

CPI AEROSTRUCTURES, INC.

Corporate Intelligence Brief

OVERALL JUDGMENT	OVERALL RISK	RISK TRAJECTORY
PROCEED WITH CONTROLS	MODERATE	IMPROVING

Assessment Date August 24, 2026
Research Method Passive public-source research
Analytical Confidence Moderate-High

Prepared by
Alan Beaty, MBA
Principal Analyst | Beaty Corporate Intelligence

Executive Summary

CPI Aerostructures, Inc. (CPI Aero) is a small U.S. aerospace and defense manufacturer with established prime- and subcontract relationships and an improving 2026 operating picture. For the first six months of 2026, revenue increased to \$34.9 million from \$30.6 million and net income improved to \$1.9 million from a \$2.6 million loss. The company reported funded backlog above \$100 million as of August 13, 2026. [2]

The principal counterparty risk is the interaction of customer concentration, limited financial shock absorption, and fixed-price program execution. In 2025, the four largest customers represented 80% of revenue; government prime contracts and government-related subcontracts represented approximately 91% of revenue; and approximately 96% of total year-end backlog was attributable to government contracts. The 14.6% decline in 2025 revenue reflected both an unfavorable adjustment associated with the Boeing A-10 program termination and lower T-38 revenue. [1]

Financial reporting remains the most serious governance concern. In 2024, the Securities and Exchange Commission (SEC) charged CPI Aero with financial-reporting, accounting, and controls violations spanning six annual reporting periods and resulting in four financial-statement restatements. The company completed the SEC-required remediation process, but a separate debt-classification material weakness was identified in 2025; management reported that weakness remediated by year-end 2025. [1][6]

These conditions support a Proceed with Controls judgment rather than an unqualified Proceed. An Avoid judgment is also not supported by the reviewed record: management stated at year-end 2025 that it did not anticipate conditions in the coming year that would prevent the company from meeting its obligations or continuing as a going concern, and 2026 results and contract awards show a meaningful recovery. The residual concern is resilience - how much adverse program or control-related stress the company can absorb before liquidity and covenant pressure re-emerge. [1][2]

Decision Logic

Why not an unqualified PROCEED	Why not AVOID
High customer/government concentration; thin cash cushion; fixed-price execution exposure; repeated financial-reporting control failures.	Profitable first half of 2026; funded backlog above \$100 million; continuing follow-on awards; no current going-concern warning in the 2025 Form 10-K.

Scope and Method

The review addressed seven Priority Intelligence Requirements (PIRs) covering ownership and control, leadership and governance, financial resilience, customer/program dependence, operational execution, legal/regulatory/accounting risk, and current outlook. The primary lookback was January 1, 2021 through August 24, 2026; earlier events were included when they remained relevant to current risk. Collection was bounded to information sufficient to answer the PIRs at Corporate Intelligence Brief level. Matters requiring deeper investigation are identified as intelligence gaps rather than automatically expanded.

Company Profile and Consolidated Assessment

STRUCTURE	New York corporation; single operating/reportable segment. Consolidated entities are CPI Aerostructures, wholly owned Welding Metallurgy, Inc. (WMI), and WMI's wholly owned Compac Development Corporation. Principal facility: approximately 171,000 sq. ft. in Edgewood, New York. [1]
OWNERSHIP	Public ownership is dispersed. The 2026 proxy reported directors and executive officers at 10.3% collectively; current Schedule 13G filings reviewed do not identify a controlling shareholder. Royce & Associates reported 6.33%; Richard S. Strong reported 5.0%. [3][4][5]
GOVERNANCE	Six of seven directors are classified as independent; the board separates Chairman and Chief Executive Officer roles. Chief Financial Officer Robert Mannix has served since December 2025 and has more than 30 years of accounting/financial leadership experience; he is a New York Certified Public Accountant. [3]
BUSINESS	CPI Aero manufactures aerostructures, aerosystems, and specialized welded products for defense and commercial aerospace programs, with significant work tied to U.S. government programs and major defense primes. [1]

Consolidated PIR Assessment

Priority Intelligence Requirement	Assessment	Key Judgment
PIR-1 - Identity, Ownership & Control	Low	Simple structure; no controlling shareholder identified. [1][3][4][5]
PIR-2 - Leadership & Governance	Low-Moderate	Experienced, substantially independent board; finance leadership turnover remains a monitoring issue. [3]
PIR-3 - Financial Condition & Resilience	Moderate	2026 profitability improved, but cash and working-capital flexibility remain limited. [1][2]
PIR-4 - Customer, Government & Program Dependence	Moderate-High	High concentration in a small number of customers and government-related work. [1]
PIR-5 - Operational & Execution Risk	Moderate	Established capability; fixed-price work and outsourced detail-part production create downside exposure. [1]
PIR-6 - Legal, Regulatory, Compliance & Accounting	Moderate-High	Multi-year SEC/control history and a separate 2025 material weakness. [1][6][7]
PIR-7 - Current Outlook	Moderate / Improving	2026 results and awards indicate recovery, but resilience remains execution-sensitive. [2][9][10][11][12]

Risk Indicator 1 - Customer and Government Concentration

CPI Aero has material concentration risk. Its four largest customers accounted for 38%, 20%, 11%, and 11% of 2025 revenue - 80% combined. Government subcontracts represented 80% of revenue and direct government sales another 11%. At year-end 2025, \$89.1 million of \$91.8 million in funded remaining performance obligations - approximately 97% - related to military programs; approximately 96% of total backlog was attributable to government contracts. [1]

The risk is partly mitigated by program diversity: major customers support multiple aircraft, sustainment, electronic-warfare, reconnaissance, missile, and related programs. That reduces dependence on a single platform, but it does not remove exposure to customer production-rate decisions, government funding changes, or prime-contractor terminations. [1]

Material Risk Indicators

Risk Indicator 2 - Limited Financial Shock Absorption

CPI Aero's 2025 results show how quickly a program problem can affect a company of this scale. Revenue fell from \$81.1 million in 2024 to \$69.3 million in 2025, while net income moved from \$3.3 million to an \$0.8 million loss. The revenue decline was driven primarily by the A-10 termination-related contract adjustment and lower T-38 revenue; the decline in net income was driven primarily by the A-10-related gross-margin reduction. [1]

Liquidity is the more important counterparty consideration. CPI Aero used approximately \$5.2 million of cash in operations during 2025 and ended the year with about \$0.9 million in cash. At June 30, 2026, the company reported approximately \$0.84 million in cash and \$34.3 million in contract assets, illustrating the gap between accounting revenue recognition and cash conversion that is inherent in its program mix. [1][2]

The first half of 2026 improved materially: revenue rose 14.3% year over year to \$34.9 million, and net income improved to \$1.9 million from a \$2.6 million loss. Management had also stated in the 2025 Form 10-K that it did not anticipate conditions in the coming year that would prevent the company from meeting its obligations or continuing as a going concern. The evidence therefore supports operating viability, but not a large financial cushion. [1][2]

Measure	2025 / Year-End	1H / June 2026
Revenue	\$69.3M	\$34.9M (six months)
Net income	\$(0.8)M	\$1.9M (six months)
Cash	\$0.9M	\$0.84M
Funded backlog	\$91.8M	> \$100M reported Aug. 13

Risk Indicator 3 - Fixed-Price and Program Execution Exposure

Many CPI Aero contracts are firm-fixed-price. In 2025, quarterly Estimate at Completion (EAC) reviews produced \$10.17 million in net unfavorable adjustments to gross profit, compared with \$3.75 million in 2024. The 2025 adjustments were driven primarily by the A-10 termination and also included program-cost pressure on the Next Generation Jammer Mid-Band and T-38 structural-modification work. [1]

The Boeing A-10 matter is both a realized execution example and an unresolved contingency. CPI Aero sought an equitable pricing adjustment for higher manufacturing costs; Boeing later terminated the program and asserted damages arising from an alleged contract default. CPI Aero disputes Boeing's claim. Public information does not establish the merits of either party's position or the amount of any final liability. [1]

The A-10 episode demonstrates how a single fixed-price program can transmit operational problems into earnings, liquidity, and covenant pressure. Follow-on awards nevertheless continued across multiple customers in 2026, including a \$13.6 million L3Harris Next Generation Jammer Low-Band contract, \$8.3 million in additional U.S. Air Force T-38 orders, a \$15 million airborne-pod award, and a new Embraer Phenom 100EX life-of-program agreement. Those awards show continued customer business after the 2025 disruption; they do not independently validate company-wide delivery performance. [9][10][11][12]

Financial Reporting, Controls, and Current Trajectory

Risk Indicator 4 - Financial Reporting and Internal-Control History

In June 2024, the SEC charged CPI Aero with financial-reporting, accounting, and internal-control violations that occurred over six years and resulted in four financial-statement restatements. The SEC stated that the company had multiple material weaknesses in Internal Control over Financial Reporting (ICFR) and ineffective Disclosure Controls and Procedures (DCP) for six consecutive annual reporting periods from 2018 through 2023. CPI Aero settled without admitting or denying the findings and agreed to a cease-and-desist order and remediation undertakings. [6]

The reporting failures also had market-access consequences. NYSE American suspended trading in CPI Aero common stock and commenced delisting proceedings in May 2022 after the company failed to regain compliance with timely-filing requirements. By February 2023, an SEC filing again identified CVU common stock as registered on NYSE American. [7][8]

CPI Aero subsequently reported remediation of the weaknesses addressed by the SEC. A separate material weakness was identified in the second quarter of 2025, however, concerning application of debt-classification guidance after the company failed financial covenants. Management implemented additional controls and reported the weakness fully remediated as of December 31, 2025. Because CPI Aero is a non-accelerated filer, it was not required to obtain a separate auditor attestation on management's ICFR assessment. [1]

Current Trajectory - Improving, but Execution-Sensitive

The available 2026 evidence is more favorable than the 2025 record. First-half revenue and profitability improved, funded backlog exceeded \$100 million, and several new or follow-on awards extended work into 2028 and beyond. The improvement is observable in reported results; management's descriptions of stronger execution and customer confidence should still be treated as company representations rather than independent validation. [2][9][10][11][12]

Supports the relationship	Requires continued monitoring
Profitable first half of 2026 and higher gross profit. [2]	Customer and government concentration remains high. [1]
Funded backlog above \$100 million. [2]	Cash remains limited relative to working-capital needs. [1][2]
Continuing awards from defense and commercial customers. [9][10][11][12]	Fixed-price program cost adjustments remain a recurring exposure. [1]
Substantially independent board and separated Chairman/CEO roles. [3]	Another material weakness or restatement would materially weaken confidence in remediation. [1][6]

Forward View

Over the next 12-24 months, the principal watch items are cash conversion, covenant compliance, customer concentration, fixed-price EAC adjustments, and successful ramp-up of newer airborne-pod, missile, T-38, and commercial programs. The record supports a cautiously favorable operating outlook, but CPI Aero remains a small supplier with limited tolerance for another A-10-scale adverse event. [1][2]

Overall Counterparty Judgment

PROCEED WITH CONTROLS

The reviewed record does not indicate a current inability to operate or perform, and continuing customer awards together with improved 2026 results support ongoing operating viability. The case for controls arises from resilience: CPI Aero remains highly concentrated in government-related work, has limited cash relative to working-capital demands, accepts substantial fixed-price execution risk, and has a significant financial-reporting control history. [1][2][3][6]

An unqualified Proceed would underweight those vulnerabilities. Avoid would overstate them. The current evidence instead supports a relationship structured so that financial exposure, program funding, and reassessment triggers are proportionate to transaction size and criticality.

Recommended Risk Controls

1. **Limit unsecured exposure.** Use milestones, deposits, payment terms, or retainage proportionate to the size and duration of the relationship.
2. **Verify program funding.** Where performance depends on a government or prime-contractor program, distinguish funded orders and remaining funded obligations from unfunded expected quantities.
3. **Monitor quarterly financial triggers.** Review operating cash flow, credit-facility utilization, covenant compliance, material EAC adjustments, and any new material weakness, restatement, or delayed filing.
4. **Address continuity risk.** If CPI Aero would be sole-source or mission-critical, require continuity planning and consider qualified alternate-source options where practicable.
5. **Define reassessment triggers.** Reassess for a material Boeing settlement or judgment, covenant breach, new restatement/material weakness, government exclusion, or significant program termination.

Intelligence Gaps / Potential Follow-On Due Diligence

Boeing A-10 claim: Public information does not establish the amount or likely disposition of Boeing's damages claim. Contract review and legal analysis would be required for a more precise exposure assessment.

Supplier resilience: Public sources do not permit verification of critical supplier financial health, sole-source dependencies, or substitution lead times.

Facility continuity: The Edgewood concentration is identifiable, but business-continuity and disaster-recovery capability cannot be reliably assessed from public reporting.

Customer performance data: Public sources do not provide sufficient on-time-delivery, quality-escape, rejection-rate, or customer-scorecard data to independently validate program-level performance.

Federal eligibility: No adverse exclusion indicator was identified during the bounded review; a sensitive transaction should use direct authenticated federal eligibility and restricted-party checks.

Decision Summary: Proceed with Controls | **Overall Risk:** Moderate | **Risk Trajectory:** Improving | **Confidence:** Moderate-High

Sources, Methodology & Limitations

Methodology. This brief is based on passive public-source research. Primary regulatory filings and official government records were weighted most heavily; company announcements were used for current operating results and contract awards and are treated as company representations. Material judgments were based on converging evidence rather than a single adverse data point. Information cutoff: August 24, 2026.

Limitations. This product is not a legal opinion, credit rating, audit, or formal government eligibility certification. It does not include nonpublic contracts, customer scorecards, supplier financial records, physical-site inspection, or authenticated restricted-party checks. Analytical confidence is Moderate-High for the overall counterparty judgment and lower for the ultimate outcome of the Boeing A-10 dispute and future program execution.

Selected Primary and Direct Sources

- [1] [CPI Aerostructures, Inc., Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2025, filed Mar. 31, 2026; SEC Accession No. 0001999371-26-007357.](#)
- [2] [CPI Aerostructures, Inc., "CPI Aerostructures Reports Second Quarter and Six Month 2026 Results," Aug. 13, 2026.](#)
- [3] [CPI Aerostructures, Inc., Definitive Proxy Statement, filed July 31, 2026; SEC Accession No. 0001999371-26-016676.](#)
- [4] [Royce & Associates LP, Schedule 13G concerning CPI Aerostructures, filed July 21, 2026; SEC Accession No. 0000906304-26-000107.](#)
- [5] [Calm Waters Partnership / Richard S. Strong, Schedule 13G/A concerning CPI Aerostructures, filed July 16, 2026; SEC Accession No. 0000892712-26-000320.](#)
- [6] [U.S. Securities and Exchange Commission, "SEC Charges CPI Aerostructures, Inc. with Financial Reporting, Accounting, and Controls Violations," Administrative Proceeding File No. 3-21975 / Exchange Act Release No. 34-100389, June 20, 2024.](#)
- [7] [CPI Aerostructures, Inc., Form 8-K, Item 3.01 - NYSE American suspension and commencement of delisting proceedings, May 19, 2022.](#)
- [8] [CPI Aerostructures, Inc., Form 8-K, filed Feb. 24, 2023 \(report date Feb. 21, 2023\), identifying CVU common stock as registered on NYSE American.](#)
- [9] [CPI Aerostructures, Inc., "L3Harris Awards CPI Aerostructures, Inc. Contract for Next Generation Jammer Low Band Program," July 27, 2026.](#)
- [10] [CPI Aerostructures, Inc., "CPI Aerostructures Secures \\$8.3 Million in New U.S. Air Force Orders for T-38 Aircraft Modification Kits," July 7, 2026.](#)
- [11] [CPI Aerostructures, Inc., "CPI Secures \\$15M Airborne Pod Contract, Driving Total Funded Value to \\$43.5M," Aug. 10, 2026.](#)
- [12] [CPI Aerostructures, Inc., "CPI Aero Announces New Long Term Supply Agreement to Manufacture Engine Air Inlet Assemblies for Embraer Phenom 100EX," June 4, 2026.](#)

Source note: Company statements concerning backlog, future program value, operating improvements, and customer confidence are not treated as guarantees of future performance.