

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of**

The Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported):
February 1, 2023**

American Superconductor Corporation

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| Delaware (State or other jurisdiction of incorporation) | 000-19672 (Commission File Number) | 04-2959321 (IRS Employer Identification No.) |
| 114 East Main Street Ayer, Massachusetts (Address of principal executive offices) | | 01432 (Zip Code) |

Registrant's telephone number, including area code (978) 842-3000

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|--------------------------|--|
| Common Stock, \$0.01 par value per share | AMSC | Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 1, 2023, American Superconductor Corporation (the “Company”) announced its financial results for the third quarter ended December 31, 2022 of the Company’s fiscal year 2022. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits:*

| Exhibit No. | <u>Description</u> |
|------------------------|---|
| 99.1 | Press release issued by American Superconductor Corporation on February 1, 2023 (furnished, not “filed,” for purposes of Section 18 of the Exchange Act). |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN SUPERCONDUCTOR CORPORATION

Date: February 1, 2023

By: _____
John W. Kosiba, Jr.
Senior Vice President and Chief Financial Officer



AMSC Reports Third Quarter Fiscal Year 2022 Financial Results and Provides Business Outlook

- *Expected cost savings of approximately \$5 million annually from recent action to improve future operating leverage*
- *Reg system milestone achieved, expected release of \$5 million restricted cash performance bond in fourth quarter of fiscal year 2022*
- *Company to host conference call tomorrow, February 2 at 10:00 am ET*

Ayer, MA – February 1, 2023 – 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 third quarter of fiscal year 2022 ended December 31, 2022.

Revenues for the third quarter of fiscal 2022 were \$23.9 million compared with \$26.8 million for the same period of fiscal 2021. The year-over-year decrease was driven by lower Grid segment revenues, versus the year ago period.

AMSC's net loss for the third quarter of fiscal 2022 was \$9.6 million, or \$0.34 per share, compared to a net loss of \$4.3 million, or \$0.16 per share, for the same period of fiscal 2021. The Company's non-GAAP net loss for the third quarter of fiscal 2022 was \$7.7 million, or \$0.27 per share, compared with a non-GAAP net loss of \$4.6 million, or \$0.17 per share, in the same period of fiscal 2021. Please refer to the financial table below for a reconciliation of GAAP to non-GAAP results.

Cash, cash equivalents, and restricted cash on December 31, 2022, totaled \$31.4 million, compared with \$49.5 million at March 31, 2022.

"During our third quarter of fiscal year 2022, we achieved progress on our strategic priority of a more diversified business. We believe we are well positioned to not only take advantage in the renewables, but also in semiconductor, mining and materials, and defense markets," said Daniel P. McGahn, Chairman, President and CEO, AMSC. "We booked \$43 million of total orders, including \$26 million of new energy power systems orders. We secured our fifth ship protection system for the amphibious ship platform LPD-32 and ended our third quarter with a backlog of over \$110 million. Our pipeline of prospective orders, driven mainly by macro-trends such as climate and environmental policies, is diversified and expected to position us for future growth."

press release

Business Outlook

For the fourth quarter ending March 31, 2023, AMSC expects that its revenues will be in the range of \$27 million to \$30 million. The Company's net loss for the fourth quarter of fiscal 2022 is expected not to exceed \$8.0 million, or \$0.28 per share. The Company's net loss guidance assumes no changes in contingent consideration and does not contemplate any severance related expenses associated with cost reduction actions highlighted above. The Company's non-GAAP net loss (as defined below) is expected not to exceed \$6.0 million, or \$0.21 per share. The Company expects operating cash flow to be a burn of \$4.0 million to \$6.0 million in the fourth quarter of fiscal 2022. The Company expects cash, cash equivalents, and restricted cash on March 31, 2023, to be greater than \$25 million.

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, February 2, 2023, 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 can be accessed by dialing 1-844-481-2802 or 1-412-317-0675 and asking to join the AMSC call. A replay of the call may be accessed 2 hours following the call by dialing 1-877-344-7529 and using conference passcode 5492389.

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.

AMSC, American Superconductor, D-VAR, D-VAR VVO, Gridtec, Marinotec, Windtec, Neeltran, NEPSI, 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, market demand, and order pipeline; our expectation regarding our pipeline of prospective orders positioning us for future growth; our expected GAAP and non-GAAP financial results for the quarter ending March 31, 2023, our expected cash burn during the quarter ending March 31, 2023, our expected cash, cash equivalents, and restricted cash balance on March 31, 2023, expected annual cost savings from recent action, expected release of restricted cash performance bond associated with REG system milestone; 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 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; The COVID-19 pandemic could adversely impact our business, financial condition and results of operations; Changes in U.S. government defense spending could negatively impact our financial position, results of operations, liquidity and overall business; 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; Uncertainty surrounding our prospects and financial condition may have an adverse effect on our customer and supplier relationships; We have not manufactured our Amperium wire in commercial quantities, and a failure to manufacture our Amperium wire in commercial quantities at acceptable cost and quality levels would substantially limit our future revenue and profit potential; Our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; A significant portion of our Wind segment revenues are derived from a single customer. 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 or any critical third parties information technology infrastructure and networks; 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; 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; The increasing focus on environmental sustainability and social initiatives could increase our costs, and inaction could harm our reputation and adversely impact our financial results; 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; There are a number of technological challenges that must be successfully addressed before our superconductor products can gain widespread commercial acceptance, and our inability to address such technological challenges could adversely affect our ability to acquire customers for our products; Third parties have or may acquire patents that cover the materials, processes and technologies we use or may use in the future to manufacture our Amperium products, and our success depends on our ability to license such patents or other proprietary rights; Our technology and products could infringe intellectual property rights of others, which may require costly litigation and, if we are not successful, could cause us to pay substantial damages and disrupt our business; 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, 2022, 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)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|------------------------------------|------------|-----------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | |
| Grid | \$ 20,809 | \$ 25,050 | \$ 66,337 | \$ 73,169 |
| Wind | 3,072 | 1,749 | 7,904 | 6,957 |
| Total revenues | 23,881 | 26,799 | 74,241 | 80,126 |
| Cost of revenues | 23,364 | 23,227 | 69,533 | 69,925 |
| Gross margin | 517 | 3,572 | 4,708 | 10,201 |
| Operating expenses: | | | | |
| Research and development | 2,083 | 2,657 | 7,076 | 8,368 |
| Selling, general and administrative | 7,173 | 6,777 | 22,084 | 20,615 |
| Amortization of acquisition-related intangibles | 690 | 628 | 2,058 | 1,840 |
| Change in fair value of contingent consideration | (220) | (2,110) | (340) | (4,440) |
| Total operating expenses | 9,726 | 7,952 | 30,878 | 26,383 |
| Operating loss | (9,209) | (4,380) | (26,170) | (16,182) |
| Interest income, net | 42 | 12 | 112 | 68 |
| China dissolution | - | - | (1,921) | - |
| Other income (expense), net | (287) | 45 | (48) | 7 |
| Loss before income tax expense | (9,454) | (4,323) | (28,027) | (16,107) |
| Income tax expense (benefit) | 127 | 1 | 144 | (1,946) |
| Net loss | \$ (9,581) | \$ (4,324) | \$ (28,171) | \$ (14,161) |
| Net loss per common share | | | | |
| Basic | \$ (0.34) | \$ (0.16) | \$ (1.01) | \$ (0.52) |
| Diluted | \$ (0.34) | \$ (0.16) | \$ (1.01) | \$ (0.52) |
| Weighted average number of common shares outstanding | | | | |
| Basic | 27,954 | 27,352 | 27,794 | 27,145 |
| Diluted | 27,954 | 27,352 | 27,794 | 27,145 |

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

| | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|--------------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 23,685 | \$ 40,584 |
| Accounts receivable, net | 17,568 | 20,280 |
| Inventory, net | 38,725 | 23,666 |
| Prepaid expenses and other current assets | 7,544 | 7,052 |
| Restricted cash | 6,643 | 2,754 |
| Total current assets | <u>94,165</u> | <u>94,336</u> |
| Property, plant and equipment, net | 12,611 | 13,656 |
| Intangibles, net | 9,215 | 11,311 |
| Right-of-use assets | 3,068 | 3,502 |
| Goodwill | 43,471 | 43,471 |
| Restricted cash | 1,023 | 6,148 |
| Deferred tax assets | 1,086 | 1,224 |
| Other assets | 433 | 239 |
| Total assets | <u>\$ 165,072</u> | <u>\$ 173,887</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 32,060 | \$ 29,140 |
| Lease liability, current portion | 822 | 740 |
| Debt, current portion | 72 | 72 |
| Contingent consideration | 860 | 1,200 |
| Deferred revenue, current portion | 34,239 | 22,812 |
| Total current liabilities | <u>68,053</u> | <u>53,964</u> |
| Deferred revenue, long term portion | 7,176 | 7,222 |
| Lease liability, long term portion | 2,375 | 2,900 |
| Deferred tax liabilities | 202 | 297 |
| Debt, long-term portion | 35 | 90 |
| Other liabilities | 24 | 25 |
| Total liabilities | <u>77,865</u> | <u>64,498</u> |
| Stockholders' equity: | | |
| Common stock | 299 | 289 |
| Additional paid-in capital | 1,137,622 | 1,133,536 |
| Treasury stock | (3,639) | (3,639) |
| Accumulated other comprehensive gain (loss) | 1,603 | (291) |
| Accumulated deficit | (1,048,678) | (1,020,506) |
| Total stockholders' equity | <u>87,207</u> | <u>109,389</u> |
| Total liabilities and stockholders' equity | <u>\$ 165,072</u> | <u>\$ 173,887</u> |

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Nine Months Ended December 31, | |
|---|---------------------------------------|------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net loss | \$ (28,171) | \$ (14,161) |
| Adjustments to reconcile net loss to net cash used in operations: | | |
| Depreciation and amortization | 4,104 | 4,009 |
| Stock-based compensation expense | 3,492 | 3,513 |
| Provision for excess and obsolete inventory | 1,247 | 1,627 |
| Deferred income taxes | 65 | (2,136) |
| Change in fair value of contingent consideration | (340) | (4,440) |
| China dissolution | 1,921 | - |
| Non-cash interest income | - | (49) |
| Other non-cash items | 185 | 407 |
| Unrealized foreign exchange loss on cash and cash equivalents | (3) | (118) |
| Changes in operating asset and liability accounts: | | |
| Accounts receivable | 2,738 | (4,528) |
| Inventory | (16,324) | (279) |
| Prepaid expenses and other assets | (165) | 85 |
| Accounts payable and accrued expenses | 2,565 | (236) |
| Deferred revenue | 11,619 | 381 |
| Net cash used in operating activities | <u>(17,067)</u> | <u>(15,925)</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (970) | (710) |
| Cash paid for acquisition, net of cash acquired | - | (11,479) |
| Proceeds from the maturity of marketable securities | - | 5,189 |
| Change in other assets | (194) | (56) |
| Net cash used in investing activities | <u>(1,164)</u> | <u>(7,056)</u> |
| Cash flows from financing activities: | | |
| Repurchase of treasury stock | - | (46) |
| Repayment of debt | (56) | (30) |
| Proceeds from exercise of employee stock options and ESPP | 127 | 125 |
| Net cash provided by financing activities | <u>71</u> | <u>49</u> |
| Effect of exchange rate changes on cash | 25 | (51) |
| Net decrease in cash, cash equivalents and restricted cash | (18,135) | (22,983) |
| Cash, cash equivalents and restricted cash at beginning of period | 49,486 | 75,539 |
| Cash, cash equivalents and restricted cash at end of period | <u>\$ 31,351</u> | <u>\$ 52,556</u> |

RECONCILIATION OF GAAP NET LOSS TO NON-GAAP NET LOSS
(In thousands, except per share data)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|---------------------------------|-------------------|--------------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net loss | \$ (9,581) | \$ (4,324) | \$ (28,171) | \$ (14,161) |
| China dissolution | — | — | 1,921 | — |
| Stock-based compensation | 1,440 | 1,120 | 3,492 | 3,513 |
| Amortization of acquisition-related intangibles | 696 | 690 | 2,096 | 1,979 |
| Acquisition costs | — | — | — | 681 |
| Change in fair value of contingent consideration | (220) | (2,110) | (340) | (4,440) |
| Non-GAAP net loss | <u>\$ (7,665)</u> | <u>\$ (4,624)</u> | <u>\$ (21,002)</u> | <u>\$ (12,428)</u> |
| Non-GAAP net loss per share - basic | <u>\$ (0.27)</u> | <u>\$ (0.17)</u> | <u>\$ (0.76)</u> | <u>\$ (0.46)</u> |
| Weighted average shares outstanding - basic | 27,954 | 27,352 | 27,794 | 27,145 |

Reconciliation of Forecast GAAP Net Loss to Non-GAAP Net Loss
(In millions, except per share data)

| | Three months ending March 31, 2023 |
|---|---------------------------------------|
| Net loss | \$ (8.0) |
| Stock-based compensation | 1.3 |
| Amortization of acquisition-related intangibles | 0.7 |
| Non-GAAP net loss | <u>\$ (6.0)</u> |
| Non-GAAP net loss per share | <u>\$ (0.21)</u> |
| Shares outstanding | 28.2 |

Note: Non-GAAP net loss is defined by the Company as net loss before: China dissolution; stock-based compensation; amortization of acquisition-related intangibles; acquisition costs; change in fair value of contingent consideration; 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. Actual GAAP and non-GAAP net loss for the fiscal quarter ending March 31, 2023, including the above adjustments, may differ materially from those forecasted in the table above, including as a result of the inclusion of the change in fair value of contingent consideration.

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 measure included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income 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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