

**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): April 30, 2020

Aspen Aerogels, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36481
(Commission File Number)

04-3559972
(IRS Employer
Identification No.)

**30 Forbes Road, Building B,
Northborough, MA**
(Address of Principal Executive Offices)

01532
(Zip Code)

Registrant's Telephone Number, Including Area Code: (508) 691-1111

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:

- 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	Name of exchange on which registered
Common Stock	ASPN	The New York Stock Exchange

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 April 30, 2020, Aspen Aerogels, Inc. announced its financial results for the first quarter of 2020, which ended March 31, 2020, and also discussed business developments. A copy of the press release containing such announcement is attached hereto as Exhibit 99.1.

The information set forth in the press release, except for the information set forth under the heading “2020 Financial Outlook” and under the heading “About Aspen Aerogels, Inc.,” together with the forward-looking statement disclaimer at the end of the press release, is incorporated by reference into this Item 2.02 of this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

The information set forth under the heading “2020 Financial Outlook” and under the heading “About Aspen Aerogels, Inc.,” together with the forward-looking statement disclaimer at the end of the press release, is incorporated by reference into this Item 7.01 of this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit

<u>Number</u>	<u>Description</u>
99.1	<u>Press Release issued by Aspen Aerogels, Inc. on April 30, 2020</u>

The press release may contain hypertext links to information on our website. The information on our website is not incorporated by reference into this Current Report on Form 8-K and does not constitute a part of this Form 8-K.

The information contained in this Current Report on Form 8-K and Exhibit 99.1 attached hereto is being furnished and 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 under that Section, nor shall it be deemed incorporated by reference into any registration statement or other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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 thereunto duly authorized.

Aspen Aerogels, Inc.

Date: April 30, 2020

By: /s/ John F. Fairbanks

Name: John F. Fairbanks

Title: Vice President, Chief Financial Officer and Treasurer

Aspen Aerogels, Inc. Reports First Quarter 2020 Financial Results and Recent Business Developments*Strengthens Balance Sheet and Liquidity; Withdraws Prior 2020 Financial Outlook*

NORTHBOROUGH, Mass., April 30, 2020 — Aspen Aerogels, Inc. (NYSE: ASPN) (“Aspen”) today announced financial results for the first quarter of 2020, which ended March 31, 2020, and discussed recent business developments.

Total revenue for the first quarter was \$28.4 million compared to \$27.9 million in the first quarter last year. First quarter net loss was \$3.2 million compared to a net loss of \$6.0 million in the first quarter of 2019. Net loss per share for the first quarter was \$0.13 compared to \$0.25 in the first quarter last year.

Adjusted EBITDA for the first quarter was \$0.5 million compared to \$(2.6) million in the first quarter of 2019. A reconciliation of non-GAAP Adjusted EBITDA to net loss is provided in the financial schedules that are part of this press release. An explanation of this non-GAAP financial measure is also included below under the heading “Non-GAAP Financial Measures.”

First Quarter Highlights

- Product revenue grew 6% to \$28.3 million
- Gross profit grew 61% to \$6.0 million
- Gross margin improved by 800 basis points to 21%
- Adjusted EBITDA increased by \$3.0 million to \$0.5 million

Recent Business Developments

“First quarter product revenue growth of 6% was driven by continued strong demand in our core U.S. petrochemical and refinery markets and significant growth in project related revenue from the PTT LNG Nong Fab receiving terminal project, partially offset by a decrease in project-based revenue in the subsea and Canadian markets. The combination of our product revenue growth, our 2019 and 2020 price increases, our bill of material cost reduction initiatives and strong manufacturing productivity drove an increase in our first quarter gross margin to 21% from 13% in 2019. As a result, we experienced solid improvement in both net loss and Adjusted EBITDA versus 2019,” said Don Young, President and CEO of Aspen.

“We also continued to make solid progress on our strategy to leverage the unique properties of our aerogel technology platform within the electric vehicle market. Our work with several automotive OEMs to explore the role our traditional silica aerogel materials can play in impeding thermal runaway in lithium-ion batteries appears increasingly promising. In addition, we achieved a number of milestones in development efforts with our existing partners, SKC Co., Ltd. and Evonik Industries AG, to optimize our proprietary carbon aerogels to improve the performance and cost of lithium-ion batteries for electric vehicles,” continued Mr. Young.

2020 Financial Outlook

“Despite the ongoing COVID-19 pandemic, Aspen Aerogels remains open for business. We have not yet encountered any significant disruption to our supply chain, manufacturing operations or our ability to deliver to our customers. However, due to the general uncertainty in the markets for our products resulting from the COVID-19 pandemic and the potential impact of significant volatility in the global oil markets, we are withdrawing our prior 2020 financial outlook,” stated Mr. Young.

“As evidenced by our first quarter performance, we remain confident that Aspen’s underlying business fundamentals and operational effectiveness are strong. We also remain committed to fully implementing our strategy. We are sustaining all planned R&D investments, advancing our electric vehicle programs with the support of our partners, and implementing our next generation product and process technologies to improve our profit potential,” continued Mr. Young.

“We have also taken a number of actions during 2020 to bolster our financial resources to backstop against any potential COVID-19 related disruptions. During the first quarter, we raised a net \$14.8 million from our public stock offering, extended our line of credit through April 2021, and strategically increased our inventory balances by \$4.7 million. In addition, our Rhode Island subsidiary was approved during April 2020 for a \$3.7 million PPP loan under the CARES Act. As a result of these actions, we believe we have the balance sheet and liquidity necessary to operate in this challenging business environment,” said Mr. Young.

“In addition, in mid-March, we instituted wage decreases for executives and managers, eliminated annual pay raises for all employees, minimized discretionary expenses and reduced our planned 2020 capital expenditures. Our board of directors also elected to forgo cash compensation during the current period of business uncertainty. We are also prepared to temporarily curtail operations in our East Providence plant if necessary to ensure the safety of our employees or to align capacity with demand,” continued Mr. Young.

“We will continue to monitor all aspects of our business and are committed to take the actions necessary to enable Aspen Aerogels to successfully execute its strategy. We believe the actions we’ve taken to date are prudent and will position Aspen Aerogels to navigate through the current uncertain environment and to thrive when business conditions improve,” concluded Mr. Young.

Conference Call Notification

A conference call with Aspen management to discuss first quarter 2020 results and recent business developments will be held at 5:00 pm EDT on April 30, 2020. During the call, management will respond to questions concerning, but not limited to, Aspen’s financial performance, business conditions and industry outlook. Management’s discussion and responses could contain information that has not been previously disclosed. The conference call will be available live as a listen-only webcast and will be hosted at the Investors section of the Aspen’s website, www.aerogel.com. In addition, shareholders and other interested parties may call 833-287-0799 (toll free, U.S. & Canada only) or +1 647-689-4458 (international) and reference conference ID “4439345” to participate in the conference call.

Following the live event, an archived version of the webcast will be available on Aspen’s website for convenient on-demand replay for at least a year.

A copy of this press release is posted in the Investors section on Aspen’s website.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States of America (“GAAP”), Aspen provides additional financial metrics that are not prepared in accordance with GAAP (“non-GAAP”). The non-GAAP financial measure included in this press release is Adjusted EBITDA. Management uses non-GAAP financial measures, in addition to GAAP financial measures, as a measure of operating performance because the non-GAAP financial measures do not include the impact of items that management does not consider indicative of Aspen’s core operating performance. In addition, management uses Adjusted EBITDA (i) for planning purposes, including the preparation of Aspen’s annual operating budget, (ii) to allocate resources to enhance the financial performance of its business, and (iii) as a performance measure under its bonus plan.

Management believes that these non-GAAP financial measures reflect Aspen’s ongoing business in a manner that allows for meaningful comparisons and analysis of trends in its business, as they exclude expenses and gains not reflective of Aspen’s ongoing operating results or that may be infrequent and/or unusual in nature. Management also believes that these non-GAAP financial measures provide useful information to investors in understanding and evaluating Aspen’s operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies. These non-GAAP measures may not be comparable to similarly titled measures presented by other companies.

The non-GAAP financial measures do not replace the presentation of Aspen’s GAAP financial results and should only be used as a supplement to, not as a substitute for, Aspen’s financial results presented in accordance with GAAP. In this press release, Aspen has provided a reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure. Management strongly encourages investors to review Aspen’s financial statements and publicly-filed reports in their entirety and not rely on any single financial measure.

About Aspen Aerogels, Inc.

Aspen is the global leader in aerogel technology. The company’s mission is to enable its customers and partners to achieve their own objectives around the global megatrends of resource efficiency and sustainability. Aspen’s Cryogel® and Pyrogel® products are valued by the world’s largest energy infrastructure companies. Aspen’s Spaceloft® products provide building owners with industry-leading energy efficiency including options for a safe, non-combustible fire rating. The company’s strategy is to partner with world-class industry leaders to leverage its aerogel technology platform into additional markets. Headquartered in Northborough, Mass., Aspen manufactures its products at its East Providence, R.I. facility. For more information, please visit www.aerogel.com

Investor Relations Contact

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Special Note Regarding Forward-Looking and Cautionary Statements

This press release and any related discussion contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties that could cause actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements, including statements relating to Aspen’s 2020 financial outlook. These statements are not historical facts but rather are based on Aspen’s current expectations, estimates and projections regarding Aspen’s business, operations and other factors relating thereto, including with respect to Aspen’s 2020 financial outlook. Words such as “may,” “will,” “could,” “would,” “should,” “anticipate,” “predict,” “potential,” “continue,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “outlook,” “assumes,” and similar expressions are used to identify these forward-looking statements. Such forward-looking statements include statements regarding, among other things, Aspen’s expectations about revenue, costs, expenses, profitability, gross margin, net loss, Adjusted EBITDA and related variations, improvements, records, timing or trends; beliefs about the general strength or health of Aspen’s business; beliefs about current or future trends in the energy, energy infrastructure, petrochemical, refinery, building materials, LNG, subsea, core, adjacent, U.S., North American, Asian, European, South American, Middle Eastern or other markets and the impact of these trends on Aspen’s business; beliefs about volume, timing, pipeline or trends of Canadian, subsea, LNG or other projects, including the PTT LNG Nong Fab receiving terminal project, and their impact on Aspen’s business; beliefs about the impact of pricing actions, cost reduction initiatives and the economics of Aspen’s business; beliefs about Aspen’s strategic initiatives and implementation; beliefs about Aspen’s R&D investments; beliefs about the potential to develop new market opportunities from Aspen’s aerogel technology platform; beliefs about the potential of new aerogel products, technologies, businesses and partnerships, beliefs about the role of our technology and partnership opportunities in the battery materials or electric vehicle markets; beliefs about Aspen’s relationships with SKC Co., Ltd. and Evonik Industries AG, including the potential for activities associated with evaluation agreements to lead to any development, commercial or other arrangements with SKC Co., Ltd. or Evonik Industries, or to accelerate the development of new product opportunities in the battery materials or electric vehicle markets; beliefs about Aspen’s engagement with automotive OEMs, including the potential for the development of commercial opportunities related to the management of thermal runaway in lithium-ion batteries in electric vehicles; beliefs about the productivity, efficiency, effectiveness or output of Aspen’s manufacturing operations; beliefs about Aspen’s supply chain including raw materials availability and costs; beliefs about Aspen’s ability to produce and deliver products to customers; beliefs about the coronavirus pandemic, COVID-19 and about global oil market volatility and their impact on Aspen’s operating performance; beliefs about Aspen’s next generation technologies and their impact on Aspen’s profit potential; beliefs about the sufficiency of Aspen’s financial resources and liquidity; beliefs about the availability of PPP loans and any forgiveness thereof; beliefs about Aspen’s ability to execute its strategy; future operating performance on an annual or other basis; and accounting and other assumptions involved in arriving at the expectations. All such forward-looking statements are based on management’s present expectations and are subject to certain factors, risks and uncertainties that may cause actual results, outcome of events, timing and performance to differ materially from those expressed or implied by such statements. These risks and uncertainties include, but are not limited to, the following: an inability to create new product, partnership and market opportunities; any sustained downturn in the energy industry or energy prices; any sustained downturn in the petrochemical, refinery, building materials, subsea, LNG, core, adjacent, U.S., North American, Asian, European, South American, Middle Eastern or other market due to the coronavirus pandemic, COVID-19 or any other factor; any failure to sustain project-based demand in the subsea, LNG or other markets; any disruption or inability to achieve expected capacity levels in any of our three production lines or the manufacturing facility in which they are located, including due to the coronavirus pandemic, COVID-19 or any other factor; the failure to receive all regulatory or other approvals required to operate, maintain or expand our facilities; any failure of demand for Aspen’s products; any failure to achieve expected price increases or average selling prices for Aspen’s products; any significant increase in the cost of raw materials, utilities or any other manufacturing consumable; the failure to mitigate the impact of any significant increase in the cost of raw materials, utilities or other manufacturing consumable; shortages of raw materials, utilities or any other manufacturing consumable due to the coronavirus pandemic, COVID-19 or any other factor; the failure to generate sufficient operating cash flow or to obtain significant additional capital to pursue Aspen’s strategy; the failure of Aspen’s products to become widely adopted; the competition Aspen faces in its business; any failure to enforce any of Aspen’s patents; any failure to protect or expand Aspen’s aerogel technology platform; any future finding of invalidity of any patent in any jurisdiction; any failure to generate sufficient operating cash flow or to obtain sufficient additional capital to continue to pursue Aspen’s new business, technology, patent enforcement, or patent defense strategy; any failure of Aspen’s products to meet applicable specifications and other performance, safety, technical and delivery requirements; the general economic conditions and cyclical demands in the markets that Aspen serves; the economic, operational and political risks associated with sales and expansion of operations in foreign countries; the loss of any direct customer, including distributors, contractors and OEMs; compliance with health and safety laws and regulations; the maintenance and development of distribution channels; and the other risk factors discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 and filed with the Securities and Exchange Commission (“SEC”) on March 6, 2020, as well as any updates to those risk factors filed from time to time in our subsequent periodic and current reports filed with the SEC. All statements contained in this press release are made only as of the date of this press release. Aspen does not intend to update this information unless required by law.

ASPEN AEROGELS, INC.
Condensed Consolidated Balance Sheets
(Unaudited and in thousands)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,786	\$ 3,633
Accounts receivable, net	20,455	32,254
Inventories	13,432	8,768
Prepaid expenses and other current assets	917	1,114
Total current assets	46,590	45,769
Property, plant and equipment, net	51,834	53,617
Operating lease right-of-use assets	3,941	4,032
Other long-term assets	100	84
Total assets	<u>\$ 102,465</u>	<u>\$ 103,502</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 8,717	\$ 12,596
Accrued expenses	3,616	8,057
Revolving line of credit	—	3,123
Deferred revenue	4,840	5,620
Operating lease liabilities	1,069	1,038
Total current liabilities	18,242	30,434
Prepayment liability	9,715	9,786
Operating lease liabilities long-term	4,139	4,292
Total liabilities	32,096	44,512
Stockholders' equity:		
Total stockholders' equity	70,369	58,990
Total liabilities and stockholders' equity	<u>\$ 102,465</u>	<u>\$ 103,502</u>

ASPEN AEROGELS, INC.

Consolidated Statements of Operations

(Unaudited and in thousands, except share and per share data)

	Three Months Ended March 31,	
	2020	2019
Revenue:		
Product	\$ 28,307	\$ 26,785
Research services	112	1,127
Total revenue	<u>28,419</u>	<u>27,912</u>
Cost of revenue:		
Product	22,399	23,478
Research services	40	716
Gross profit	<u>5,980</u>	<u>3,718</u>
Operating expenses:		
Research and development	2,227	1,928
Sales and marketing	3,324	3,511
General and administrative	3,515	4,240
Total operating expenses	<u>9,066</u>	<u>9,679</u>
Loss from operations	<u>(3,086)</u>	<u>(5,961)</u>
Interest expense, net	<u>(83)</u>	<u>(41)</u>
Total interest expense, net	<u>(83)</u>	<u>(41)</u>
Net loss	<u>\$ (3,169)</u>	<u>\$ (6,002)</u>
Net loss per share:		
Basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.25)</u>
Weighted-average common shares outstanding:		
Basic and diluted	<u>25,194,292</u>	<u>23,930,613</u>

Square Foot Operating Metric

We price our product and measure our product shipments in square feet.

Three Months Ended March 31,	
2020	2019

	(In thousands)	
Product shipments in square feet	8,165	8,685

Reconciliation of Non-GAAP Financial Measures

The following tables present a reconciliation of the non-GAAP financial measure included in this press release to the most directly comparable GAAP measure:

Reconciliation of Adjusted EBITDA to Net Income (Loss)

We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depreciation, amortization, stock-based compensation expense and other items, which occur from time to time and which we do not believe are indicative of our core operating performance.

For the three months ended March 31, 2020:

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Net loss	\$ (3,169)	\$ (6,002)
Depreciation and amortization	2,563	2,532
Stock-based compensation	992	878
Interest expense, net	83	41
Adjusted EBITDA	<u>\$ 469</u>	<u>\$ (2,551)</u>