AMSC Reports Second Quarter Fiscal Year 2020 Financial Results and Provides Business Outlook

November 4, 2020

Company to host conference call tomorrow, November 5 at 10:00 am ET

AYER, Mass., Nov. 04, 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 and resiliency of our Navy’s fleet, today reported financial results for its second quarter of fiscal year 2020 ended September 30, 2020.

Revenues for the second quarter of fiscal 2020 were $21.1 million compared with $14.0 million for the same period of fiscal 2019. The year-over-year increase was a result of higher Grid and Wind segment revenues versus the year ago period. The higher Grid segment revenues are primarily due to increased D-VAR shipments, versus the year ago period.

AMSC’s net loss for the second quarter of fiscal 2020 was $3.7 million, or $0.17 per share, compared to a net loss of $0.8 million, or $0.04 per share, for the same period of fiscal 2019. The Company’s non-GAAP net loss for the second quarter of fiscal 2020 was $2.7 million, or $0.13 per share, compared with a non-GAAP net loss of $1.5 million, or $0.07 per share, in the same period of fiscal 2019. Please refer to the financial table below for a reconciliation of GAAP to non-GAAP results.

Cash, cash equivalents, marketable securities and restricted cash on September 30, 2020 totaled $57.7 million, compared with $62.2 million at June 30, 2020.

“Our strong balance sheet and the addition of NEPSI to our Grid team changes the scale of our business and should place AMSC in a strong position for continued diversified growth,” said Daniel P. McGahn, Chairman, President and CEO, AMSC.

Business Outlook

For the third quarter ending December 31, 2020, AMSC expects that its revenues will be in the range of $22 million to $25 million. The Company’s net loss for the third quarter of fiscal 2020 is expected not to exceed $6.0 million, or $0.23 per share, excluding any potential tax impacts due to the acquisition of Northeast Power Systems, Inc. (“NEPSI”) on October 1, 2020. The Company’s non-GAAP net loss (as defined below) is expected not to exceed $5.5 million, or $0.21 per share. The Company expects positive operating cash flow of up to $1 million in the third quarter of fiscal 2020. The Company expects cash, cash equivalents, marketable securities and restricted cash on December 31, 2020, to be no less than $80 million. This guidance reflects the $26 million in cash that the Company paid in connection with its acquisition of NEPSI on October 1, 2020, and $51.4 million in approximate net proceeds from the Company’s stock offering which closed on October 26, 2020.

Conference Call Reminder

In conjunction with this announcement, AMSC management will participate in a conference call with investors beginning at 10:00 a.m. Eastern Time on Thursday, November 5, 2020, to discuss the Company’s financial results and business outlook. 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 2509059. A replay of the call may be accessed 2 hours following the call by dialing 888-203-1112 or 719-457-0820 and using conference ID 2509059.

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 Marinetc™ 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.

AMSC, American Superconductor, D-VAR, D-VAR VVO, Gridtec, Marinetec, Windtec, Smarter, Cleaner … Better Energy, and Orchestrate the Rhythm and Harmony of Power on the Grid are trademarks or registered trademarks of American Superconductor Corporation. All other brand names, product names, trademarks or service marks belong to their respective holders.

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"). Any statements in this release regarding our goals and strategies; our expected GAAP and non-GAAP financial results for the quarter ending December 31, 2020, our expected cash, cash equivalents, marketable securities and restricted cash balance on December 31, 2020; the benefits of the NEPSI acquisition, expected net proceeds from the Company’s recently completed stock offering; and other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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: 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
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.

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th></th>
<th>Six Months Ended September 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td>Total revenues</td>
<td></td>
</tr>
<tr>
<td>Grid</td>
<td>$16,347</td>
<td>$11,489</td>
<td>$30,622</td>
<td>$21,345</td>
</tr>
<tr>
<td>Wind</td>
<td>4,770</td>
<td>2,523</td>
<td>8,267</td>
<td>6,437</td>
</tr>
<tr>
<td>Total revenues</td>
<td>21,117</td>
<td>14,012</td>
<td>42,829</td>
<td>27,762</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>15,596</td>
<td>10,248</td>
<td>31,768</td>
<td>22,441</td>
</tr>
<tr>
<td>Gross margin</td>
<td>5,521</td>
<td>3,764</td>
<td>10,561</td>
<td>5,341</td>
</tr>
</tbody>
</table>

Operating expenses:

- Research and development
  - 2020: $2,719
  - 2019: $2,398
- Selling, general and administrative
  - 2020: $5,887
  - 2019: $5,400
- Amortization of acquisition-related intangibles
  - 2020: $121
  - 2019: $85
- Total operating expenses
  - 2020: $8,727
  - 2019: $7,883

Operating loss

(3,206) (4,119) (6,423) (10,355)

Change in fair value of warrants

- 2020: 1,145
- 2019: 4,092

Interest income, net

- 2020: 161
- 2019: 335

Unaudited consolidated financial statements may not be comparable to those of other companies due to differences in accounting policies or practices.
Other (expense)/income, net  
(476) 1,520 (646) 976
Loss before income tax expense  
(3,521) (1,119) (6,749) (4,447)
Income tax expense (benefit)  
191 (294) 380 (83)
Net loss  
$ (3,712) $ (825) $ (7,129) $ (4,364)

Net loss per common share  
Basic $ (0.17) $ (0.04) $ (0.33) $ (0.21)
Diluted $ (0.17) $ (0.10) $ (0.33) $ (0.40)

Weighted average number of common shares outstanding  
Basic 21,860 20,656 21,775 20,586
Diluted 21,860 20,723 21,775 20,736

UNAUDITED CONSOLIDATED BALANCE SHEET  
(in thousands, except per share data)

<table>
<thead>
<tr>
<th>September 30, 2020</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$41,246</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>10,191</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>16,810</td>
</tr>
<tr>
<td>Inventory</td>
<td>14,155</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>3,496</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>508</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$86,406</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>—</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>8,140</td>
</tr>
<tr>
<td>Intangibles, net</td>
<td>3,309</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>3,907</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,719</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>5,782</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,631</td>
</tr>
<tr>
<td>Other assets</td>
<td>333</td>
</tr>
<tr>
<td>Total assets</td>
<td>$111,227</td>
</tr>
</tbody>
</table>

**LIABILITIES AND STOCKHOLDERS’ EQUITY**

Current liabilities:
- Accounts payable and accrued expenses $18,470 $22,091
- Lease liability, current portion 568 439
- Deferred revenue, current portion 13,547 18,430
- Total current liabilities 32,585 40,960

Deferred revenue, long term portion 8,409 7,712
Lease liability, long term portion 3,430 3,000
Deferred tax liabilities 352 180
Other liabilities 31 38
Total liabilities 44,807 51,890

Stockholders’ equity:
- Common stock 234 229
- Additional paid-in capital 1,055,548 1,053,507
- Treasury stock (3,336) (2,666)
- Accumulated other comprehensive loss (262) (216)
- Accumulated deficit (985,764) (978,635)
<table>
<thead>
<tr>
<th>Financials</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td>$66,420</td>
<td>$72,219</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$111,227</td>
<td>$124,109</td>
</tr>
</tbody>
</table>

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

### Cash flows from operating activities:

- **Net loss**:  
  - 2020: $(7,129)  
  - 2019: $(4,364)

### Adjustments to reconcile net loss to net cash used in operations:

- **Depreciation and amortization**:  
  - 2020: 2,009  
  - 2019: 2,262

- **Stock-based compensation expense**:  
  - 2020: 1,758  
  - 2019: 646

- **Provision for excess and obsolete inventory**:  
  - 2020: 1,250  
  - 2019: 196

- **Change in fair value of warrants**:  
  - 2020: -  
  - 2019: $(4,092)

- **Non-cash interest income**:  
  - 2020: -  
  - 2019: $(112)

- **Other non-cash items**:  
  - 2020: 233  
  - 2019: (888)

### Changes in operating asset and liability accounts:

- **Accounts receivable**:  
  - 2020: 157  
  - 2019: (2,244)

- **Inventory**:  
  - 2020: 3,591  
  - 2019: (3,589)

- **Prepaid expenses and other assets**:  
  - 2020: (866)  
  - 2019: (1,810)

- **Accounts payable and accrued expenses**:  
  - 2020: (3,192)  
  - 2019: 2,799

- **Deferred revenue**:  
  - 2020: (4,636)  
  - 2019: 711

- **Net cash used in operating activities**:  
  - 2020: $(6,553)  
  - 2019: (10,485)

### Cash flows from investing activities:

- **Purchase of property, plant and equipment**:  
  - 2020: (1,326)  
  - 2019: (1,736)

- **Proceeds from the sale of property, plant and equipment**:  
  - 2020: -  
  - 2019: 3,001

- **Purchase of marketable securities**:  
  - 2020: -  
  - 2019: (10,000)

- **Sale of marketable securities**:  
  - 2020: 25,006  
  - 2019: -

- **Change in other assets**:  
  - 2020: 63  
  - 2019: 66

- **Net cash (used in)/provided by investing activities**:  
  - 2020: 23,743  
  - 2019: (8,669)

### Cash flows from financing activities:

- **Repurchase of treasury stock**:  
  - 2020: (670)  
  - 2019: (505)

- **Proceeds from exercise of employee stock options and ESPP**:  
  - 2020: 99  
  - 2019: 100

- **Net cash used in financing activities**:  
  - 2020: (571)  
  - 2019: (405)

- **Effect of exchange rate changes on cash**:  
  - 2020: 53  
  - 2019: (74)

### Net increase/(decrease) in cash, cash equivalents and restricted cash:

- 2020: 16,672  
- 2019: (19,633)

### Cash, cash equivalents and restricted cash at beginning of period:

- 2020: 30,864  
- 2019: 78,198

### Cash, cash equivalents and restricted cash at end of period:

- 2020: $47,536  
- 2019: $58,565

**RECONCILIATION OF GAAP NET LOSS TO NON-GAAP NET LOSS**

(In thousands, except per share data)

### Three Months Ended September 30,

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>$(3,712)</td>
<td>$(825)</td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td>849</td>
<td>397</td>
</tr>
<tr>
<td><strong>Amortization of acquisition-related intangibles</strong></td>
<td>121</td>
<td>85</td>
</tr>
<tr>
<td><strong>Change in fair value of warrants</strong></td>
<td>-</td>
<td>(1,145)</td>
</tr>
<tr>
<td><strong>Non-GAAP net loss</strong></td>
<td>$(2,743)</td>
<td>$(1,488)</td>
</tr>
</tbody>
</table>

### Six Months Ended September 30,

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>$(7,129)</td>
<td>$(4,364)</td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td>1,758</td>
<td>646</td>
</tr>
<tr>
<td><strong>Amortization of acquisition-related intangibles</strong></td>
<td>1,250</td>
<td>196</td>
</tr>
<tr>
<td><strong>Change in fair value of warrants</strong></td>
<td>-</td>
<td>(4,092)</td>
</tr>
<tr>
<td><strong>Non-GAAP net loss</strong></td>
<td>$(5,129)</td>
<td>$(7,640)</td>
</tr>
</tbody>
</table>

### Non-GAAP net loss per share - basic

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-GAAP net loss per share - basic</strong></td>
<td>$ (0.13)</td>
<td>$ (0.07)</td>
</tr>
</tbody>
</table>

### Non-GAAP net loss per share - diluted

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-GAAP net loss per share - diluted</strong></td>
<td>$ (0.13)</td>
<td>$ (0.07)</td>
</tr>
</tbody>
</table>

### Weighted average shares outstanding - basic

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weighted average shares outstanding - basic</strong></td>
<td>21,860</td>
<td>20,656</td>
</tr>
</tbody>
</table>
## RECONCILIATION OF GAAP OPERATING CASH FLOW TO NON-GAAP OPERATING CASH FLOW

(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2020</td>
<td>September 30, 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>$(6,553)</td>
<td>$(10,485)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sinovel settlement (net of legal fees and expenses)</td>
<td>—</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-GAAP operating cash flow</td>
<td>$(6,553)</td>
<td>$(9,485)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Reconciliation of Forecast GAAP Net Loss to Non-GAAP Net Loss

(In millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>Three months ending December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>$(6.0 )</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>1.4</td>
</tr>
<tr>
<td>Amortization of acquisition-related intangibles</td>
<td>0.1</td>
</tr>
<tr>
<td>Non-GAAP net loss</td>
<td>$(5.5 )</td>
</tr>
<tr>
<td>Non-GAAP net loss per share</td>
<td>$(0.21)</td>
</tr>
<tr>
<td>Shares outstanding</td>
<td>26.6</td>
</tr>
</tbody>
</table>

Note: Non-GAAP net loss is defined by the Company as net income (loss) before: stock-based compensation; amortization of acquisition-related intangibles; changes in fair value of warrants; other non-cash or unusual charges, and the tax effect of adjustments calculated at the relevant rate for our non-GAAP metric. The Company believes non-GAAP net loss assists management and investors in comparing the Company’s performance across reporting periods on a consistent basis by excluding these non-cash, non-recurring or other charges that it does not believe are indicative of its core operating performance. The Company no longer has any warrants outstanding, therefore the Company’s non-GAAP net loss guidance does not include the impact from this adjustment. Actual non-GAAP net loss for the fiscal quarter ending December 31, 2020, including the above adjustments, may differ materially from those forecasted in the table above.

Non-GAAP operating cash flow is defined by the Company as operating cash flow before: Sinovel settlement (net of legal fees and expenses); and other unusual cash flows or items. The Company believes non-GAAP operating cash flow assists management and investors in comparing the Company’s operating cash flow across reporting periods on a consistent basis by excluding these non-recurring cash items that it does not believe are indicative of its core operating cash flow.

Generally, a non-GAAP financial measure is a numerical measure of a company’s performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of GAAP to non-GAAP net loss is set forth in the table above.

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Nicol.Golez@amsc.com