



AMSC Accelerates toward Profitability with the Acquisition of Northeast Power Systems, Inc.

October 5, 2020

- *AMSC Extends Product Offerings in the Industrial Sector; Acquisition Expected to be Accretive to Earnings Per Share*
- *AMSC Announces Preliminary Financial Results, Provides Preliminary Business Outlook, and Holds Conference Call on October 6, 2020*
- *AMSC Expected to Generate Positive Operating Cash Flow in the Third (December) Quarter of Fiscal 2020*

AYER, Mass., Oct. 05, 2020 (GLOBE NEWSWIRE) -- AMSC (Nasdaq: AMSC), a leading system provider of megawatt-scale power resiliency solutions that orchestrate the rhythm and harmony of power on the grid™ and protect and expand the capability of our Navy's fleet, today announced that it has acquired Northeast Power Systems, Inc. (NEPSI), a private company based in upstate New York that supplies medium voltage metal-enclosed capacitor banks, harmonic filters, fast switching reactive power solutions and surge protection products, and has paid \$26 million in cash and additionally the sellers have received 873,657 restricted shares of AMSC common stock.

The acquisition of NEPSI directly aligns with AMSC's strategic priorities to accelerate profitable growth independent of its wind business, broaden its product offerings and expand both market reach and market share. NEPSI has a long history of profitable revenue with a three-year average of approximately \$25 million of revenue per year, and operating margins approaching 20 percent. By leveraging NEPSI's leadership position in the static voltage management market for industrial applications, AMSC expects to expand its grid business offerings and deliver greater value to existing and new customers, business partners and shareholders.

"NEPSI has established a leadership position in the industrial market for power electronics that complements our recent push into the industrial market," said Daniel P. McGahn, Chairman, President and CEO of AMSC. "The addition of NEPSI to AMSC's Grid solutions is expected to accelerate our ability to achieve our goal of profitability and expand our offering of proprietary power electronics products in the industrial sector."

As part of the transaction, in the future the selling shareholders may receive additional restricted shares of AMSC Common Stock upon the achievement of certain specified revenue objectives. For more information about the stock purchase agreement, please refer to AMSC's Form 8-K filed with the SEC today.

Preliminary Second Quarter Fiscal 2020 Results

For the second quarter of fiscal 2020, AMSC expects its revenues will be in the range of \$20.5 million—\$21.5 million, compared to its previous second quarter revenue guidance of \$17 million—\$21 million. AMSC's net loss and non-GAAP net loss for the second quarter of fiscal 2020 are both expected to be lower than its previous guidance provided on August 5, 2020.

The Company expects its cash, cash equivalents, marketable securities and restricted cash at September 30, 2020 to be approximately \$57 million, which is in line with the Company's previous guidance provided on August 5, 2020. As noted above, on October 1, 2020, the Company paid \$26 million in cash in connection with its acquisition of NEPSI.

The preliminary, unaudited information provided above is based on the Company's current estimate of results from operations for the second quarter of fiscal 2020 and its cash, cash equivalents, marketable securities and restricted cash at September 30, 2020, and remains subject to change based on the Company's closing procedures, including the Company's execution of its internal controls over financial reporting, and the subsequent occurrence or identification of events prior to the formal issuance of the unaudited quarterly financial statements. The Company expects to report its second quarter of fiscal 2020 financial results on or about November 5, 2020.

Preliminary Third Quarter Fiscal 2020 Business Outlook

For the third quarter ending December 31, 2020, AMSC currently expects that its revenues will be in the range of \$22 million—\$25 million. The Company expects to generate positive operating cash flow in the third quarter. This guidance includes NEPSI's expected impact on the financial results for the third quarter ending December 31, 2020.

Conference Call

In conjunction with this announcement, AMSC management will conduct a conference call with investors beginning at 8:30 a.m. Eastern Time on Tuesday, October 6, 2020. Those who wish to listen to the live or archived conference call webcast should visit the "Investors" section of the Company's website at <https://ir.amsc.com>. The live call also can be accessed by dialing 800-367-2403 or 334-777-6978 and using conference ID 5317355.

About Northeast Power Systems, Inc. (NEPSI)

Northeast Power Systems, Inc. (NEPSI) is the leading global provider of medium-voltage metal-enclosed power capacitor banks and harmonic filter banks for use on electric power systems. Founded in 1995, the New York based company has grown to be the world's market leader and most trusted name for the supply of medium-voltage metal-enclosed power factor correction and harmonic filter systems. NEPSI products help deliver electric power more efficiently and reliably by improving power factor, reducing voltage distortion, and leveling the load voltage profile to large power producers and consumers. NEPSI's products are used in large remote mine and rectifier applications where non-linear load equipment dominates the facilities energy consumption making the filter system's reliability a critical component to the operation of the plant. Its equipment is also used by the renewable energy industry to meet strict interconnect requirements to remain in operation, and by small industrial and commercial power systems to alleviate power factor penalties. All NEPSI products are proudly designed and built in upstate New York.

About AMSC (Nasdaq: AMSC)

AMSC generates the ideas, technologies and solutions that meet the world's demand for smarter, cleaner ... better energy™. Through its Gridtec™ Solutions, AMSC provides the engineering planning services and advanced grid systems that optimize network reliability, efficiency and performance. Through its Marinotec™ Solutions, AMSC provides ship protection systems and is developing propulsion and power management solutions designed to help fleets increase system efficiencies, enhance power quality and boost operational safety. Through its Windtec™ Solutions, AMSC provides wind turbine electronic controls and systems, designs and engineering services that reduce the cost of wind energy. The Company's solutions are enhancing the performance and reliability of power networks, increasing the operational safety of navy fleets and powering gigawatts of renewable energy globally. Founded in 1987, AMSC is headquartered near Boston, Massachusetts with operations in Asia, Australia, Europe and North America. For more information, please visit www.amsc.com.

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Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements include, but are not limited to, statements about our expectation that the addition of NEPSI to AMSC's Grid solutions will accelerate our ability to achieve our goal of profitability; the expected effects and benefits of our acquisition of NEPSI; our expectation that the NEPSI acquisition will be accretive to our earnings per share; our expected financial results for the quarter ended September 30, 2020, and our expected cash, cash equivalents, marketable securities and restricted cash balance on September 30, 2020; our expected financial results for the quarter ending December 31, 2020, and other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions. Such forward-looking statements represent management's current expectations and are inherently uncertain. There are a number of important factors that could materially impact the value of our common stock or cause actual results to differ materially from those indicated by such forward-looking statements. These important factors include, but are not limited to: Risks related to the financial performance of NEPSI and its affiliated entities; The NEPSI business may not be integrated successfully; We may not realize the expected benefits of our acquisition of NEPSI; We have a history of operating losses, which may continue in the future. Our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; We have a history of negative operating cash flows, and we may require additional financing in the future, which may not be available to us; We may be required to issue performance bonds or provide letters of credit, which restricts our ability to access any cash used as collateral for the bonds or letters of credit; Changes in exchange rates could adversely affect our results of operations; If we fail to maintain proper and effective internal control over financial reporting, our ability to produce accurate and timely financial statements could be impaired and may lead investors and other users to lose confidence in our financial data; We may not realize all of the sales expected from our backlog of orders and contracts; Our contracts with the U.S. government are subject to audit, modification or termination by the U.S. government and include certain other provisions in favor of the government. The continued funding of such contracts remains subject to annual congressional appropriation, which, if not approved, could reduce our revenue and lower or eliminate our profit; Our financial condition may have an adverse effect on our customer and supplier relationships; The novel coronavirus (COVID-19) pandemic could adversely impact our business, financial condition and results of operations; We may experience difficulties re-establishing our HTS wire production capability in our Ayer, Massachusetts facility; Our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; Historically, a significant portion of our revenues have been derived from a single customer and if this customer's business is negatively affected, it could adversely impact our business; Our success in addressing the wind energy market is dependent on the manufacturers that license our designs; Our business and operations would be adversely impacted in the event of a failure or security breach of our information technology infrastructure; Failure to comply with evolving data privacy and data protection laws and regulations or to otherwise protect personal data, may adversely impact our business and financial results; We rely upon third-party suppliers for the components and subassemblies of many of our Grid and Wind products, making us vulnerable to supply shortages and price fluctuations, which could harm our business; Many of our revenue opportunities are dependent upon subcontractors and other business collaborators; If we fail to implement our business strategy successfully, our financial performance could be harmed; Problems with product quality or product performance may cause us to incur warranty expenses and may damage our market reputation and prevent us from achieving increased sales and market share; Many of our customers outside of the United States may be either directly or indirectly related to governmental entities, and we could be adversely affected by violations of the United States Foreign Corrupt Practices Act and similar worldwide anti-bribery laws outside the United States; We have had limited success marketing and selling our superconductor products and system-level solutions, and our failure to more broadly market and sell our products and solutions could lower our revenue and cash flow; We may acquire additional complementary businesses or technologies, which may require us to incur substantial costs for which we may never realize the anticipated benefits; Our success depends upon the commercial adoption of the REG system, which is currently limited, and a widespread commercial market for our products may not develop; Adverse changes in domestic and global economic conditions could adversely affect our operating results; We have operations in, and depend on sales in, emerging markets, including India, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of these markets. Changes in India's political, social, regulatory and economic environment may affect our financial performance; Our products face competition, which could limit our ability to acquire or retain customers; Our international operations are subject to risks that we do not face in the United States, which could have an adverse effect on our operating results; Growth of the wind energy market depends largely on the availability and size of government subsidies, economic incentives and legislative programs designed to support the growth of wind energy; Lower prices for other fuel sources may reduce the demand for wind energy development, which could have a material adverse effect on our ability to grow our Wind business; Unfavorable results of legal proceedings could have a material adverse effect on our business, operating results and financial condition; We may be unable to adequately prevent disclosure of trade secrets and other proprietary information; Our patents may not provide meaningful protection for our technology, which could result in us losing some or all of our market position; We face risks related to our intellectual property; We face risks related to our technologies; We face risks related to our legal proceedings; We face risks related to our common stock; and the important factors discussed under the caption "Risk Factors" in Part 1. Item 1A of our Form 10-K for the fiscal year ended March 31, 2020, and our other reports filed with the SEC. These important factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Any such forward-looking statements represent management's estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

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