal Reserve Board (Fed) announced plans in December 2012 to purchase \$85 billion per month of mortgage-backed and Treasury securities in an effort to hold down long-term interest rates, and to keep short-term rates near zero until unemployment dropped below 6.5% or inflation rose above 2.5%. The Fed ended its purchases during the summer of 2014, after the unemployment rate dropped to 6.2%, inflation stood at 1.7%, and public debt fell below 74% of GDP. In December 2015, the Fed raised its target for the benchmark federal funds rate by 0.25%, the first increase since the recession began. With continued low growth, the Fed opted to raise rates several times since then, and in December 2017, the target rate stood at 1.5%.

In December 2017, Congress passed and President Donald TRUMP signed the Tax Cuts and Jobs Act, which, among its various provisions, reduces the corporate tax rate from 35% to 21%; lowers the individual tax rate for those with the highest incomes from 39.6% to 37%, and by lesser percentages for those at lower income levels; changes many deductions and credits used to calculate taxable income; and eliminates in 2019 the penalty imposed on taxpayers who do not obtain the minimum amount of health insurance required under the ACA. The new taxes took effect on 1 January 2018; the tax cut for corporations are permanent, but those for individuals are scheduled to expire after 2025. The Joint Committee on Taxation (JCT) under the Congressional Budget Office estimates that the new law will reduce tax revenues and increase the federal deficit by about \$1.45 trillion over the 2018-2027 period. This amount would decline if economic growth were to exceed the JCT's estimate.

Source : CIA

STATUTORY INFORMATION

Legal Name	CPS TECHNOLOGIES CORP.
Trade Name	CPS TECHNOLOGIES CORP.
ID	ID
ID Details	2123281
Creation Date	1984
Incorporation Date	4/13/1987
Legal Address	CORPORATION TRUST CENTER 1209 ORANGE ST, WILMINGTON, New Castle, DE, 19801, USA
Operative Address	111 South Worcester Street Norton, MA 02766 United States
Telephone	508-222-0614
Fax	508-222-0220
Legal Form	CORPORATION
E-Mail	-
Registered In	DELAWARE
Website	www.alsic.com
Contact	Mr. Grant C. Bennett - CEO, President, Treasurer & Director
Staff	143
Activity	NAICS Code: 334413, Semiconductor and Related Device Manufacturing

BANKS

Name of Bank	Reported Amount
BANK OF AMERICA	
SANTANDER BANK	
Description	-In June 2017, the Company renewed its \$1.5 million revolving line of credit line with Santander Bank. The agreement matures at the end of May 2018. The LOC is secured by the accounts receivable and other assets of the Company, has an interest rate of prime plus 100 basis points. Under the terms of the agreement, the Company is required to maintain its operating accounts with Santander Bank. The Company is also subject to certain financial covenants. These include specific earnings levels, targeted current ratios and targeted debt to tangible net worth ratios at the end of subsequent quarters. At December 30, 2017, the Company was in compliance with all existing

covenants. Also, at December 30, 2017, the Company had no borrowings under this LOC and its borrowing base at the time would have permitted \$1.5 million to have been borrowed.

HISTORY

History

CPS Technologies Corporation was incorporated in 1984 and is headquartered in Norton, Massachusetts. The company was formerly known as Ceramics Process Systems Corporation and changed its name to CPS Technologies Corporation in March 2007.

Key Developments

CPS Technologies Corporation, Q3 2018 Earnings Call, Oct 31, 2018
Oct 23 18
CPS Technologies Corporation, Q3 2018 Earnings Call, Oct 31, 2018

CPS Technologies Corp. Announces Advanced Armor Initiatives with Rafael Advanced Defense Systems Ltd
Jul 26 18

CPS Technologies Corporation announced to be supporting Rafael Advanced Defense Systems Ltd. in developing solutions that provide military vehicles with protection against projectiles, artillery and IED fragments. These armor solutions are being designed through a collaborative effort using CPS' existing, patented HybridTech Armor metal matrix composite technology. These armor solutions are comprised of multiple materials integrated together with HybridTech Armor panels, which consist of ceramic tiles that are completely enveloped and mechanically and chemically bonded to lightweight and stiff aluminum metal matrix composites.

PRINCIPAL ACTIVITY

General Description

CPS Technologies Corporation produces and sells advanced material solutions to the transportation, automotive, energy, computing/Internet, telecommunication, aerospace, defense, and oil and gas markets.

Service/Product Description

Its products are used in applications that involve energy

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<p>Sales Operations Area Imports From Employees Payments with Suppliers Brands Brand CPS Technologies CPS</p> <p>Clients Name of Client There are no informed clients Comments</p> <p>Suppliers Supplier Name GFE FREMAT GMBH De Martin AG Comments</p>	<p>Wholesale National and International GERMANY, SWITZERLAND 143 Employees Slow</p> <p>Comments - -</p>	<p>use or energy generation. The company primarily offers metal matrix composites that are a combination of metal and ceramic, such as baseplates for various applications, including motor controllers used in electric trains, subway cars, wind turbines, and hybrid and electric vehicles; baseplates and housings for use in radar, satellite, and avionics applications, as well as in modules built with wide band gap semiconductors; and lids and heatspreaders used with integrated circuits for use in Internet switches and routers. It also assembles housings and packages for hybrid circuits. CPS Technologies Corporation primarily sells its products to microelectronics systems companies in the United States, Europe, and Asia.</p>
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LOCATION

<p>Headquarters Branches</p>	<p>111 South Worcester Street Norton, MA 02766 United States No branches found.</p>
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GROUP STRUCTURE AND SUBDIARY COMPANIES

Listed at the stock exchange	YES: CPS Technologies Corporation (CPSH)
Capital	17.032M
Shareholders (%)	
Top Institutional Holders	
Holder	Shares
Vanguard Group, Inc. (The)	47,783
Susquehanna International Group, LLP	22,968
Northern Trust Corporation	13,217
Citadel Advisors LLC	12,716
West Branch Capital LLC	10,175
Pekin Singer Strauss Asset Management	10,000
Morgan Stanley	6,341
Blackrock Inc.	4,421
Top Mutual Fund Holders	
Holder	Shares
Vanguard Total Stock Market Index Fund	7,700
iShares Core S&P Total U.S. Stock Market ETF	4,421
Management	Mr. Grant C. Bennett - CEO, President, Treasurer & Director Mr. Ralph M. Norwood - Chief Financial Officer Mr. Thomas E. Breen - Senior Vice President of Sales & Marketing
Subsidiary Companies	No subsidiary companies were found.
Related Companies	No related companies were found.

FINANCIAL INFORMATION

General Description We attach the company's last financial statements.

CPS Technologies Corporation announced unaudited financial results for the second quarter and six months ended June 30, 2018.

For the quarter, the company reported revenues of \$5,228,721 against \$3,723,914 a year ago. Operating loss was \$325,669 against \$519,046 a year ago. Loss before income taxes was \$337,361 against \$516,424 a

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year ago. Net loss was \$257,361 against \$333,216 a year ago. Net loss per diluted share was \$0.02 against \$0.03 a year ago. For six months, the company reported revenues of \$9,383,725 against \$6,569,213 a year ago. Operating loss was \$1,089,913 against \$1,572,868 a year ago. Loss before income taxes was \$1,101,547 against \$1,567,618 a year ago. Net loss was \$831,547 against \$937,618 a year ago. Net loss per diluted share was \$0.06 against \$0.07 a year ago.

LEGAL FILINGS

Lawsuits

No found.

Trademarks

CPS TECHNOLOGIES

Metal Matrix Composites (MMCs) to be used in hermetic microelectronic packaging, thermal management, armor, and structural...

Owned by: CPS TECHNOLOGIES CORPORATION
Serial Number: 76709393

CPS TECHNOLOGIES SMART COMPOSITE SOLUTIONS

Metal Matrix Composites (MMCs) to be used in hermetic microelectronic packaging, thermal management, armor, and structural...

Owned by: CPS TECHNOLOGIES CORPORATION
Serial Number: 76710082

HYBRIDTECH ARMOR

Armor products, namely, armor panels and plates for protective clothing and stationary structures; ballistic resistant and...

Owned by: CPS TECHNOLOGIES CORPORATION
Serial Number: 76686459

CPS TECHNOLOGIES

Metal Matrix Composites (MMCs) to be used in hermetic microelectronic packaging, thermal management, armor, and structural...

Owned by: CPS TECHNOLOGIES CORPORATION
Serial Number: 76709391

SMART COMPOSITE SOLUTIONS

Metal Matrix Composites (MMCs) to be used in hermetic microelectronic packaging, thermal management, armor, and structural...

Patents Registered
Renewals
UCC (Uniform Commercial Code)
OFAC Sanctions List Search

Owned by: CPS TECHNOLOGIES CORPORATION
Serial Number: 76710081
No records found.
No records found.
No records found.
The company is not listed in the OFAC Sanctions List.

SUMMARY

Summary

CPS Technologies Corporation produces and sells advanced material solutions to the transportation, automotive, energy, computing/Internet, telecommunication, aerospace, defence, and oil and gas markets.

The company has 143 regular employees. It operates nationally and internationally, mainly importing from Germany and Switzerland.

The company shows negative profitability in its last financial figures.

RISK INFORMATION

Debts	Medium
Payments	Slow
Cash Flow	Low
State	Active

INTERVIEW

First Name	Mark
Position	-
Comments	He confirmed the name of the company, the address of the headquarters and location, the date of creation of the company, the company's website, the approximate number of employees and the name of the Chief Executive Officer.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.83
UK Pound	1	INR 94.82
Euro	1	INR 83.73
US Dollar	1	INR 72.51

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)