



CPS Technologies Corporation

Investor Summit Microcap Virtual Conference

November 21, 2024

Brian Mackey

President and Chief Executive Officer

Chuck Griffith

Chief Financial Officer



Forward-Looking Statements

Statements made in this document that are not historical facts or which apply prospectively, including those relating to 2024 financial results, are forward-looking statements that involve risks and uncertainties. These forward-looking statements are identified by the use of terms and phrases such as "will," "intends," "believes," "expects," "plans," "anticipates" and similar expressions. Investors should not rely on forward looking statements because they are subject to a variety of risks and uncertainties and other factors that could cause actual results to differ materially from the company's expectation. Additional information concerning risk factors is contained from time to time in the company's SEC filings, including its Annual Report on Form 10-K and other periodic reports filed with the SEC. Forward-looking statements contained in this press release speak only as of the date of this release. Subsequent events or circumstances occurring after such date may render these statements incomplete or out of date. The company expressly disclaims any obligation to update the information contained in this presentation.

Management



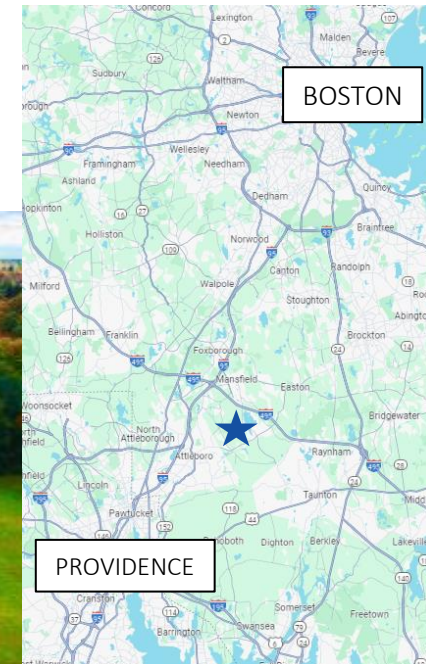
Brian Mackey, President and CEO

- Joined CPS in August 2023
- Previously: CEO of Engi-Mat Co. – Manufacturer of ceramic and metal oxide nanomaterials, supplier to a Navy POR, also active in DoD/DOE funded R&D
- General Manager, Synchrony Business Unit of Dresser-Rand (Siemens) – active magnetic bearing systems for large OEMs
- MBA, Wharton; BS Engineering, West Point



Chuck Griffith, Chief Financial Officer

- Joined CPS in April 2019
- Previously: CFO of SPRI Clinical Trials – Global, a contract research organization conducting clinical trials worldwide
- Also: VP Finance, Vertex Distribution, a manufacturer and distributor of corrosion resistant fasteners
- MBA Finance, Bryant University; BBA Accounting, The College of William and Mary



CPS operates a 38,500 SF (3,580 m²) facility on a 9-acre site in Norton, MA.

Synopsis of CPS



- Premier provider of high-performance material solutions for mission-critical applications
- Domestic micro-cap with increased financial flexibility to pursue growth opportunities
- Balanced revenue:
 - Domestic and international sales
 - U.S. 53%, Europe 30%, Asia 17%
 - Markets served:
 - 49% aerospace and defense
 - 51% commercial, traction, energy, etc.

Market Cap.	\$20.5 Million
2023 Revenue	\$27.6 Million*
Shares Outstanding	14.53 Million
Recent Closing Price (CPSH)	\$1.41
52 Week Range	\$1.27 - \$2.59
Institutional Ownership	11%
Insider Ownership	16%
Location	Norton, MA (~40k SF)
Headcount	95 employees, plus ~50 temps

* In 2023 CPS achieved the highest revenue (\$27.6M) in the company's 39-year history.



Company Background



Focus Areas

- Metal Matrix Composites
- Hermetic Packaging
- Composite Armor
- Product Development

Diverse and Growing Markets

- Aerospace & Defense
- Clean Energy
- Transportation & Infrastructure
- Automotive
- Defense Survivability
- Telecom & Computing

Proprietary Technology

- Advanced processes for MMC manufacturing
- Novel light-weight ballistic protection
- Expertise in advanced materials for thermal, mechanical, and ballistic development
- Global license to deliver product solutions using a novel composite material
- Renewed emphasis on product development that better serves our customers by building on current capabilities

Strong Relationships with Blue-Chip Customers

Raytheon



International
IOR Rectifier



NORTHROP GRUMMAN



Hitachi Energy

Corporate Vision



VISION

Deliver high-performance solutions that address the material science challenges of mission-critical applications.

MATERIAL PROPERTIES

- High thermal conductivity
- Thermal expansion matching
- Ballistic strength (armor)
- Stiffness
- Tensile strength
- Lightweight
- Resistance to wear

PRODUCT PERFORMANCE

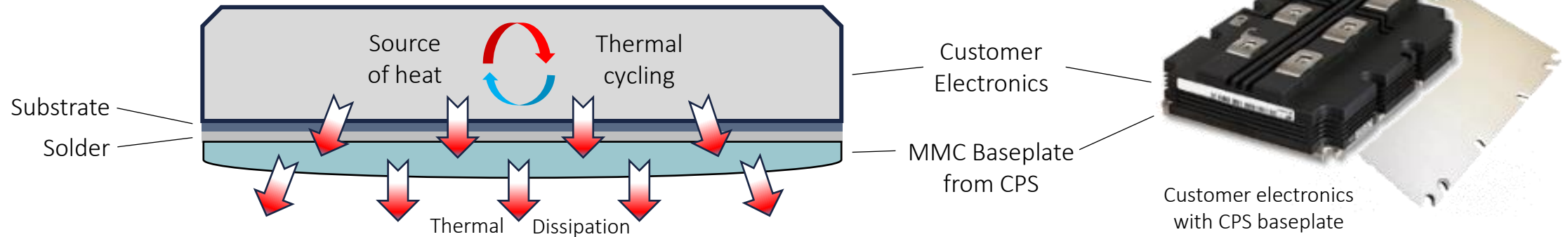
- **MMC products** (e.g., baseplates) enable long life for customers' high-power electronics
- Certain **hermetic packaging** products benefit from unique MMC material properties
- Lightweight and environmentally durable **armor** products satisfy demanding ballistic requirements
- **Product development** including Fiber Reinforced Aluminum products, which enable adoption into aircraft and related applications where high strength-to-weight ratio is valued



Metal Matrix Composites (MMCs) for Thermal Management



- Using a proprietary process, CPS combines Aluminum and Silicon Carbide materials to form “AlSiC”, a metal matrix composite (MMC). This material provides a unique and ideal set of properties for thermal management, which enhance the performance and reliability of our customers’ electronics systems.



- Key performance characteristics:

- Thermal conductivity to dissipate heat** from the electronic device, **avoiding damage** during repeated thermal cycles.
- Compatible thermal expansion values** between materials which **reduce mechanical stresses** that could lead to power electronics failure.

- Physical design properties (SWaP) enabling efficient design and value-added tradeoffs

- Lightweight
 - High strength and stiffness
 - Fabrication (casting) process yields net shape product with functional geometrical attributes
- Applications include automotive, traction, and green energy

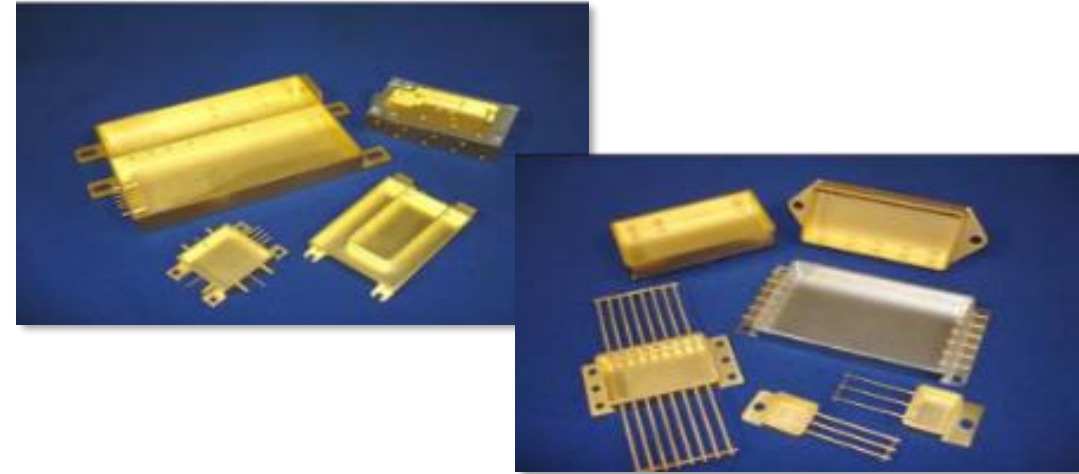
Recent news:

- CPS actively fulfilling a \$12.0M order for power module components over a 12-month period

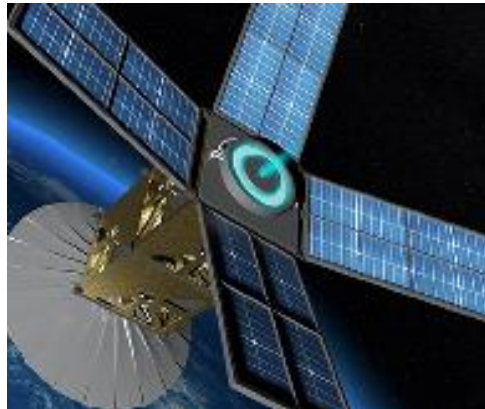
Hermetic Packaging for Microelectronics



- CPS' Hermetic Package (HP) solutions offer ceramic to metal seals (CTMS) or glass to metal seals (GTMS) for **reliable microelectronics packaging in challenging environments**.
- We offer custom HP solutions which **enable optimal performance** and are designed to meet our customers' specifications, format, and size.
- Each HP product provides the most robust hermetic seal for **improved reliability** in applications with high cost of failure, including military, aerospace and telecommunications.



Reliable avionic control and electrical systems



Durable satellite control systems

CPS also offers HP products that *incorporate MMCs*:

- Increased thermal conductivity
- 40-60% weight reduction
- High strength for harsh applications
- Thermal expansion matching for direct attachment substrates

Recent news:

- In response to customer demand, CPS has added 5-axis machining capability to expand product offerings
- \$200k matching award from Massachusetts Manufacturing Accelerate Program (MMAP) in 2024

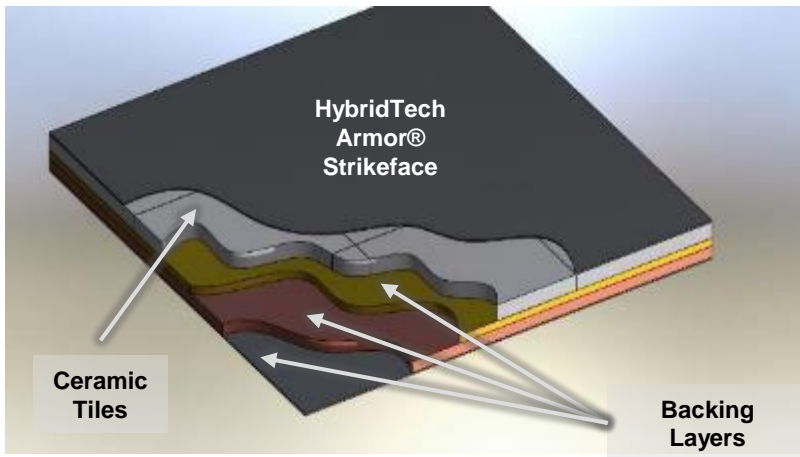
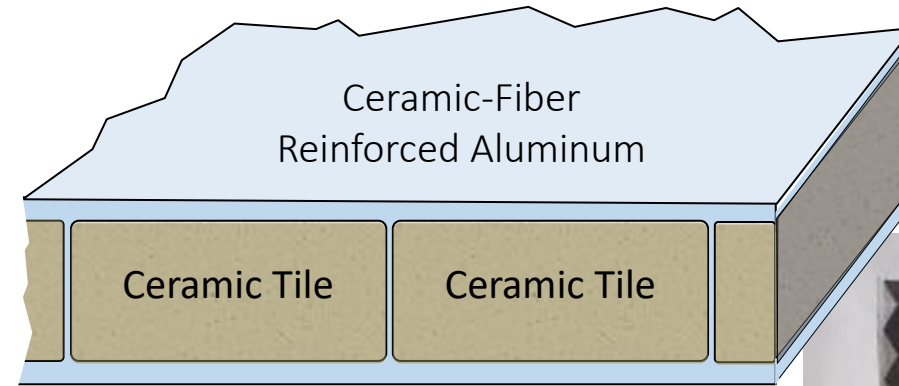
Ideal for weight sensitive systems subject to vibration and shock

HybridTech Armor®



A novel approach to advanced ballistic protection

- HybridTech Armor® utilizes CPS' proprietary Metal Matrix Composite (MMC) infiltration technology to offer protection that rivals any steel alternative at HALF the weight
- Strikefaces employing CPS' HybridTech Armor® are now being installed on the U.S. Navy's fleet of aircraft carriers



Layered construction for design flexibility to support any application or ballistic threat

- Ceramic tiles encapsulated with Aluminum composites for improved strength and ballistic performance
- Reduced weight and environmental durability for improved safety and reliability
- A patented advanced material approach providing an alternative to High Hard Steel (HHS) at half the weight, with validated multi-hit performance to U.S. DoD standards
- Capable of defeating heavy kinetic threats (>14.5 mm) for protection in austere environments

Recent news:

- In 2024 the first set of CPS HybridTech Amor® was installed on the US Navy aircraft carrier CVN-72, the USS Abraham Lincoln

Advanced material science for superior protection and enhanced performance

Advanced Research

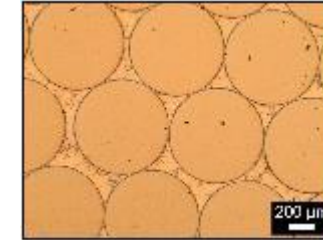


Dedicated to satisfying challenging customer requirements:

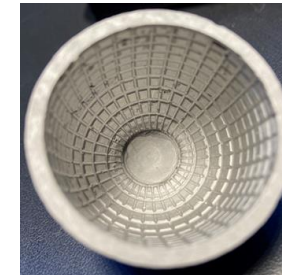
- Applying and expanding CPS' core capabilities (metal matrix composites, thermal management, and materials utilizing unique ceramic and metal forming processes)
- Wide range of metal, ceramic, and composite processing and testing capabilities for rapid prototyping and scale-up

Recent efforts to address the needs of the DoD and DOE:

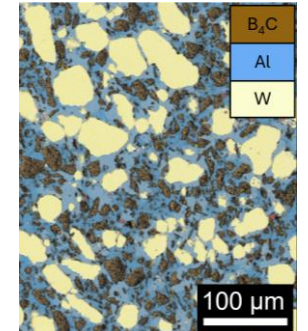
Agency	Research Area	Funding Vehicle	Funding Period
DoD (Army)	Advanced thermal management with additively manufactured components	SBIR	2021
DoD (Army)	Armor flooring for UH-60 helicopters using metal matrix composites (MMCs)	SBIR	2023
DoD (Army)	Fabrication of tungsten fragmentation warheads via metal injection molding	STTR	2022 (Phase I) <i>Phase II pending</i>
DoD (Navy)	Thermal energy storage enabled by metal matrix composites (MMCs)	SBIR	2022, 2024-2026 <i>Phase II underway</i>
DOE	Radiation shielding for nuclear microreactors enabled by metal matrix composites (MMCs)	SBIR	2023-2026 <i>Phase II underway</i>
DoD (Navy)	Rocket motor cases with improved performance enabled by metal matrix composites (MMCs)	Contract	2024-2025 <i>Project underway</i>



SEM image of nitinol wires within an aluminum matrix, for thermal energy storage



Tungsten warhead enabling controlled fragmentation



Radiation shielding composite comprised of boron carbide, aluminum and tungsten

Recent news:

- Three new research contracts in the last several months, totaling \$2.3M of external funding.

Advanced Research: SBIR Data Rights



15 U.S. Code § 638 - Research and development

Competitive procedures and justification for awards

To the greatest extent practicable, Federal agencies and Federal prime contractors shall—

(A) consider an award under the SBIR program or the STTR program to satisfy the requirements under sections 3201 through 3205 of title 10 and any other applicable competition requirements; and

(B) issue, without further justification, Phase III awards relating to technology, including sole source awards, to the SBIR and STTR award recipients that developed the technology.

Source: <https://www.law.cornell.edu/uscode/text/15/638>

In its May 2, 2019 SBIR/STTR Policy Directive, SBA changed the Data Rights protection period for both SBIR and STTR funding agreements to a uniform 20-year period that begins on the date of award.

[T]he government cannot compete technologies containing SBIR Data. Any such competition would mean disclosing the SBIR Data in solicitations, which the government cannot do. This unique right also underlies and supports the sole source Phase III mandate – the requirement to award Phase III awards to the SBIR developing firm to the greatest extent practicable.

Source: <https://www.sbir.gov/tutorials/data-rights/tutorial-2>

In addition to SBIR Data Rights, Phase III status brings with it:

1. the right to sole-source contracts;
2. exemption from SBA size standards for a procurement;
3. *no limits on the dollar size of a Phase III procurement*;
4. *a right to the Phase III mandate, by which the SBIR firm has a right to be awarded a future Phase III award to the greatest extent practicable*;
5. *the right to receive subcontracts for Phase III work on a sole-source basis; and*
6. *the ability to pursue research, research and development, services, products, production, or any combination of those under a Phase III.*

Source: <https://www.sbir.gov/tutorials/data-rights/tutorial-4>

Phase IIIs are also exempt from SBA's size standards. SBIR firms can grow to any size and still get Phase IIIs for their technologies. Additionally, because of this exemption, a large firm can purchase the SBIR firm and still receive Phase IIIs for the SBIR firm's technologies because of this exemption from the size standards.

Source: <https://www.sbir.gov/tutorials/data-rights/tutorial-4#>

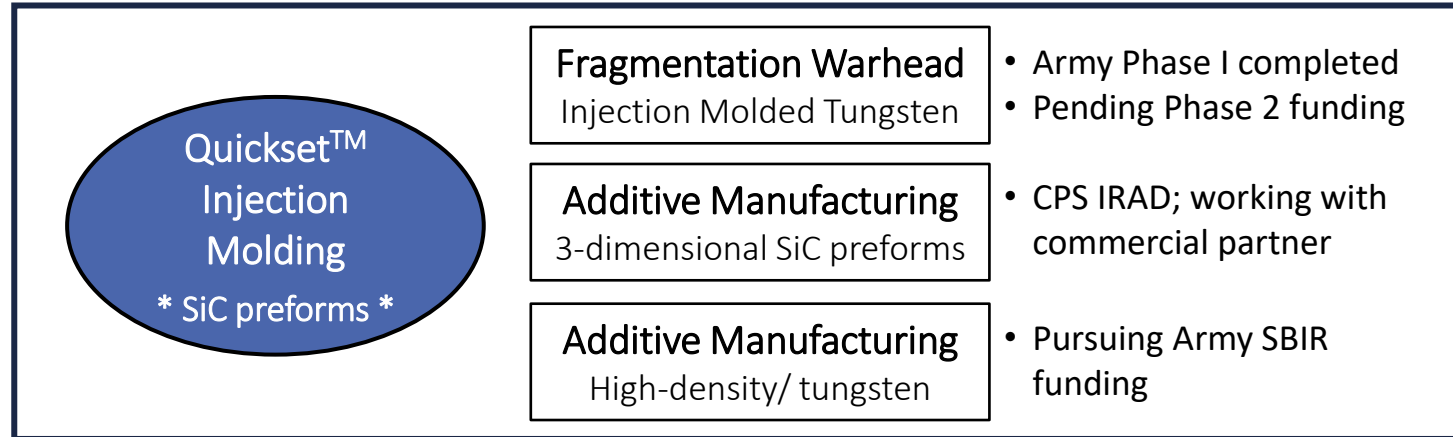
As a matter of US law:

- Federal agencies and prime contractors shall issue Phase III awards to SBIR award recipients, including sole source awards, without further requirements for competition.
- This benefit, as well as related SBIR Rights, vests with the company regardless of any future growth, whether organic or inorganic.

Potential for significant long-term value for CPS shareholders.

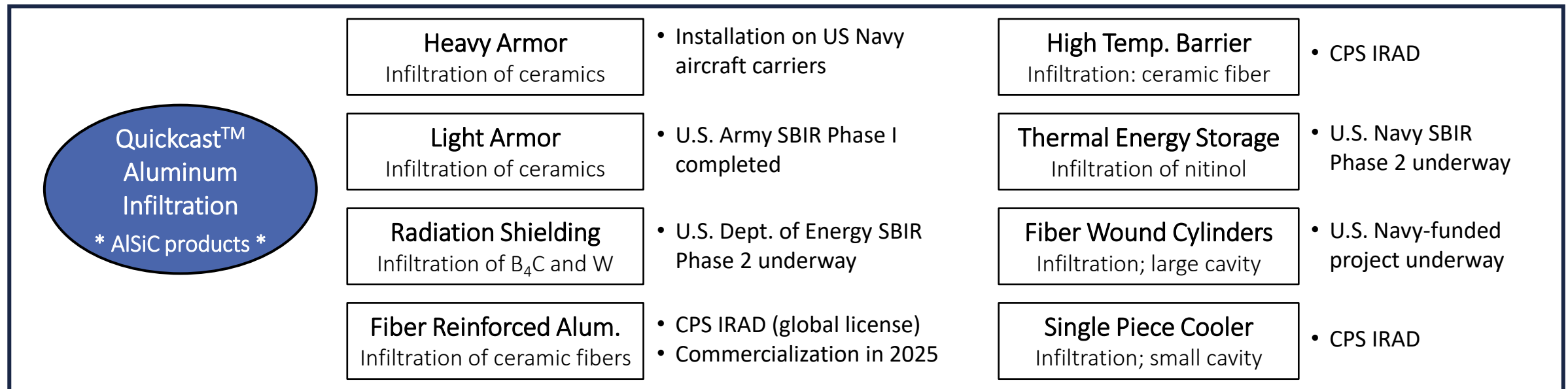


Advanced Research: Market-Driven Innovation

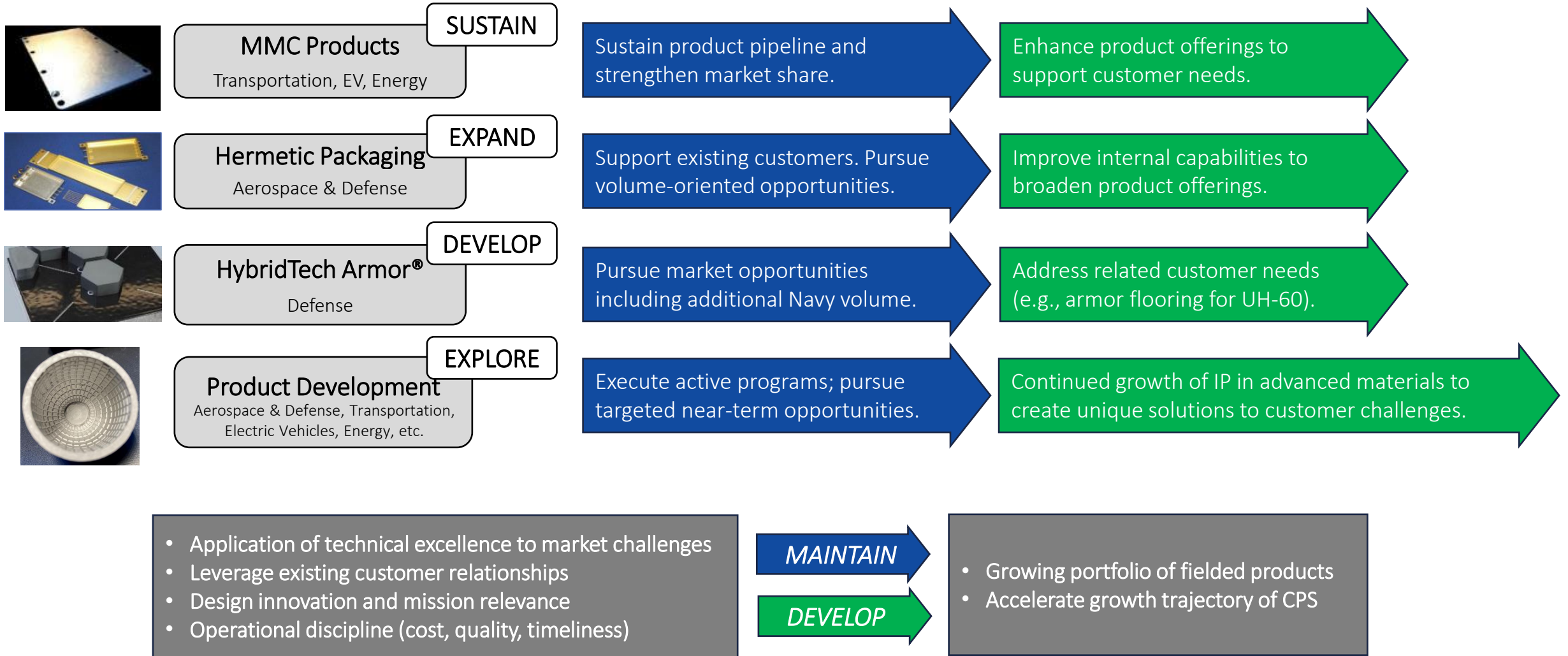


Innovation Strategy

- Guided by defined customer requirements
- Public funding when possible
- Building on existing intellectual property
- Expanding commercial opportunities



Strategic Snapshot



Income Statement



	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Revenues:				
Total revenues	4,247,116	6,285,041	15,190,063	20,803,447
Cost of product sales	4,770,548	5,049,177	15,037,177	15,126,621
Gross profit (loss)	- 523,432	1,235,864	152,886	5,676,826
Selling, general, and administrative expense	963,064	1,105,227	3,214,831	4,121,099
Income (loss) from operations	-1,486,496	130,637	-3,061,945	1,555,727
Interest income (expense), net	71,650	78,181	241,686	176,325
Other income (expense), net	-676	-1,228	159	-4,130
Net income (loss) before income tax	-1,415,522	207,590	-2,820,100	1,727,922
Income tax provision (benefit)	-372,683	36,509	-679,803	497,137
Net income (loss)	\$ -1,042,839	\$ 171,081	\$ -2,140,297	\$ 1,230,785

- 2024 production diverted to quality testing
 - Reduced product available for sale
 - Increased cost of product sales
- Cautiously optimistic about resolution of quality issues
- SG&A expenses solidly under control
- Announced receipt of \$12.0M order for Oct '24 – Sep '25

Balance Sheet



	September 28, 2024	December 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,689,004	\$ 8,813,626
Marketable securities, at fair value	1,020,952	–
Accounts receivable-trade, net	3,654,549	4,389,155
Accounts receivable-other	362,312	83,191
Inventories, net	4,433,412	4,581,930
Prepaid expenses and other current assets	506,126	276,349
Total current assets	14,666,355	18,144,251
Net property and equipment	2,082,309	1,556,139
Right-of-use lease asset	224,000	332,000
Deferred taxes, net	2,249,985	1,569,726
Total assets	\$ 19,222,649	\$ 21,602,116
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable, current portion	\$ 20,103	\$ 46,797
Accounts payable	2,497,055	2,535,086
Accrued expenses	840,757	1,075,137
Deferred revenue	160,412	251,755
Lease liability, current portion	160,000	160,000
Total current liabilities	3,678,327	4,068,775
Note payable less current portion	–	8,090
Deferred revenue – long term	31,277	31,277
Long term lease liability	64,000	172,000
Total liabilities	3,773,604	4,280,142
Total stockholders' equity	15,449,045	17,321,974
Total liabilities and stockholders' equity	\$ 19,222,649	\$ 21,602,116

- Strong cash position; minimal debt (\$20k)
- Note: Cash used to purchase \$1M of marketable securities (can be converted back to cash as needed)
- Current ratio of 4.0, compared to industry average of 2.3 (www.readyratios.com/sec/industry/36/ - 2022)
- Resources are available to take advantage of opportunities to further grow CPS



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