

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-36481

ASPEN AEROGELS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

30 Forbes Road, Building B
Northborough, Massachusetts
(Address of principal executive offices)

04-3559972
(I.R.S. Employer
Identification No.)

01532
(Zip Code)

Registrant's telephone number, including area code: (508) 691-1111

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, par value \$0.00001 per share	ASPN	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 4, 2026, the registrant had 82,988,784 shares of common stock outstanding.

ASPEN AEROGELS, INC.

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Trademarks, Trade Names and Service Marks

We own or have rights to use “Aspen Aerogels,” “Cryogel,” “Pyrogel,” “Spaceloft,” “PyroThin,” the Aspen Aerogels logo and other trademarks, service marks and trade names of Aspen Aerogels, Inc. appearing in this Quarterly Report on Form 10-Q. Solely for convenience, the trademarks, service marks and trade names referred to in this report are presented without the ® and TM symbols, but such references are not intended to indicate, in any way, that the owner thereof will not assert, to the fullest extent under applicable law, such owner’s rights to these trademarks, service marks and trade names. This report contains additional trademarks, service marks and trade names of other companies, which, to our knowledge, are the property of their respective owners.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

ASPEN AEROGELS, INC.

Consolidated Balance Sheets

(Unaudited)

	June 30, 2026	December 31, 2025
	(In thousands, except share and per share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 151,708	\$ 156,857
Restricted cash	1,713	1,713
Accounts receivable, net of allowances of \$4,131 and \$4,172	40,278	35,270
Inventories	27,948	38,249
Prepaid expenses and other current assets	26,847	9,964
Total current assets	248,494	242,053
Property, plant and equipment, net	83,607	98,400
Assets held for sale	32,174	32,712
Operating lease right-of-use assets	16,266	18,014
Finance lease right-of-use assets	5,546	6,131
Other long-term assets	6,848	9,369
Total assets	<u>\$ 392,935</u>	<u>\$ 406,679</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 20,958	\$ 13,243
Accrued expenses	19,129	12,952
Deferred revenue	25,534	1,259
Finance obligation for sale and leaseback transactions	4,875	4,443
Operating lease liabilities	2,947	3,245
Finance lease liabilities	1,860	1,768
Long term debt - current portion	23,346	25,115
Total current liabilities	98,649	62,025
Revolving line of credit	10,880	14,346
Long term debt	56,975	65,455
Deferred revenue long-term	9,738	—
Finance obligation for sale and leaseback transactions long-term	2,391	4,953
Operating lease liabilities long-term	19,548	21,138
Finance lease liabilities long-term	2,291	3,244
Total liabilities	200,472	171,161
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.00001 par value per share; 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2026 and December 31, 2025	—	—
Common stock, \$0.00001 par value per share; 250,000,000 shares authorized, 82,988,340 and 82,711,351 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	—	—
Additional paid-in capital	1,289,197	1,285,297
Accumulated deficit	(1,096,734)	(1,049,779)
Total stockholders' equity	192,463	235,518
Total liabilities and stockholders' equity	<u>\$ 392,935</u>	<u>\$ 406,679</u>

See accompanying notes to unaudited consolidated financial statements.

ASPEN AEROGELS, INC.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands, except share and per share data)			
Revenue	\$ 49,849	\$ 78,024	\$ 87,733	\$ 156,747
Cost of revenue	46,585	52,708	80,193	108,619
Gross profit	3,264	25,316	7,540	48,128
Operating expenses:				
Research and development	3,195	3,794	5,919	8,127
Sales and marketing	6,959	6,948	13,627	15,332
General and administrative	12,984	13,836	28,275	26,870
Restructuring and demobilization costs	—	4,938	427	14,728
Impairment of property, plant and equipment	—	955	—	287,567
Loss on property damage	8,910	—	8,910	—
Total operating expenses	32,048	30,471	57,158	352,624
Loss from operations	(28,784)	(5,155)	(49,618)	(304,496)
Other income (expense)				
Interest expense, net	(2,776)	(3,080)	(5,927)	(5,042)
Other income	8,915	—	8,956	1,130
Total other income (expense)	6,139	(3,080)	3,029	(3,912)
Loss before income taxes	(22,645)	(8,235)	(46,589)	(308,408)
Income tax expense	(619)	(821)	(366)	(1,897)
Net loss	\$ (23,264)	\$ (9,056)	\$ (46,955)	\$ (310,305)
Net loss per share:				
Basic and diluted	\$ (0.28)	\$ (0.11)	\$ (0.57)	\$ (3.78)
Weighted-average common shares outstanding:				
Basic and diluted	82,892,195	82,179,136	82,817,905	82,122,719

See accompanying notes to unaudited consolidated financial statements.

ASPEN AEROGELS, INC.
Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Value	Shares	Value			
Balance at December 31, 2025	—	\$ —	82,711,351	\$ —	\$ 1,285,297	\$ (1,049,779)	\$ 235,518
Net loss	—	—	—	—	—	(23,691)	(23,691)
Stock-based compensation expense	—	—	—	—	1,866	—	1,866
Vesting of restricted stock units	—	—	114,252	—	(196)	—	(196)
Balance at March 31, 2026	—	\$ —	82,825,603	\$ —	\$ 1,286,967	\$ (1,073,470)	\$ 213,497
Net loss	—	—	—	—	—	(23,264)	(23,264)
Stock-based compensation expense	—	—	—	—	1,867	—	1,867
Proceeds from employee stock option exercises	—	—	57,906	—	198	—	198
ESPP	—	—	51,119	—	172	—	172
Vesting of restricted stock units	—	—	53,712	—	(7)	—	(7)
Balance at June 30, 2026	—	\$ —	82,988,340	\$ —	\$ 1,289,197	\$ (1,096,734)	\$ 192,463

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Value	Shares	Value			
Balance at December 31, 2024	—	\$ —	82,040,468	\$ —	\$ 1,274,932	\$ (660,227)	\$ 614,705
Net loss	—	—	—	—	—	(301,249)	(301,249)
Stock-based compensation expense	—	—	—	—	1,952	—	1,952
Vesting of restricted stock units	—	—	133,890	—	(556)	—	(556)
Issuance costs from offering of common stock	—	—	—	—	(18)	—	(18)
Balance at March 31, 2025	—	\$ —	82,174,358	\$ —	\$ 1,276,310	\$ (961,476)	\$ 314,834
Net loss	—	—	—	—	—	(9,056)	(9,056)
Stock-based compensation expense	—	—	—	—	2,815	—	2,815
Vesting of restricted stock units	—	—	15,151	—	(46)	—	(46)
Proceeds from employee stock option exercises	—	—	63,773	—	231	—	231
Issuance costs from offering of common stock	—	—	—	—	(10)	—	(10)
Balance at June 30, 2025	—	\$ —	82,253,282	\$ —	\$ 1,279,300	\$ (970,532)	\$ 308,768

See accompanying notes to unaudited consolidated financial statements.

ASPEN AEROGELS, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
	(In thousands)	
Cash flows from operating activities:		
Net loss	\$ (46,955)	\$ (310,305)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	9,673	11,589
Amortization of debt issuance costs	3,385	1,612
Loss on property damage	8,910	—
Insurance recovery receivable	(8,910)	—
Provision for bad debt	(18)	32
Stock-based compensation expense	3,733	4,767
Impairment of property, plant and equipment	—	288,021
Deferred taxes	(1,113)	—
Reduction in the carrying amount of operating lease right-of-use assets	1,948	1,844
Changes in operating assets and liabilities:		
Accounts receivable	(4,990)	32,905
Inventories	10,301	(4,564)
Prepaid expenses and other assets	(4,538)	14,782
Accounts payable	8,216	(14,579)
Accrued expenses	6,177	(20,931)
Deferred revenue	34,013	(1,575)
Operating lease and other liabilities	(1,887)	(1,896)
Net cash provided by operating activities	<u>17,945</u>	<u>1,702</u>
Cash flows from investing activities:		
Capital expenditures	(3,169)	(25,883)
Net cash used in investing activities	<u>(3,169)</u>	<u>(25,883)</u>
Cash flows from financing activities:		
Proceeds from employee stock option exercises	198	231
Repayment of lease and other finance obligations	(2,992)	(2,464)
Payments made for employee restricted stock tax withholdings	(203)	(602)
Repayment of revolving line of credit	(7,600)	(13,200)
Borrowing from revolving line of credit	3,500	—
Repayment of term loan	(13,000)	(13,000)
Fees and issuance costs from offering of common stock	—	(28)
Proceeds from employee stock purchase plan	172	—
Net cash used in financing activities	<u>(19,925)</u>	<u>(29,063)</u>
Net decrease in cash, cash equivalents and restricted cash	<u>(5,149)</u>	<u>(53,244)</u>
Cash, cash equivalents and restricted cash at beginning of period	158,570	221,276
Cash, cash equivalents and restricted cash at end of period	<u>\$ 153,421</u>	<u>\$ 168,032</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 4,442	\$ 6,563
Income taxes paid	\$ 195	\$ 3,300
Supplemental disclosures of non-cash activities:		
Changes in accrued capital expenditures	<u>\$ (501)</u>	<u>\$ (2,778)</u>

See accompanying notes to unaudited consolidated financial statements.

ASPEN AEROGELS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) Description of Business and Basis of Presentation

Nature of Business

Aspen Aerogels, Inc. (the Company) is an aerogel technology company that designs, develops and manufactures innovative, high-performance aerogel materials used primarily in the energy industrial, sustainable insulation materials, and electric vehicle (EV) markets. The Company has provided high-performance aerogel insulation to the energy industrial and sustainable insulation markets for nearly two decades. The Company has developed and commercialized its proprietary line of PyroThin® aerogel thermal barriers for use in battery packs in EVs. The Company's core business is organized into two reportable segments: Thermal Barrier and Energy Industrial.

The Company maintains its corporate offices in Northborough, Massachusetts. The Company has five wholly owned subsidiaries: Aspen Aerogels Rhode Island, LLC (Aspen RI), Aspen Aerogels Germany, GmbH, Aspen Aerogels Georgia, LLC (Aspen Georgia), Aspen Aerogels Mexico Holdings, LLC (Aspen Mexico), and OPE Manufacturer Mexico S de RL de CV (OPE), a maquiladora located in Mexico. OPE was established under an agreement between the Company and Prodensa Servicios de Consultora (Prodensa) during 2022 to assemble thermal barrier PyroThin products and operate an automated fabrication facility for PyroThin. Pursuant to the agreement, Prodensa owned OPE and charged a management fee, and the Company had an option to purchase OPE from Prodensa after a period of 18 months. The Company subsequently purchased OPE during 2025 for a nominal value in accordance with the terms of the agreement. During the period between inception and the exercise of the option to purchase OPE, OPE operations were consolidated within the Company financial statements as OPE was a variable interest entity with the Company as the primary beneficiary. The purchase of OPE was accounted for as an equity transaction.

Liquidity

During the six months ended June 30, 2026, the Company incurred a net loss of \$47.0 million, generated \$17.9 million of cash from operations and used \$3.2 million of cash for capital expenditures. The Company had unrestricted cash and cash equivalents of \$151.7 million as of June 30, 2026.

On August 19, 2024, the Company and Aspen RI (each, a Borrower and collectively, the Borrowers) entered into a Credit, Security and Guaranty Agreement (the Credit Agreement and the facilities provided thereunder, collectively, the MidCap Loan Facility) with MidCap Funding IV Trust, as agent (the Agent), MidCap Financial Trust, as term loan servicer (the Term Loan Servicer), and the financial institutions or other entities from time to time party thereto as lenders (the Lenders), with respect to the MidCap Loan Facility, which is comprised of (i) the Term Loan Facility in an aggregate principal amount of \$125.0 million (the Term Loan Facility) and (ii) the Revolving Facility in an aggregate principal amount not to exceed the lesser of \$100.0 million and the value of the borrowing base (defined as the sum of (x) 85% of certain eligible accounts of the Borrowers and (y) the lesser of 85% of the NOLV (as defined in the Credit Agreement) or 85% of the cost of certain eligible inventory of the Borrowers (the Borrowing Base) (the Revolving Facility). At closing of the transactions contemplated by the Credit Agreement, the Company drew \$125.0 million from the Term Loan Facility and \$43.0 million from the Revolving Facility. The proceeds of the borrowings at closing, net of fees and costs, were used to repurchase our outstanding convertible note issued to Wood River Capital, LLC, an entity affiliated with Koch Strategic Platforms, LLC, for \$150.0 million and for general corporate purposes. The amount available to the Company at June 30, 2026 under the Revolving Facility was \$13.2 million.

On May 6, 2025, the Credit Agreement was amended to add Aspen Georgia as a Borrower and to amend the minimum Liquidity, the minimum EBITDA and the Liquidity amount trigger for a Cash Dominion Event (each as defined in the Amended MidCap Loan Facility (as defined in Note (7))).

On December 16, 2025, the Credit Agreement was further amended to change the applicable minimum Liquidity threshold and to entirely remove the minimum EBITDA financial maintenance covenant. As of June 30, 2026, the Company is in compliance with the financial covenants set forth in the Amended MidCap Loan Facility. See Note (7) for further details.

The Company expects its existing cash balance will be sufficient to support current operating requirements and capital expenditures required to support the Company's existing business in the EV and energy industrial markets for at least the next twelve months from the date of this Quarterly Report on Form 10-Q. However, the Company expects that it will need to supplement its cash balance with anticipated cash flow from operations, as well as potential equity financings, debt financings, equipment leasing, sale-leaseback transactions, customer prepayments, or government grant and loan programs to provide the additional capital necessary to support the Company's long-term growth strategy.

Unaudited Interim Financial Information

The accompanying unaudited interim consolidated financial statements include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and accompanying notes in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the U.S. Securities and Exchange Commission on March 13, 2026, as amended on March 23, 2026 (the Annual Report).

In the opinion of the Company's management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments that are of a normal recurring nature and necessary for the fair statement of the Company's financial position as of June 30, 2026 and the results of its operations and stockholders' equity for the three and six months ended June 30, 2026 and 2025 and the cash flows for the six-month periods then ended. The Company has evaluated subsequent events through the date of this filing.

The Company's results of operations for the three and six months ended June 30, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or any other period.

(2) Significant Accounting Policies

Please refer to "Note 2. Summary of Basis of Presentation and Significant Accounting Policies," to the Company's consolidated financial statements from the Annual Report for the discussion of the Company's significant accounting policies.

Use of Estimates

The preparation of the consolidated financial statements requires the Company to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include allowances for doubtful accounts, sales returns and allowances, product warranty costs, inventory valuation, the carrying amount of property and equipment, right-of-use assets, lease liabilities, stock-based compensation, and deferred income taxes. The Company evaluates its estimates and assumptions on an on-going basis using historical experience and other factors, including current economic conditions, which are believed to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances warrant. Illiquid credit markets, volatile equity markets and declines in business investment can increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Restricted Cash

As of June 30, 2026, the Company had \$1.7 million of restricted cash to support its outstanding letters of credit.

Concentration of Credit Risk

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist principally of accounts receivable. The Company's customers are primarily insulation distributors, insulation contractors, insulation fabricators and select energy and automotive end-users located throughout the world. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral to secure accounts receivable. The Company maintains an allowance for doubtful accounts based on its assessment of the collectability of accounts receivable. The Company reviews the allowance for doubtful accounts quarterly. During the six months ended June 30, 2026 and 2025, the Company recorded a decrease in the allowance for estimated customer uncollectible accounts receivable of less than \$0.1 million and less than \$0.1 million, respectively.

For the six months ended June 30, 2026 and 2025, two customers represented 51% and 72% of total revenue, respectively.

At June 30, 2026, the Company had one customer that accounted for 43% of accounts receivable. At December 31, 2025, the Company had two customers which accounted for 41% and 13% of accounts receivable, respectively.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers (ASC 606). See Note (3) for further details.

Recently Issued Accounting Standards

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies. Recently issued standards typically do not require adoption until a future effective date. Prior to their effective date, the Company evaluates the pronouncements to determine the potential effects of adoption on its consolidated financial statements.

Standards Implemented Since December 31, 2025

The Company has not implemented any accounting standards that had a material impact on its consolidated financial statements during the six months ended June 30, 2026.

Standards to be Implemented

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (ASU 2024-03). ASU 2024-03 requires a public business entity to provide disaggregated disclosures of certain categories of expenses on an annual and interim basis including purchases of inventory, employee compensation, depreciation, and intangible asset amortization for each income statement line item that contains those expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating ASU 2024-03 to determine its impact on the Company's disclosures.

Although there are several other new accounting pronouncements issued by the FASB, the Company does not believe any of these accounting pronouncements had or will have a material impact on its consolidated financial statements.

(3) Revenue from Contracts with Customers

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC 606, the Company performs the following five steps: (i) identification of the contract with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the separate performance obligations in the contract; and (v) recognition of the revenue associated with performance obligations as they are satisfied. The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price based on the estimated relative standalone-selling prices of the promised products or services underlying each performance obligation. The Company determines standalone-selling prices based on the price at which the performance obligation is sold separately. If the standalone-selling price is not observable through past transactions, the Company estimates the standalone-selling price considering available information such as market conditions and internally approved pricing guidelines related to the performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph ASC 606-10-32-18, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less. The Company did not have any contracts outstanding at December 31, 2025 and did not enter into any contracts during the six months ended June 30, 2026 that contained a significant financing component.

The Company records deferred revenue for product sales when (i) the Company has delivered products, but other revenue recognition criteria have not been satisfied, or (ii) payments have been received in advance of the completion of required performance obligations.

Thermal Barriers

The Company supplies fabricated, multi-part thermal barriers for use in battery packs in the EV market. These thermal barriers are customized to meet customer specifications. Although thermal barrier products are customized with no alternative use to the Company, the Company does not always have an enforceable right to payment. Under the provisions of ASC 606, the Company recognizes revenue at a point in time when transfer of the control of the products is passed to the customer according to the terms of the contract, including under bill and hold arrangements. The timing of revenue recognition is assessed on a contract-by-contract basis.

Energy Industrial

The Company generally enters into contracts containing one type of performance obligation. For a majority of the contracts, the Company recognizes revenue at a point in time when transfer of control of the products is passed to the customer, which is generally upon delivery according to contractual shipping terms within customer purchase orders. For a limited number of customer arrangements for customized products with no alternative use to the Company and an enforceable right to payment for progress completed to date, the Company recognizes revenue over time using units of production to measure progress toward satisfying the performance obligations. Units of production represent work performed as the Company does not generate significant work in process and thereby best depicts the transfer of control to the customer. Customer invoicing terms for contracts for which revenue is recognized under the over time methodology are typically based on certain milestones within the production and delivery schedule. The timing of revenue recognition is assessed on a contract-by-contract basis.

The Company also enters into rebate agreements with certain customers. These agreements may be considered an additional performance obligation of the Company or variable consideration within a contract. Rebates are recorded as a reduction of revenue in the period the related revenue is recognized. A corresponding liability is recorded as a component of deferred revenue on the consolidated balance sheets. These arrangements are primarily based on the customer attaining contractually specified sales volumes.

The Company estimates the amount of its sales that may be returned by its customers and records this estimate as a reduction of revenue in the period the related revenue is recognized. The Company currently estimates return liabilities using trailing historical rates of return, current quarter credit sales, and specific items of exposure on a contract-by-contract basis. Sales return reserves were approximately \$0.3 million as of each of June 30, 2026 and December 31, 2025.

Shipping and Handling Costs

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in the cost of product revenue. The associated amount of revenue recognized includes the consideration to which the Company expects to be entitled to receive in exchange for incurring these shipping and handling costs.

Disaggregation of Revenue

In the following tables, revenue is disaggregated by primary geographical region and source of revenue for the periods presented:

	Three Months Ended June 30,					
	2026			2025		
	U.S.	International	Total	U.S.	International	Total
	(In thousands)					
Geographical region						
Asia	\$ —	\$ 3,612	\$ 3,612	\$ —	\$ 8,553	\$ 8,553
Canada	—	265	265	—	1,194	1,194
Europe	—	6,776	6,776	—	4,047	4,047
Latin America	—	567	567	—	15,719	15,719
U.S.	38,629	—	38,629	48,511	—	48,511
Total revenue	<u>\$ 38,629</u>	<u>\$ 11,220</u>	<u>\$ 49,849</u>	<u>\$ 48,511</u>	<u>\$ 29,513</u>	<u>\$ 78,024</u>
Source of revenue						
Energy industrial	\$ 14,943	\$ 5,429	\$ 20,372	\$ 9,294	\$ 13,499	\$ 22,793
Thermal barrier	23,686	5,791	29,477	39,217	16,014	55,231
Total revenue	<u>\$ 38,629</u>	<u>\$ 11,220</u>	<u>\$ 49,849</u>	<u>\$ 48,511</u>	<u>\$ 29,513</u>	<u>\$ 78,024</u>

	Six Months Ended June 30,					
	2026			2025		
	U.S.	International	Total	U.S.	International	Total
	(In thousands)					
Geographical region						
Asia	\$ —	\$ 9,078	\$ 9,078	\$ —	\$ 15,718	\$ 15,718
Canada	—	265	265	—	2,005	2,005
Europe	—	15,803	15,803	—	8,802	8,802
Latin America	—	1,076	1,076	—	43,539	43,539
U.S.	61,511	—	61,511	86,683	—	86,683
Total revenue	<u>\$ 61,511</u>	<u>\$ 26,222</u>	<u>\$ 87,733</u>	<u>\$ 86,683</u>	<u>\$ 70,064</u>	<u>\$ 156,747</u>
Source of revenue						
Energy industrial	\$ 26,585	\$ 15,375	\$ 41,960	\$ 26,610	\$ 26,005	\$ 52,615
Thermal barrier	34,926	10,847	45,773	60,073	44,059	104,132
Total revenue	<u>\$ 61,511</u>	<u>\$ 26,222</u>	<u>\$ 87,733</u>	<u>\$ 86,683</u>	<u>\$ 70,064</u>	<u>\$ 156,747</u>

Contract Balances

The following table presents changes in the Company's contract liabilities during the six months ended June 30, 2026:

	Balance at December 31, 2025	Additions	Deductions	Balance at June 30, 2026
(In thousands)				
Contract liabilities				
Deferred revenue				
Energy industrial	\$ 1,259	\$ 5,126	\$ (325)	\$ 6,060
Thermal barrier	—	24,343	(4,869)	19,474
Deferred revenue long-term				
Thermal barrier	—	14,607	(4,869)	9,738
Total contract liabilities	<u>\$ 1,259</u>	<u>\$ 44,076</u>	<u>\$ (10,063)</u>	<u>\$ 35,272</u>

During the six months ended June 30, 2026, the Company recognized \$1.3 million of revenue that was included in deferred revenue as of December 31, 2025.

A contract asset is recorded when the Company satisfies a performance obligation by transferring a promised good or service and has earned the right to consideration from its customer. When there is a conditional right to consideration, these items are included within other assets on the consolidated balance sheets. When there is an unconditional right to consideration, these items are included within accounts receivable on the consolidated balance sheets.

A contract liability is recorded when consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services under the terms of the contract. Contract liabilities are recognized as revenue after control of the products or services is transferred to the customer and all revenue recognition criteria have been met.

(4) Inventories

Inventories consist of the following:

	June 30, 2026	December 31, 2025
(In thousands)		
Raw materials	\$ 8,657	\$ 8,179
Work in process	6,765	5,522
Finished goods	12,526	24,548
Total	<u>\$ 27,948</u>	<u>\$ 38,249</u>

(5) Property, Plant and Equipment, Net

Property, plant and equipment consist of the following:

	June 30, 2026	December 31, 2025	Useful life
	(In thousands)		
Construction in progress	\$ 12,265	\$ 9,258	—
Buildings	27,045	27,045	30 years
Machinery and equipment	212,214	224,619	3-10 years
Computer equipment and software	7,807	7,760	3 years
Leasehold improvements			Shorter of useful life or lease term
	25,557	25,561	
Total	284,888	294,243	
Accumulated depreciation	(201,281)	(195,843)	
Property, plant and equipment, net	<u>\$ 83,607</u>	<u>\$ 98,400</u>	

Depreciation expense was \$9.7 million and \$11.6 million for the six months ended June 30, 2026 and 2025, respectively.

On April 8, 2026, an explosion occurred at the Company's manufacturing facility in East Providence, Rhode Island that resulted in damage to a portion of the facility's production space, including certain of the Company's property, plant and equipment, and the temporary cessation of operations (the April 2026 Incident). Refer to Note (15), East Providence Incidents, for further information regarding the damage to certain property, plant and equipment and related insurance recoveries.

In February 2025, as part of a restructuring plan, the Company decided to cease construction at its previously planned aerogel manufacturing facility in Statesboro, Georgia (the Statesboro Plant) and demobilize the site. In connection with the same, the Company adjusted the construction in progress balance to its fair value and recorded impairment charges of \$286.6 million during the three months ended March 31, 2025. The Company plans to divest the assets of the Statesboro Plant through broker-assisted sales. At June 30, 2025, certain of the assets of the Statesboro Plant met the criteria to be classified as held for sale and are separately classified on the balance sheet. At December 31, 2025, the remaining assets of the Statesboro Plant met the criteria to be classified as held for sale. At December 31, 2025, the carrying value of assets classified as held for sale was \$32.7 million and a loss of \$18.2 million was recorded to reflect the remeasured fair value and cost to sell, which was included in loss on disposal of property, plant and equipment in the consolidated statement of operations. The construction in progress balance at June 30, 2026 and December 31, 2025 does not include any balance for the Statesboro Plant.

During the second quarter of fiscal year 2025, the Company implemented additional actions under the restructuring plan, which included headcount reduction and rationalizing research and development programs. As a result of the restructuring plan, the Company recorded impairment charges of \$1.0 million during the year ended December 31, 2025, which are included in impairment of property, plant and equipment in the consolidated statement of operations.

During the fourth quarter of fiscal year 2025, a large Thermal Barrier customer notified the Company of its lower forecasted long-term demand requirements and requested the Company submit a claim for certain losses incurred. Further, EV adoption rates are expected to be lower following the termination in the United States of certain consumer tax incentives for EV purchases. These developments have caused the Company to reassess its capacity requirements. In connection with the same, the Company revised the useful lives of certain assets to align utilization with the revised expected demand and recognized accelerated depreciation of \$22.2 million. Additionally, the Company recognized \$3.6 million of impairment related to construction in progress assets that are no longer needed due to the lower forecasted demand. The Company submitted the claim with the Thermal Barrier customer in November 2025. During the three months ended March 31, 2026, the claim was settled for \$37.6 million which is being deferred and recognized as revenue over approximately a two-year period starting from the settlement date. During the three and six months ended June 30, 2026, the Company recognized \$4.9 million and \$8.4 million as revenue, respectively. The settlement amount was received in March 2026.

Fair value of long-lived assets is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved and a review of appraisals or other market indicators and management estimates. As such, the Company has determined that the fair value measurements of long-lived assets principally fall in Level 2 of the fair value hierarchy.

(6) Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2026	December 31, 2025
	(In thousands)	
Employee compensation	\$ 9,290	\$ 2,929
Other accrued expenses	9,839	10,023
Total	<u>\$ 19,129</u>	<u>\$ 12,952</u>

(7) Debt

On August 19, 2024, the Borrowers entered into the Credit Agreement, by and among the Borrowers, the Agent, the Lenders and the other parties party thereto as additional guarantors and/or borrowers from time to time. Loans borrowed under the MidCap Loan Facility mature on August 19, 2029.

The MidCap Loan Facility is comprised of (i) the Term Loan Facility in an aggregate principal amount of \$125 million and (ii) the Revolving Facility in an aggregate principal amount not to exceed the lesser of (A) \$100 million and (B) the value of the Borrowing Base.

Loans borrowed under the Term Loan Facility bear an interest rate equal to Term SOFR (as defined in the Credit Agreement) for a one-month interest period plus 4.50% per year, subject to a Term SOFR floor of 4.50% and a Term SOFR cap of 7.50%. The Term Loan Facility is subject to amortization of principal, payable quarterly on the last day of each quarter, commencing September 30, 2024, in an amount as set forth in the Credit Agreement with the remaining aggregate principal amount payable on the maturity date. The Borrowers are required to pay the Lenders an exit fee of \$2.5 million on the maturity date. Additionally, the Borrowers are required to pay an origination fee of \$1.3 million annually on the anniversary of the closing date.

Loans borrowed under the Revolving Facility bear an interest rate equal to Term SOFR plus 4.60% per year, subject to a Term SOFR floor of 2.50%. The Revolving Facility has a required minimum balance set at 30% of the average Borrowing Base during the immediately preceding month. The Borrowers are required to pay the Lenders under the Revolving Facility an unused line fee of 0.30% of the average unused availability under the Revolving Facility, subject to the aforementioned minimum balance.

The MidCap Loan Facility is guaranteed by Aspen Mexico and is secured by a lien on substantially all existing and after-acquired assets of the loan parties, including the equity interest in Aspen RI, Aspen Mexico and Aspen Georgia owned by the Company, in each case, subject to customary exceptions. Upon entering into the Credit Agreement in August 2024, Aspen Georgia was not a guarantor (and thus not a Loan Party) and its assets were excluded from the collateral under the MidCap Loan Facility. However, as further described below, on May 6, 2025, Aspen Georgia became a Loan Party under the MidCap Loan Facility.

The Credit Agreement includes representations and warranties, affirmative covenants (including reporting obligations), negative covenants and events of default that are usual and customary for facilities of this type, in each case, subject to certain permitted exceptions as set forth therein. The Credit Agreement includes financial covenants for the benefit of the Lenders, including (i) a covenant to maintain Liquidity (as defined therein) equal to or greater than \$75.0 million at all times and (ii) a covenant to maintain EBITDA (as defined therein) equal to or greater than the specified applicable amount set forth in the Credit Agreement, tested quarterly with the first test set at \$45.0 million commencing with the fiscal quarter ended September 30, 2024.

The Borrowers have the right to prepay the loans outstanding under the MidCap Loan Facility (or, with respect to the Revolving Facility, terminate the commitments thereunder), subject to a premium equal to 3.0% of the amount prepaid or terminated, as applicable, during the first year after the closing date, which premium will be decreased to 2.0% during the second year after the closing date and to 1.0% thereafter. The Borrowers are required to mandatorily prepay the loans outstanding under the Term Loan Facility with, among other things, certain casualty insurance proceeds or proceeds from non-ordinary course asset sales (which will also be subject to the aforementioned premium). The Borrowers are required to mandatorily prepay the balance outstanding under the Revolving Facility (i) if the outstandings exceed the Borrowing Base in an aggregate amount equal to that excess or (ii) upon a cash dominion event of all the funds deposited in the lockbox account during the cash dominion period. A cash dominion event is triggered (x) upon the occurrence of any Specified Event of Default (as defined in the Credit Agreement to include payment default, failure to deliver monthly or annual financials, financial covenant breach or bankruptcy) or any event of default arising from the failure to comply with the requirement to deliver a monthly Borrowing Base certificate, in each case, after any applicable grace period set forth in the Credit Agreement and/or cure rights applicable thereto or (y) if the Liquidity is less than \$100 million.

First Amendment to MidCap Loan Facility

On May 6, 2025, the Company, Aspen RI, Aspen Mexico and Aspen Georgia entered into that certain Amendment No. 1 and Joinder to Credit, Security and Guaranty Agreement (Amendment No. 1), by and among the Company, Aspen RI, Aspen Mexico, Aspen Georgia, the Agent, the Term Loan Servicer, and the Lenders party thereto, amending the MidCap Loan Facility.

Under Amendment No. 1, Aspen Georgia became a borrower under the Amended MidCap Loan Facility and has (a) guaranteed the obligations of the Credit Parties (as defined in the Amended MidCap Loan Facility (defined below)) and (b) granted Agent for the benefit of the Lenders a lien on substantially all of its existing and after-acquired assets, in each case, subject to customary exceptions.

As a result of Amendment No. 1, the applicable margin under the MidCap Loan Facility was amended such that upon the effectiveness of Amendment No. 1, (a) (i) Loans borrowed under the Term Loan Facility will bear an interest rate equal to Term SOFR for one-month interest period plus 5.00% per year, subject to a Term SOFR floor of 4.50% and a Term SOFR cap of 7.50% and (ii) Loans borrowed under the Revolving Facility will bear an interest rate equal to Term SOFR for a one-month interest period plus 5.10% per year, subject to a Term SOFR floor of 2.50%, in each case of (i) and (ii), until the first Pricing Date (as defined in the Amended MidCap Loan Facility as the date five business days after the delivery of a compliance certificate to the Agent for the most recently ended fiscal quarter) after June 30, 2026 and (b) on such first Pricing Date and as thereafter adjusted on each Pricing Date (i) Loans borrowed under the Term Loan Facility will bear interest equal to Term SOFR for one-month interest period plus a margin equal to (x) if the recently reported EBITDA (as defined in the Amended MidCap Loan Facility) is equal to or above \$50 million, 4.50% or (y) if the recently reported EBITDA is below \$50 million, 5.00%, in each case of (x) and (y), subject to a Term SOFR floor of 4.50% and a Term SOFR cap of 7.50%, and (ii) Loans borrowed under the Revolving Facility will bear an interest rate equal to Term SOFR for one-month interest period plus a margin equal to (x) if the recently reported EBITDA is equal to or above \$50 million, 4.60% or (y) if the recently reported EBITDA is below \$50 million, 5.10%, in each case of (x) and (y), subject to a Term SOFR floor of 2.50%. The schedule for amortization of principal of the Term Loan Facility (which remains payable on the last day of each fiscal quarter with remaining principal amount payable on the maturity date) was also updated with new amounts as set forth in the Amended MidCap Loan Facility.

Pursuant to Amendment No. 1, the financial covenants under the MidCap Loan Facility were amended such that (a) the minimum Liquidity which must be maintained at all times has changed from \$75 million to an amount equal to the greater of (i) \$50 million and (ii) 85% of the then aggregate outstanding principal amount of the Term Loan Facility and (b) the minimum EBITDA level to be tested quarterly was changed to reflect a new range from \$15 million to \$50 million, with the next test set at \$15 million with respect to the fiscal quarter ended September 30, 2026 and a \$50 million level applicable commencing with the fiscal quarter ended December 31, 2027 and thereafter. The Liquidity amount trigger of a cash dominion event was also reduced from \$100 million to an amount equal to the greater of (i) \$50 million and (ii) 85% of the then aggregate outstanding principal amount of the Term Loan Facility.

Second Amendment to MidCap Loan Facility

On December 16, 2025, the Company, Aspen RI, Aspen Mexico and Aspen Georgia (together with the Company, Aspen RI and Aspen Mexico, collectively, the Credit Parties) entered into that certain Amendment No. 2 to Credit, Security and Guaranty Agreement (Amendment No. 2), by and among the Credit Parties, the Agent, the Term Loan Servicer, and the Lenders party thereto, which amends the Credit Agreement and the facilities provided thereunder (the MidCap Loan Facility, as amended by Amendment No. 1 and Amendment No. 2, the Amended MidCap Loan Facility).

Pursuant to Amendment No. 2, the financial covenants under the MidCap Loan Facility have been amended such that (a) the applicable minimum liquidity threshold (both for (i) the minimum liquidity financial covenant, which must be maintained by the Company at all times and (ii) the “Cash Dominion Event” definition for purposes of triggering cash dominion) has changed from (i) an amount equal to the greater of (x) \$50 million and (y) 85% of the then aggregate outstanding principal amount of the Term Loan Facility to (ii) an amount equal to the greater of (x) \$50 million and (y) 100% of the then aggregate outstanding principal amount of the Term Loan Facility and (b) the minimum EBITDA financial maintenance covenant has been removed entirely.

In addition, the mandatory prepayment provisions were revised to make clear that any mandatory prepayment of the loans under the Amended MidCap Loan Facility made with proceeds of an asset sale will be used to reduce the Company’s required amortization payments in direct order of maturity, and the basket for making permitted acquisitions under the Amended MidCap Loan Facility was reduced. The Borrowers are required to pay the Lenders a remaining exit fee of \$2.6 million on the maturity date.

The Term Loan Facility consists of the following:

	June 30, 2026	December 31, 2025
	(In thousands)	
Term loan	\$ 79,500	\$ 92,500
Exit fee	2,622	1,152
Term loan issuance costs	(1,801)	(3,082)
Total debt	\$ 80,321	\$ 90,570
Current portion	23,346	25,115
Long term portion	56,975	65,455

The Revolving Facility consists of the following:

	June 30, 2026	December 31, 2025
	(In thousands)	
Revolving line of credit	\$ 10,900	\$ 15,000
Exit fee	584	45
Revolving line of credit issuance costs	(604)	(699)
Total debt	\$ 10,880	\$ 14,346

During the three months ended March 31, 2026, the Company repaid \$7.6 million of the revolving line of credit and during the six months ended June 30, 2026, the Company borrowed \$3.5 million of revolving loan. The amount available to the Company at June 30, 2026 under the Revolving Facility was \$13.2 million.

(8) Commitments and Contingencies

Cloud Computing Agreement

The Company is party to multiple cloud computing agreements that are service contracts for enterprise resource planning (ERP) software programs and payroll services. The amortization period of the cloud computing agreement for the previous ERP software program was adjusted during the year ended December 31, 2024, to align with implementation of the new ERP software and is now fully amortized. The amortization of the new ERP software began on January 1, 2026, and is being amortized over a period of five years.

The amortization associated with the payroll services agreement began in 2024 and is being amortized over a period of five years.

The capitalized implementation costs are classified on the consolidated balance sheets as follows:

	June 30, 2026	December 31, 2025
	(In thousands)	
Cloud computing costs included in other current assets	\$ 1,362	\$ 37
Cloud computing costs included in other assets	6,821	8,709
Amortization of cloud computing costs	(2,044)	(1,621)
Total capitalized cloud computing costs	\$ 6,139	\$ 7,125

Thermal Barrier Contracts

The Company is party to production contracts with General Motors LLC (GM) to supply fabricated, multi-part thermal barriers (Barriers) for use in the battery system of its current and next-generation EVs (Contracts). Pursuant to the Contracts, the Company is obligated to supply Barriers at fixed periodic prices and at volumes to be specified by the original equipment manufacturer (OEM) up to a daily maximum quantity through the respective terms of the agreements, which expire at various times from 2030 through 2034 and, in certain cases, may be extended by GM. While the OEM has agreed to purchase its requirement for Barriers from the Company for locations to be designated from time to time by the OEM, it has no obligation to purchase any minimum quantity of Barriers under the Contracts. In addition, the OEM may terminate the Contracts any time and for any or no reason. All other terms of the Contracts are generally consistent with the OEM's standard purchase terms, including quality and warranty provisions that are customary in the automotive industry.

Letters of Credit

The Company has provided certain customers with letters of credit securing obligations under commercial contracts. As of June 30, 2026, the Company had \$1.7 million of restricted cash to support its outstanding letters of credit. The Company had letters of credit outstanding of \$1.7 million at December 31, 2025 and these letters of credit were secured by the Company's restricted cash.

Federal, State and Local Environmental Regulations

The Company is subject to federal, state and local environmental laws and regulations. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation. Penalties may be imposed for noncompliance.

Litigation

The Company is, from time to time, a party to litigation that arises in the normal course of its business operations. See Part II, Item 1 "Legal Proceedings" of this Quarterly Report on Form 10-Q for a description of certain of the Company's current legal proceedings. The Company is not presently a party to any litigation for which it believes a loss is probable requiring an amount to be accrued or a possible loss contingency requiring disclosure.

Purchase Commitments

As of June 30, 2026, the Company had purchase commitments of approximately \$44.0 million, which included capital commitments of \$1.6 million. Purchase commitments related to capital expenditures are anticipated to be spent over the next three years, while the Company's remaining purchase commitments are anticipated to be spent throughout 2026.

Purchase obligations relate primarily to open purchase orders for capital expenditures, inventories, and goods and services. Purchase obligations are entered into with various vendors in the normal course of business and are consistent with the Company's expected requirements.

Warranty

The Company offers warranties to its customers depending upon the specific product.

The Company's standard warranty period for energy industrial products extends to one year from the date of shipment. This standard warranty provides that the Company's products will be free from defects in material and workmanship, and will, under normal use, conform to the specifications for the product.

The Company's thermal barrier products provide quality and warranty provisions customary in the automotive industry.

The Company recorded warranty expense of \$0.2 million during the six months ended June 30, 2026 and \$0.5 million during the six months ended June 30, 2025.

(9) Leases and Sale and Leaseback

The Company leases office, laboratory, warehouse and fabrication space in Massachusetts, Rhode Island and Monterrey, Mexico under operating leases. Under these agreements, the Company is obligated to pay annual rent, real estate taxes, and certain other operating expenses. The Company also leases equipment under operating and finance leases. The Company's leases expire at various dates through 2034.

Maturities of operating and finance lease liabilities as of June 30, 2026 are as follows:

Year	Operating Leases	Finance Leases
	(In thousands)	
2026 (excluding the six months ended June 30, 2026)	2,828	1,238
2027	5,018	2,881
2028	4,929	370
2029	4,484	152
2030	4,428	105
Thereafter	11,093	-
Total lease payments	32,780	4,746
Less imputed interest	(10,285)	(595)
Total lease liabilities	\$ 22,495	\$ 4,151

The Company incurred operating lease costs of \$3.0 million and \$3.2 million during the six months ended June 30, 2026 and 2025, respectively. Cash payments related to operating lease liabilities were \$3.0 million and \$3.1 million during the six months ended June 30, 2026 and 2025, respectively.

The Company incurred finance lease costs of \$0.7 million and \$0.5 million during the six months ended June 30, 2026 and 2025, respectively. Cash payments related to finance lease liabilities were \$1.1 million and \$0.9 million during the six months ended June 30, 2026 and 2025, respectively.

As of June 30, 2026, the weighted average remaining lease term for operating leases was 6.5 years and the weighted average discount rate for operating leases was 12.1%.

As of June 30, 2026, the weighted average remaining lease term for finance leases was 2.3 years and the weighted average discount rate for finance leases was 10.1%.

Sale and Leaseback Transactions

In January and September 2024, the Company entered into sale and leaseback arrangements, pursuant to which the Company sold certain equipment to an equipment leasing company for one-time cash payments of \$5.0 million and \$10.0 million, respectively, leased back such equipment from the leasing company. The transactions were considered as failed sale and leaseback transactions and, accordingly, were accounted for as financing transactions. The Company did not recognize a gain on any of the proceeds received from the lessor that contractually constitute payments to acquire the assets subject to these arrangements. Instead, the sale proceeds received were accounted for as finance obligations. The monthly lease rents will be paid over the term of three years and will be allocated between interest expense and principal repayment of the financial liability.

The outstanding finance obligation balance as of June 30, 2026 was \$7.3 million. Maturities of finance obligations for sale and leaseback at June 30, 2026 are as follows:

Year	Finance Obligation
	(In thousands)
2026 (excluding the six months ended June 30, 2026)	2,801
2027	5,279
Total lease payments	8,080
Less imputed interest	(814)
Total lease liabilities	\$ 7,266

(10) Stock-Based Compensation

During the six months ended June 30, 2026, the Company granted 382,441 restricted stock units (RSUs) with an aggregate grant date fair value of \$1.3 million, non-qualified stock options (NSOs) to purchase 517,961 shares of common stock with an aggregate grant date fair value of \$1.3 million and 764,886 performance share units (PSUs) with an aggregate grant date fair value of \$4.2 million to employees under its equity incentive plans. The RSUs and NSOs granted to employees will typically vest over a three-year period, subject to continued service. Vesting of any performance share units so earned generally is also contingent upon the grantee's continued employment (or other service) with the Company through the third anniversary of the date of grant.

During the six months ended June 30, 2026, the Company also granted RSUs that vest over a period of three years which are settled in cash. The Company has accounted for the RSUs settled in cash as liability-classified awards and accordingly changes in the market value of the instruments will be recorded to cost of revenue or operating expense, as applicable, over the vesting period of the award. The fair value of a liability-classified award is determined on a quarterly basis beginning at the grant date until final vesting. These awards will be settled on the vesting dates and the maximum liability is capped at 200% of the fair value of the award at the grant date. During the three and six months ended June 30, 2026, the Company incurred expenses of \$1.8 million and \$2.3 million, respectively, for the liability-classified awards. During the three and six months ended June 30, 2025, the Company incurred expenses of \$0.4 million and \$0.5 million, respectively, for the liability-classified awards. At June 30, 2026 and December 31, 2025, the fair value of these awards were \$2.4 million and \$0.5 million, respectively.

During the six months ended June 30, 2026, the Company also granted 51,850 RSUs with a grant date fair value of \$0.3 million and NSOs to purchase 43,530 shares of common stock with a grant date fair value of \$0.2 million to its non-employee directors under the 2023 Plan (as defined below). The RSUs and NSOs granted to non-employee directors will typically vest over a one-year period.

The Company's stockholders approved the Aspen Aerogels Amended and Restated 2023 Equity Incentive Plan (the 2023 Plan) at the Company's 2025 Annual Meeting of Stockholders held on April 30, 2025 (the 2025 Annual Meeting). The 2023 Plan was previously approved by the Company's Board of Directors (the Board). As amended and restated, the number of shares of the Company's common stock reserved for issuance under the 2023 Plan was increased by 3,850,000 shares to 16,971,994 shares and the term of the 2023 Plan was extended until April 29, 2035. As of June 30, 2026, 5,435,213 shares of common stock were reserved for issuance upon the exercise or vesting of outstanding stock-based awards granted under the Company's equity incentive plans. Any cancellations or forfeitures of awards outstanding under the 2023 Plan, the Company's 2014 Employee, Director and Consultant Equity Incentive Plan or the Company's 2001 Equity Incentive Plan, as amended, will result in the shares reserved for issuance pursuant to such awards becoming available for grant under the 2023 Plan. As of June 30, 2026, the Company has either reserved in connection with statutory tax withholdings or issued a total of 6,976,559 shares under the Company's equity incentive plans. As of June 30, 2026, there were 4,560,222 shares of common stock available for future grant under the 2023 Plan.

At the 2025 Annual Meeting, the Company's stockholders also approved the Aspen Aerogels Employee Stock Purchase Plan (the ESPP). The ESPP was previously approved by the Board. The objective of the ESPP is to offer eligible employees of the Company and its designated subsidiaries the ability to purchase shares of the Company's common stock at a 15% discount from the fair market value of the stock as determined on specific dates at six-month intervals, subject to various limitations under the ESPP. 4,000,000 shares of the Company's common stock are authorized for issuance under the ESPP. The offering periods for the ESPP generally start on the first trading day on or after June 1st and December 1st of each year. The first offering period for the ESPP commenced on the first trading day after June 1, 2025 and ended on November 30, 2025, the second offering period commenced on the first trading day after December 1, 2025 and ended on May 31, 2026, and the third offering period commenced on June 1, 2026 and will end on November 30, 2026. During the three and six months ended June 30, 2026, less than \$0.1 million and \$0.1 million of stock-based compensation was recognized for the ESPP, respectively. During each of the three and six months ended June 30, 2025, less than \$0.1 million of stock-based compensation was recognized for the ESPP.

Stock-based compensation is included in cost of revenue or operating expenses, as applicable, and consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands)		(In thousands)	
Cost of product revenue	\$ 62	\$ 214	\$ 284	\$ 161
Research and development expenses	\$ 638	206	753	414
Sales and marketing expenses	\$ 826	522	1,249	985
General and administrative expenses	\$ 2,163	2,269	3,717	3,724
Total stock-based compensation	\$ 3,689	\$ 3,211	\$ 6,003	\$ 5,284

The Company recognizes forfeitures on share-based payments as they occur. During the three and six months ended June 30, 2026, total stock-based compensation includes \$0.1 million and \$0.2 million for forfeitures recorded, respectively. During the three and six months ended June 30, 2025, total stock-based compensation included (\$0.8) million and (\$1.7) million for forfeitures recorded, respectively.

(11) Net Loss Per Share

The computation of basic net loss per share consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands, except share and per share data)			
Numerator:				
Net loss	\$ (23,264)	\$ (9,056)	\$ (46,955)	\$ (310,305)
Denominator:				
Weighted average shares outstanding, basic and diluted	82,892,195	82,179,136	82,817,905	82,122,719
Net loss per share, basic and diluted	\$ (0.28)	\$ (0.11)	\$ (0.57)	\$ (3.78)

Potentially dilutive common shares that were excluded from the computation of diluted net loss per share because they were anti-dilutive consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Common stock options	3,723,927	4,310,825	3,723,927	4,310,825
Restricted common stock units	604,678	1,008,154	604,678	1,008,154
Total	4,328,605	5,318,979	4,328,605	5,318,979

The potentially dilutive shares from common stock options, restricted common stock units and restricted common stock awards were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented. The Company excludes the shares issued in connection with restricted stock awards from the calculation of basic weighted average common shares outstanding until the restrictions lapse.

(12) Income Taxes

The Company incurred net operating losses for the three and six months ended June 30, 2026 and 2025. The net operating losses are related to the U.S., therefore the Company recorded a full valuation allowance against net U.S. deferred tax assets for all prior periods. The Company recorded \$0.6 million and \$0.4 million of income tax expense for the three and six months ended June 30, 2026, respectively. The income tax expense for both the three and six months ended June 30, 2026 is primarily related to the Company's Mexican maquiladora operations. During the three and six months ended June 30, 2025, the Company recorded \$0.8 million and \$1.9 million of income tax expense for the three and six months ended June 30, 2025. The income tax expense for both the three and six months ended June 30, 2025 is related to the Company's Mexican maquiladora operations of \$0.4 million and \$1.5 million, respectively. In addition, state income taxes of \$0.4 million were recorded for both the three and six months ended June 30, 2025.

(13) Segment Information

Operating segments are identified as components of an enterprise about which separate, discrete financial information is available for evaluation by the chief operating decision maker in making decisions on how to allocate resources and assess performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company's chief operating decision maker reviews consolidated operating results to make decisions about allocating resources and assessing performance for the entire Company. The Company reports two segments: Thermal Barrier and Energy Industrial. The Company evaluates segment performance based on the segment loss before corporate expenses.

Summarized below are the Revenue, Cost of Goods Sold and Segment Operating Loss for each reporting segment:

	Revenue Three Months Ended June 30,		Cost of Goods Sold Three Months Ended June 30,		Revenue Six Months Ended June 30,		Cost of Goods Sold Six Months Ended June 30,	
	2026	2025	2026	2025	2026	2025	2026	2025
	(In thousands)		(In thousands)		(In thousands)		(In thousands)	
Energy industrial	\$ 20,372	\$ 22,793	\$ 16,491	\$ 14,483	\$ 41,960	\$ 52,615	\$ 34,792	\$ 32,615
Thermal barrier	29,477	55,231	30,094	38,225	45,773	104,132	45,401	76,004
Total	<u>\$ 49,849</u>	<u>\$ 78,024</u>	<u>\$ 46,585</u>	<u>\$ 52,708</u>	<u>\$ 87,733</u>	<u>\$ 156,747</u>	<u>\$ 80,193</u>	<u>\$ 108,619</u>

	Segment Operating Loss			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands)		(In thousands)	
Energy industrial	\$ 3,881	\$ 8,310	\$ 7,168	\$ 20,000
Thermal barrier	(617)	17,006	372	28,128
Total	<u>\$ 3,264</u>	<u>\$ 25,316</u>	<u>\$ 7,540</u>	<u>\$ 48,128</u>
Corporate expenses	23,138	24,578	47,821	50,329
Restructuring and demobilization costs	—	4,938	427	14,728
Impairment of property, plant and equipment	—	955	—	287,567
Loss on property damage	8,910	—	8,910	—
Operating loss	<u>(28,784)</u>	<u>(5,155)</u>	<u>(49,618)</u>	<u>(304,496)</u>
Other income (expense), net	6,139	(3,080)	3,029	(3,912)
Income tax expense	<u>(619)</u>	<u>(821)</u>	<u>(366)</u>	<u>(1,897)</u>
Net loss	<u>\$ (23,264)</u>	<u>\$ (9,056)</u>	<u>\$ (46,955)</u>	<u>\$ (310,305)</u>

	Depreciation Expense			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands)		(In thousands)	
Energy industrial	\$ 2,091	\$ 2,844	\$ 4,916	\$ 5,710
Thermal barrier	\$ 2,201	2,952	\$ 4,757	5,879
Consolidated depreciation expense	<u>\$ 4,292</u>	<u>\$ 5,796</u>	<u>\$ 9,673</u>	<u>\$ 11,589</u>

	Total Assets	
	June 30, 2026	December 31, 2025
	(In thousands)	
Energy industrial	\$ 68,150	\$ 93,111
Thermal barrier	71,418	69,550
Total assets of reportable segments	139,568	162,661
Construction in progress and held for sale	44,439	41,970
All other corporate assets	208,928	202,048
Total assets	<u>\$ 392,935</u>	<u>\$ 406,679</u>

(14) Restructuring and Demobilization Costs

During the three months ended March 31, 2026, the Company began implementing a restructuring plan to consolidate the operations of the automated fabrication facility in Mexico to improve costs. The plan included reducing the Company's headcount in Mexico and consolidating facilities. In connection with the restructuring, the Company announced headcount reduction in February 2026. During the three months ended June 30, 2026, there was no headcount reduction relating to restructuring.

In February 2025, the Company announced and began implementing a restructuring plan to realign the Company's operational focus to improve costs and align capital expenditure with anticipated long-term demand. The plan included reducing the Company's headcount and ceasing construction of the Company's previously planned Statesboro Plant. In connection with the demobilization, the Company is no longer pursuing its application for a loan from the Department of Energy's Loan Programs Office and has withdrawn from the loan application process.

As a result of the restructurings and the demobilization, the Company incurred the charges shown in the following table. Property, plant and equipment write-downs are included within impairment expenses in the consolidated statements of operations.

	Restructuring and Demobilization Costs			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands)		(In thousands)	
Severance and other personnel costs	\$ —	\$ 3,116	\$ 427	\$ 5,982
Demobilization costs	—	1,822	—	2,573
Deferred financing costs write-off	—	—	—	6,173
Total	<u>\$ —</u>	<u>\$ 4,938</u>	<u>\$ 427</u>	<u>\$ 14,728</u>

(15) East Providence Incidents

In January 2026, there was a fire at our manufacturing facility in East Providence, Rhode Island (the January 2026 Incident). The January 2026 Incident damaged one of our emissions control units and rendered it inoperable.

On April 8, 2026, an explosion occurred at the Company's manufacturing facility in East Providence, Rhode Island that resulted in damage to a portion of the facility's production space, including certain of the Company's property, plant and equipment, and the temporary cessation of operations (the April 2026 Incident, and together with the January 2026 Incident, the East Providence Incidents). On May 14, 2026, the Company initiated a staged restart of the facility.

The total amount of losses associated with the East Providence Incidents, including business interruption, cannot be reasonably estimated at this time. The Company maintains property damage and business interruption insurance coverage and expects certain losses resulting from the incident to be recoverable under its insurance policies, subject to policy terms, conditions, and deductibles.

During the three and six months ended June 30, 2026, the Company recognized a loss of \$8.9 million related to damaged property, plant and equipment and recorded a corresponding receivable for estimated insurance recovery of \$8.9 million, which is included in other income in the accompanying consolidated statements of operations. The insurance receivable reflects the net book value of the damaged assets. Any insurance proceeds received in excess of the net book value of the related assets will be recognized as a gain when realization of such amounts is deemed probable and reasonably estimable.

The Company incurred approximately \$5.3 million of incremental costs associated with the East Providence Incidents during the three and six months ended June 30, 2026. These costs are reflected in the accompanying consolidated statements of operations primarily within cost of revenue.

(16) Subsequent Events

The Company has evaluated subsequent events through August 7, 2026, the date of issuance of the consolidated financial statements for the three and six months ended June 30, 2026 and has determined that there were no subsequent events required to be disclosed.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q and the audited financial information and the notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2025, filed with the U.S. Securities and Exchange Commission (SEC) on March 13, 2026, as amended on March 23, 2026, which we refer to as the Annual Report.

Certain matters discussed in this Quarterly Report on Form 10-Q may be deemed to be forward-looking statements that involve risks and uncertainties. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. In this Quarterly Report on Form 10-Q, words such as “may,” “will,” “anticipate,” “estimate,” “expects,” “projects,” “intends,” “plans,” “believes” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements.

Our actual results and the timing of certain events may differ materially from the results discussed, projected, anticipated, or indicated in any forward-looking statements. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, they may not be predictive of results or developments in future periods.

The following information and any forward-looking statements should be considered in light of factors discussed elsewhere in this Quarterly Report on Form 10-Q, including Part I, Item 1 “Financial Statements,” which includes our financial statements and related notes, and under the sections titled “Risk Factors” in Item 1A of the Annual Report, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, and this Quarterly Report on Form 10-Q.

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC, to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Investors and others should note that we routinely use the Investors section of our website to announce material information to investors and the marketplace. While not all of the information that we post on the Investors section of our website is of a material nature, some information could be deemed to be material. Accordingly, we encourage investors, the media, and others interested in us to review the information that we share on the Investors section of our website, <https://www.aerogel.com>. The information contained on, or that can be accessed through, our website is not a part of, or incorporated by reference in, this Quarterly Report on Form 10-Q or our other filings with the SEC. We have included our website address in this Quarterly Report on Form 10-Q solely as an inactive textual reference.

Products

Our core businesses are organized into two reportable segments: Thermal Barrier and Energy Industrial. The following describes our key product offerings and new product innovations by reportable segment.

Thermal Barrier

We have developed a number of promising aerogel products and technologies for the electric vehicle (EV) market, including our proprietary line of PyroThin aerogel thermal barriers for use in battery packs in EVs. Our PyroThin product is an ultra-thin, lightweight and flexible thermal barrier designed with other functional layers to impede the propagation of thermal runaway across multiple lithium-ion battery system architectures. Our thermal barrier technology is designed to offer a unique combination of thermal management, mechanical performance and fire protection properties. These properties enable EV manufacturers to achieve critical battery performance and safety goals by impeding the propagation of thermal runaway in lithium-ion battery systems at the battery cell, module, and pack levels across multiple lithium-ion battery system architectures. Our ultra-thin, lightweight, and flexible thermal barriers are designed to allow battery manufacturers to achieve critical safety goals without sacrificing energy density.

We have entered into multi-year production contracts with a number of automotive EV original equipment manufacturer (OEM) customers to supply fabricated, multi-part thermal barriers for use in the battery systems of their EV models. These customers include General Motors LLC (GM), Toyota, Scania, Automotive Cells Company, which is a battery cell joint venture between Stellantis N.V., Saft-TotalEnergies and Mercedes-Benz (collectively, ACC), Volvo, and Volvo Truck. We are currently supplying thermal barrier production parts to GM, Toyota, and ACC, and thermal barrier prototype parts to a number of global manufacturers of EVs, grid storage and home battery systems. During 2025, 2024 and 2023, we sold \$168.9 million, \$306.8 million and \$110.1 million, respectively, of our PyroThin thermal barriers, primarily to GM.

Our patented aerogel products and manufacturing technologies are significant assets. Silica aerogels are complex structures in which 97% of the volume consists of air trapped between intertwined clusters of amorphous silica solids. We believe these extremely low-density solids provide superior thermal and acoustic insulating properties. Although silica aerogels are usually fragile materials, we have developed innovative and proprietary manufacturing processes that enable us to produce industrially robust aerogel insulation cost-effectively and at commercial scale.

Our aerogel thermal barrier products are designed to enable our customers to enhance the safety and performance of their lithium-ion battery systems. These barriers are designed to impede the propagation of thermal runaway in lithium-ion battery systems at the battery cell, module, and pack levels across multiple lithium-ion battery system architectures. Our ultra-thin, lightweight and flexible thermal barriers are designed to allow battery manufacturers to achieve critical safety goals without sacrificing energy density. We believe our array of aerogel insulation product attributes provides strong competitive advantages over traditional insulation.

Energy Industrial

We design, develop and manufacture innovative, high-performance aerogel insulation used primarily in the energy industrial market. We believe our aerogel blankets deliver the best thermal performance of any widely used insulation product available on the market today and provide a combination of performance attributes unmatched by traditional insulation materials. Our insulation products help end-users to improve resource efficiency, reduce energy consumption, and reduce the carbon footprint of their operations. These products enable compact system design, reduce installation time and costs, promote freight and logistics cost savings, reduce system weight, minimize required storage space and enhance job site safety. Our insulation products reduce the incidence of corrosion under insulation, which is a significant maintenance cost and safety issue in energy industrial facilities. Many of our insulation products also offer strong fire protection, which is a critical performance requirement in the markets we service. We believe our array of product attributes provides strong competitive advantages over traditional insulation.

Our end-user customers select our products where thermal performance is critical and to save money, improve resource efficiency, enhance sustainability, preserve operating assets and protect workers. Our insulation is used by oil producers and the owners and operators of refineries, petrochemical plants, liquefied natural gas (LNG) facilities, power generating assets, and other energy industrial sites. Our Pyrogel® and Cryogel® aerogel insulation product lines have undergone rigorous technical validation by industry leading end-users and achieved significant market adoption.

We also derive revenue from a number of other end markets. Customers in these markets have used our products for applications such as military aircraft, trains, and buses. We believe we will have additional opportunities to address high-value applications in the global insulation market, as well as in adjacent market opportunities such as energy storage applications, including battery energy storage systems, electrification applications, and other potential adjacent applications subject to their commercial potential, the differentiation of our products, and the ability to leverage our existing manufacturing platform.

Our technologically advanced insulation products are targeted at the multi-billion dollar global market for energy industrial insulation materials. Our products replace traditional insulation in existing facilities during regular maintenance, upgrades, and capacity expansions. In addition, our aerogel products are also specified for use in new-build energy industrial facilities.

We have grown our business by forming technical and commercial relationships with industry leaders that have allowed us to optimize our products to meet the particular demands of target market sectors. We have benefited from our technical and commercial relationships with ExxonMobil in the oil refinery and petrochemical sectors, and with TechnipFMC in the offshore oil sector. We will continue our strategy of working with innovative companies to target and penetrate additional opportunities in the energy industrial and sustainable insulation materials markets. We believe that our long-term record of success positions us for future growth and the opportunity to gain market share in the energy industrial and sustainable insulation markets.

We market and sell our products primarily through a sales force based in North America, Europe and Asia. The efforts of our sales force are supported by a small number of sales consultants with extensive knowledge of a particular market or region. Our sales force is responsible for establishing and maintaining customer and partner relationships, delivering highly technical information and ensuring high-quality customer service.

Our salespeople work directly with end-user customers and engineering firms to promote the qualification, specification and acceptance of our aerogel and thermal barrier products. We also rely on an existing and well-established channel of qualified insulation distributors and contractors in more than 50 countries around the world to help provide rapid delivery of our aerogel products and strong end-user support.

Manufacturing Operations

We manufacture our products using our proprietary technology at our facility in East Providence, Rhode Island, which we have operated since 2008, as well as by utilizing our external manufacturing facility in China. We manage the capacity of our East Providence facility on an ongoing basis in order to meet expected demand for our aerogel products. We also utilize a flexible supply strategy, including, but not limited to, use of our external manufacturing facility in China, which currently supports our Energy Industrial segment. We are working closely with our external manufacturing facility as we seek to expand its capabilities to support our Energy Industrial and Thermal Barrier segments and to enhance short- and long-term supply flexibility. Pursuant to our supply contract with this contract manufacturer, they are obligated to deliver products to us as we issue purchase orders on an as-needed basis through the term of the contract. The contract automatically renews year-to-year unless either party notifies the other of its intention not to renew the contract. While we have agreed to purchase our requirement for certain Energy Industrial products from the contract manufacturer, we have no obligation to purchase any minimum quantity under the contract, and we may terminate the contract at any time and for any or no reason. Additionally, we previously entered into a contract with Prodensa Servicios de Consultora (Prodensa) to establish OPE Manufacturer Mexico S de RL de CV, a maquiladora located in Mexico (OPE), which assembles thermal barrier PyroThin products and operates an automated fabrication facility for PyroThin. We subsequently purchased OPE for a nominal value in accordance with the terms of the agreement.

On April 8, 2026, an explosion occurred at our manufacturing facility in East Providence, Rhode Island. The incident related to a high temperature oven and resulted in damage to a portion of the facility's production space and the temporary cessation of operations (the April 2026 Incident). On May 14, 2026, we initiated a staged restart of the facility and we are proceeding with a phased ramp-up of production. To date, we believe we have mitigated any significant commercial impact of the disruption by working through existing inventory, leveraging the capacity of our external manufacturing facility, and resuming limited production at our East Providence facility. However, our ability to continue to mitigate the impacts of the disruption assumes that the staged restart of our East Providence manufacturing facility proceeds as we currently expect, and that we are able to continue to meet customer demand for our products through a combination of restored production in East Providence, production at our external manufacturing facility, and other efforts to mitigate the impact of the disruptions. If we are unable to resume normal operations at our manufacturing facility in East Providence in a timely manner or manufacture the full array of our products, it may impact our ability to meet customer demand, which could have a material adverse impact on our business, results of operations and financial condition. Even if we are successful in our mitigation efforts, if we experience increased customer demand, we may be unable to produce sufficient product to meet such increased customer demand, which could have a material adverse impact on our business, results of operations and financial condition.

Financial Summary

Our revenue for the six months ended June 30, 2026 was \$87.7 million, which represented a decrease of \$69.0 million, or 44%, from \$156.7 million of revenue for the six months ended June 30, 2025. Net loss for the six months ended June 30, 2026 was \$47.0 million and net loss per share was \$0.57. Net loss for the six months ended June 30, 2025 was \$310.3 million and net loss per share was \$3.78. Revenue for the six months ended June 30, 2026 includes \$8.4 million of revenue from a settlement agreement with a customer for \$37.6 million for a claim for certain losses incurred arising from lower forecasted long-term demand by the customer which is being deferred and recognized as revenue over a period of approximately two years from the settlement date.

Key Metrics and Non-GAAP Financial Measures

We regularly review a number of metrics, including the following non-GAAP key metric, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

Adjusted EBITDA

We use Adjusted EBITDA, a non-GAAP financial measure, as a means to assess our operating performance. We define Adjusted EBITDA as net income (loss) before interest expense, taxes, depreciation, amortization, stock-based compensation expense and other items, from time to time, which we do not believe are indicative of our core operating performance. These excluded items include costs related to the East Providence Incidents, including expedited freight, professional fees, and the incremental cost of temporarily sourcing certain Energy Industrial products from our external manufacturing facility until the East Providence facility returns to full production capacity. Adjusted EBITDA is a supplemental measure of our performance that is not presented in accordance with U.S. GAAP. Adjusted EBITDA should not be considered as an alternative to net income (loss) or any other measure of financial performance calculated and presented in accordance with U.S. GAAP. In addition, our definition and presentation of Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies.

We use Adjusted EBITDA:

- as a measure of operating performance because it does not include the impact of items that we do not consider indicative of our core operating performance;
- for planning purposes, including the preparation of our annual operating budget;
- to allocate resources to enhance the financial performance of our business; and
- as a performance measure used under our bonus plan.

We also believe that the presentation of Adjusted EBITDA provides useful information to investors with respect to our results of operations and in assessing the performance and value of our business. Various measures of EBITDA are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, capital structures and the methods by which assets were acquired.

Although measures similar to Adjusted EBITDA are frequently used by investors and securities analysts in their evaluation of companies, we understand that Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for net income (loss), income (loss) from operations, net cash provided by (used in) operating activities or an analysis of our results of operations as reported under U.S. GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our historical cash expenditures or future requirements for capital expenditures or other contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect stock-based compensation expense;
- Adjusted EBITDA does not reflect our income tax expense or cash requirements to pay our income taxes;
- Adjusted EBITDA does not reflect our interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation, amortization and impairment charges are non-cash charges, the assets being depreciated, amortized or impaired will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for these replacements; and
- other companies in our industry may calculate EBITDA or Adjusted EBITDA differently than we do, limiting their usefulness as a comparative measure.

Because of these limitations, our Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to reinvest in the growth of our business or as a measure of cash available for us to meet our obligations.

To properly and prudently evaluate our business, we encourage you to review the U.S. GAAP financial statements included elsewhere in this Quarterly Report on Form 10-Q, and not to rely on any single financial measure to evaluate our business.

The following table presents a reconciliation of net loss, the most directly comparable U.S. GAAP measure, to Adjusted EBITDA for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Net loss	\$ (23,264)	\$ (9,056)	\$ (46,955)	\$ (310,305)
Depreciation and amortization	4,292	5,796	9,673	11,589
Stock-based compensation ⁽¹⁾	3,689	3,211	6,003	5,284
Other (income) expense, net ⁽²⁾	2,771	3,080	5,881	3,912
Income tax expense	619	821	366	1,897
Restructuring and demobilization costs	—	4,938	427	14,728
Impairment of property, plant and equipment	—	955	—	287,567
Insurance recovery receivable ⁽³⁾	(8,910)	—	(8,910)	—
Loss on property damage	8,910	—	8,910	—
East Providence incident-related costs ⁽⁴⁾	5,318	—	5,318	—
Adjusted EBITDA	\$ (6,575)	\$ 9,745	\$ (19,287)	\$ 14,672

- (1) Represents non-cash stock-based compensation related to vesting and modifications of stock option grants, restricted stock units (RSUs) and restricted common stock, and cash settled RSUs.
- (2) Other (income) expense, net in the accompanying condensed consolidated statement of operations includes an \$8.9 million insurance recovery receivable recognized in connection with the April 2026 Incident. For purposes of calculating Adjusted EBITDA, this amount has been presented separately to enhance comparability between periods.
- (3) Represents an \$8.9 million insurance recovery receivable recognized in connection with the April 2026 Incident. This amount is included within Other (income) expense, net in the accompanying condensed consolidated statement of operations and fully offsets the loss on property damage recognized during the period.
- (4) Represents items management believes are not indicative of ongoing operating performance related to the East Providence Incidents, including expedited freight and professional fees.

Our financial performance, including such measures as net income (loss), earnings per share and Adjusted EBITDA, are affected by a number of factors, including volume and mix of aerogel products sold, average selling prices, our material costs and manufacturing expenses, and the amount and timing of capital and operating expenses. Accordingly, we expect that our net loss, earnings per share and Adjusted EBITDA will vary from period to period.

During 2025, we experienced a significant decline in volume for our thermal barrier products, primarily driven by lower North American EV production levels. As a result, total thermal barrier revenue decreased by 47% compared to the prior year. Our expectation for 2026 thermal barrier revenue is based, in part, on our OEM customers' production forecasts. The automotive industry in which our OEM customers operate is cyclical and is sensitive to changes in consumer demand, regulatory environments, and broader economic conditions. EV adoption rates in certain markets have been lower than previously anticipated, influenced in part by changes in regulatory frameworks and incentive programs as well as evolving consumer demand. OEMs have adjusted production plans and investment timelines accordingly. These actions have resulted in revised capacity plans and re-timed EV-related investments, particularly in North America. In addition, changes in trade policy and other macroeconomic factors have impacted both our customers and our operating environment, and we expect these conditions to continue to influence demand. OEM customers continue to pursue cost reduction and product redesign initiatives, which may result in engineering changes to the components we supply. Our supply agreements generally include pricing step-down provisions over the production life of a program, consistent with industry practice. We expect thermal barrier revenues for full year 2026 to decline compared to 2025, primarily due to lower anticipated production volumes.

In addition, we have experienced operational disruptions at our manufacturing facility in East Providence, Rhode Island in 2026, which have adversely impacted our manufacturing capacity and are expected to increase near-term costs. In January 2026, there was a fire at our manufacturing facility in East Providence, Rhode Island (the January 2026 Incident). The January 2026 Incident damaged one of our emissions control units and rendered it inoperable. Subsequently, on April 8, 2026, an explosion occurred at our manufacturing facility in East Providence, Rhode Island (the April 2026 Incident, and together with the January 2026 Incident, the "East Providence Incidents"). The incident related to a high temperature oven and resulted in damage to a portion of the facility's production space and the temporary cessation of operations. On May 14, 2026, we initiated a staged restart of the facility and we are proceeding with a phased ramp-up of production. To date, we believe we have mitigated any significant commercial impact of the disruption by working through existing inventory, leveraging the capacity of our external manufacturing facility, and resuming limited

production at our East Providence facility. However, our ability to continue to mitigate the impacts of the disruption assumes that the staged restart of our East Providence manufacturing facility proceeds as we currently expect, and that we are able to continue to meet customer demand for our products through a combination of restored production in East Providence, production at our external manufacturing facility and other efforts to mitigate the impact of the disruptions. If we are unable to resume normal operations at our manufacturing facility in East Providence in a timely manner or manufacture the full array of our products, it may impact our ability to meet customer demand, which could have a material adverse impact on our business, results of operations and financial condition. Even if we are successful in our mitigation efforts, if we experience increased customer demand, we may be unable to produce sufficient product to meet such increased customer demand, which could have a material adverse impact on our business, results of operations and financial condition.

These efforts to mitigate the disruption from the East Providence Incidents and expand the external manufacturing facility's capabilities, including expedited freight and expedited repair costs related to our East Providence manufacturing facility, are expected to result in increased costs of revenue and increased general and administrative expenses during 2026.

We expect energy industrial revenue to increase in 2026, driven by anticipated volume growth in our core petrochemical and refinery markets, project-based demand, and continued penetration into adjacent applications.

We expect Adjusted EBITDA to decline in 2026 primarily due to lower thermal barrier revenue, as well as the increased costs of revenue. However, we expect net loss to improve relative to 2025, as the impairment recorded for the previously planned second plant in Statesboro, Georgia (the Statesboro Plant) is not expected to recur. We also expect capital expenditures to decrease in 2026.

Components of Our Results of Operations

Revenue

We recognize revenue from the sale of our energy industrial aerogel products and thermal barriers. Revenue is recognized upon the satisfaction of contractual performance obligations.

We record deferred revenue for sales when (i) we have delivered products, but other revenue recognition criteria have not been satisfied, or (ii) payments have been received in advance of the completion of required performance obligations.

For the reasons discussed above, we expect that our thermal barrier revenues will decline in 2026 as compared to the prior year, while energy industrial revenues are expected to increase.

Cost of Revenue

Cost of product revenue consists primarily of materials and manufacturing expense. Cost of product revenue is recorded when the related product revenue is recognized.

Material is a significant component of cost of product revenue and includes fibrous batting, silica materials and additives. Material costs as a percentage of product revenue vary from product to product due to differences in average selling prices, material requirements, product thicknesses, and manufacturing yields. In addition, we provide warranties for our products and record the estimated cost within cost of revenue in the period that the related revenue is recorded or when we become aware that a potential warranty claim is probable and can be reasonably estimated. As a result of these factors, material costs as a percentage of product revenue will vary from period to period due to changes in the volume and mix of aerogel products sold, the costs of our raw materials or the estimated cost of warranties. In addition, global supply chain disturbances, increased reliance on foreign materials procurement, industrial gas supply constraints, increases in the cost of our raw materials, engineering changes, higher prototype sales and other factors may significantly impact our material costs and have a material impact on our operations. During 2026, we expect to incur increased costs of revenue primarily due to the supply disruptions and mitigation efforts resulting from the operational disruptions from the East Providence Incidents.

Manufacturing expense is also a significant component of cost of revenue. Manufacturing expense includes labor, utilities, maintenance expense, and depreciation on manufacturing assets. Manufacturing expense also includes stock-based compensation of manufacturing employees and shipping costs.

Gross Profit

Our gross profit as a percentage of revenue is affected by a number of factors, including the volume of products produced and sold, the mix of products sold, average selling prices, our material and manufacturing costs and realized capacity utilization. Accordingly, we expect our gross profit to vary significantly in absolute dollars and as a percentage of revenue from period to period. During 2026, we expect gross profit to decline in absolute dollars and as a percentage of revenue due to expected decreases in total revenue and production volumes and the inclusion of certain related costs associated with the East Providence Incidents in cost of revenue.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Operating expenses include personnel costs, legal fees, professional fees, service fees, insurance premiums, travel expense, facilities related costs and other costs, expenses and fees. The largest component of our operating expenses is personnel costs, consisting of salaries, benefits, incentive compensation and stock-based compensation. In any particular period, the timing and extent of personnel additions or reductions, legal activities, including patent enforcement actions, marketing programs, research efforts and a range of similar activities or actions could materially affect our operating expenses, both in absolute dollars and as a percentage of revenue.

Research and Development Expenses

Research and development expenses consist primarily of expenses for personnel engaged in the development of next generation aerogel compositions, form factors and manufacturing technologies. These expenses also include testing services, prototype expenses, consulting services, trial formulations for new products, equipment depreciation, facilities costs and related overhead. We expense research and development costs as incurred. We expect to continue to devote substantial resources to the development of new aerogel technologies.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel costs, incentive compensation, marketing programs, travel and related costs, consulting expenses and facilities related costs.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs, legal expenses, consulting and professional services, audit fees, compliance with securities, corporate governance and related laws and regulations, investor relations and insurance premiums, including director and officer insurance. During 2026, while we expect to continue our ongoing cost reduction measures, we expect our general and administrative expenses to increase due to the impact of supply disruptions and mitigation efforts resulting from the operational disruptions from the East Providence Incidents.

Restructuring and Demobilization Costs

Restructuring and demobilization costs consists of severance and other personnel costs, and costs associated with the demobilization of our previously planned Statesboro Plant.

Impairment of property, plant and equipment

During the fiscal year ended December 31, 2025, impairment of property, plant and equipment consists of impairment incurred on our previously planned Statesboro Plant and impairment of other property, plant and equipment in connection with a restructuring action.

Loss on property damage

Reflects the write-off of the net book value of property, plant and equipment damaged in the April 2026 Incident during the three months ended June 30, 2026.

Interest Expense, net

Interest expense, net consists of interest expense and amortization related to our other financing arrangements including our Amended MidCap Loan Facility (as defined below), a failed sale and leaseback arrangement accounted as a financing transaction, and interest earned on the cash balances invested in deposit accounts, money market accounts, and high-quality debt securities issued by the U.S. government.

Provision for Income Taxes

We have incurred net losses since inception with the exception of the year ended December 31, 2024, and have not recorded benefit provisions for U.S. federal income taxes since the tax benefits of our net losses have been offset by valuation allowances due to the uncertainty associated with the utilization of net operating loss carryforwards. We record tax expenses in connection with provisions for state income taxes and our Mexican maquiladora operations.

Results of Operations

Three months ended June 30, 2026 compared to the three months ended June 30, 2025

The following tables set forth a comparison of the components of our results of operations for the periods presented:

Revenue

	Three Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Revenue:						
Energy industrial	\$ 20,372	41%	\$ 22,793	29%	\$ (2,421)	(11)%
Thermal barrier	29,477	59%	55,231	71%	(25,754)	(47)%
Total revenue	<u>\$ 49,849</u>	100%	<u>\$ 78,024</u>	100%	<u>\$ (28,175)</u>	(36)%

Total revenue decreased \$28.2 million, or 36%, to \$49.8 million for the three months ended June 30, 2026 from \$78.0 million in the comparable period in 2025. The decrease in total revenue was the result of decreases in thermal barrier revenue and energy industrial revenue.

Energy industrial revenue decreased by \$2.4 million, or 11%, to \$20.4 million for the three months ended June 30, 2026 from \$22.8 million in the comparable period in 2025. This decrease was driven by a decrease in revenue from the global petrochemical and refinery markets of Asia, Europe, and Latin America, offset in part by an increase in revenue from the global petrochemical and refinery market of North America.

Energy industrial revenue for the three months ended June 30, 2026 included \$5.5 million and \$4.6 million from two North American distributors, in comparison to \$2.6 million and \$1.7 million for the comparable period of 2025.

The average selling price per square foot of our energy industrial products decreased by 6% for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decrease in average selling price reflected a change in the mix of products sold. This decrease in average selling price had the effect of decreasing product revenue by \$1.3 million for the three months ended June 30, 2026 from the comparable period in 2025.

In volume terms, energy industrial product shipments decreased by 5% as measured by square feet of our energy industrial products shipped for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decrease in volume had the effect of decreasing product revenue by \$1.1 million for the three months ended June 30, 2026 from the comparable period in 2025.

Thermal barrier revenue decreased by \$25.8 million, or 47%, to \$29.4 million for the three months ended June 30, 2026 from \$55.2 million in the comparable period in 2025. During the three months ended June 30, 2026 and 2025, thermal barrier revenue included \$23.7 million and \$53.8 million, respectively, from a major U.S. automotive OEM. The decrease in thermal barrier revenue

was driven by a reduction in the volume of parts ordered by our OEM customer and a lower contractual component price during the period compared to the same period in the prior year. Thermal barrier revenue for the three months ended June 30, 2026 includes \$4.9 million of revenue from a settlement agreement with a customer for \$37.6 million for a claim for certain losses incurred arising from lower forecasted long-term demand by the customer which is being deferred and recognized as revenue over a period of approximately two years from the settlement date.

Cost of Revenue

	Three Months Ended June 30,				Change	
	2026		2025		Amount	Percentage
	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue		
	(In thousands)					
Cost of revenue:						
Energy industrial	\$ 16,491	81%	\$ 14,483	64%	\$ 2,008	14%
Thermal barrier	30,094	102%	38,225	69%	(8,131)	(21)%
Total cost of revenue	<u>\$ 46,585</u>	<u>93%</u>	<u>\$ 52,708</u>	<u>68%</u>	<u>\$ (6,123)</u>	<u>(12)%</u>

Total cost of revenue decreased \$6.1 million, or 12%, to \$46.6 million for the three months ended June 30, 2026 from \$52.7 million in the comparable period in 2025. The decrease in total cost of revenue was the result of a decrease in thermal barrier cost of revenue offset by an increase in energy industrial cost of revenue.

Energy industrial cost of revenue increased \$2.0 million, or 14%, to \$16.5 million for the three months ended June 30, 2026 from \$14.5 million in the comparable period in 2025. The \$2.0 million increase resulted from an increase of \$8.1 million in manufacturing costs, unabsorbed overheads, and other operating costs, partially offset by a decrease of \$6.1 million in material costs.

Thermal barrier cost of revenue decreased \$8.1 million, or 21%, to \$30.1 million for the three months ended June 30, 2026 from \$38.2 million in the comparable period in 2025. The \$8.1 million decrease was the result of a decrease of \$15.4 million in manufacturing costs and a decrease of \$5.0 million in material costs partially offset by an increase of \$7.0 million in costs due to the plant shut-down, and \$5.3 million in costs related to the East Providence Incidents. Material costs decreased primarily due to lower volume. Manufacturing costs decreased due to lower volumes, benefits from the headcount reduction and other cost cutting efforts.

Gross Profit

	Three Months Ended June 30,				Change	
	2026		2025		Amount	Percentage
	Amount	Percentage of Revenue	Amount	Percentage of Revenue		
	(In thousands)					
Gross profit:						
Energy industrial	\$ 3,881	19%	\$ 8,310	36%	\$ (4,429)	(53)%
Thermal barrier	(617)	(2)%	17,006	31%	(17,623)	(104)%
Total gross profit	<u>\$ 3,264</u>	<u>7%</u>	<u>\$ 25,316</u>	<u>32%</u>	<u>\$ (22,052)</u>	<u>(87)%</u>

Total gross profit decreased by \$22.0 million, or 87%, to \$3.3 million in gross profit for the three months ended June 30, 2026 from \$25.3 million in the comparable period in 2025. The decrease in gross profit was the result of the \$28.2 million decrease in total revenue and the inclusion of certain related costs associated with the East Providence Incidents in cost of revenue.

Research and Development Expenses

	Three Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Research and development expenses	\$ 3,195	6%	\$ 3,794	5%	\$ (599)	(16)%

Research and development expenses decreased by \$0.6 million, or 16%, to \$3.2 million for the three months ended June 30, 2026 from \$3.8 million in the comparable period in 2025. The \$0.6 million decrease reflects a decrease in operating material and supplies of \$0.3 million, decreases in compensation and related costs of \$0.2 million, driven by a headcount reduction, and a decrease in other expenditures of \$0.1 million.

Research and development expenses as a percentage of total revenue increased to 6% of total revenue for the three months ended June 30, 2026 from 5% in the comparable period in 2025.

Sales and Marketing Expenses

	Three Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Sales and marketing expenses	\$ 6,959	14%	\$ 6,948	9%	\$ 11	0%

Sales and marketing expenses increased by less than \$0.1 million, or 0%, to \$7.0 million for the three months ended June 30, 2026 from \$6.9 million in the comparable period in 2025. The less than \$0.1 million increase primarily reflects increases in compensation and related costs.

Sales and marketing expenses as a percentage of total revenue increased to 14% of total revenue for the three months ended June 30, 2026 from 9% in the comparable period in 2025.

General and Administrative Expenses

	Three Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
General and administrative expenses	\$ 12,984	26%	\$ 13,836	18%	\$ (852)	(6)%

General and administrative expenses decreased by \$0.8 million, or 6%, to \$13.0 million for the three months ended June 30, 2026 from \$13.8 million in the comparable period in 2025. The \$0.8 million decrease was primarily the result of a decrease in insurance fees of \$0.8 million.

General and administrative expenses as a percentage of total revenue increased to 26% for the three months ended June 30, 2026 from 18% in the comparable period in 2025.

Restructuring and Demobilization Costs

During the three months ended March 31, 2026, we began implementing a restructuring plan to consolidate the operations of the automated fabrication facility in Mexico to improve costs. The plan included reducing our headcount in Mexico and consolidating facilities. In connection with the restructuring, we incurred \$0.4 million of severance costs for headcount reduction. During the three months ended June 30, 2026 we did not incur restructuring and demobilization costs.

In February 2025, we announced and began implementing a restructuring plan to realign our operational focus to improve costs and align capital expenditure to anticipated long-term demand. The plan included reducing our headcount and ceasing construction of our previously planned Statesboro Plant. Restructuring and demobilization costs include severance and other personnel costs of \$3.1 million and facility closures and other costs associated with demobilization of \$1.8 million for the three months ended June 30, 2025.

Impairment of property, plant and equipment

Impairment of property, plant and equipment costs for the three months ended June 30, 2025 of less than \$1.0 million was due to impairment incurred on research and development equipment.

Loss on property damage

On April 8, 2026, an explosion occurred at our manufacturing facility in East Providence, Rhode Island. The incident related to a high temperature oven and resulted in damage to a portion of the facility's production space and the temporary cessation of operations. On May 14, 2026, we initiated a staged restart of the facility.

During the three months ended June 30, 2026, we incurred an \$8.9 million loss on property damage associated with the April 2026 Incident.

Other Income (Expense), net

	Three Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Other income (expense):						
Interest expense, net	(2,776)	(6)%	(3,080)	(4)%	304	(10)%
Other income	8,915	18%	—	—	8,915	NM
Total other income (expense), net	\$ 6,139	12%	\$ (3,080)	(4)%	\$ 9,219	(299)%

The \$0.3 million decrease in interest expense, net for the three months ended June 30, 2026 is primarily due to the result of a decrease in interest income of \$0.4 million.

During the three months ended June 30, 2026, we recorded a receivable for estimated insurance recoveries of \$8.9 million within other income related to property damage resulting from the April 2026 Incident. The receivable reflects management's estimate of probable insurance recoveries associated with the net book value of damaged property, plant and equipment.

Income Tax Expense

	Three Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Income tax expense	\$ (619)	1%	\$ (821)	1%	\$ 202	25%

The \$0.6 million of income tax expense for the three months ended June 30, 2026 is primarily related to an expense of \$0.6 million related to our Mexican maquiladora operations. The \$0.8 million of income tax expense for the three months ended June 30, 2025 is related to our Mexican maquiladora operations, in addition to a provision for state income taxes of \$0.4 million.

Results of Operations

Six months ended June 30, 2026 compared to the six months ended June 30, 2025

The following tables set forth a comparison of the components of our results of operations for the periods presented:

Revenue

	Six Months Ended June 30,				Change	
	2026		2025		Amount	Percentage
	Amount	Percentage of Revenue	Amount	Percentage of Revenue		
	(In thousands)					
Revenue:						
Energy industrial	\$ 41,960	48%	\$ 52,615	34%	\$ (10,655)	(20)%
Thermal barrier	45,773	52%	104,132	66%	(58,359)	(56)%
Total revenue	<u>\$ 87,733</u>	<u>100%</u>	<u>\$ 156,747</u>	<u>100%</u>	<u>\$ (69,014)</u>	<u>(44)%</u>

Total revenue decreased \$69.0 million, or 44%, to \$87.7 million for the six months ended June 30, 2026 from \$156.7 million in the comparable period in 2025. The decrease in total revenue was the result of decreases in energy industrial revenue and thermal barrier revenue.

Energy industrial revenue decreased by \$10.6 million, or 20%, to \$42.0 million for the six months ended June 30, 2026 from \$52.6 million in the comparable period in 2025. This decrease was driven by a decrease in revenue from the global petrochemical and refinery markets of Asia, Latin America, North America, Europe, and project-based demand in the subsea market.

Energy industrial revenue for the six months ended June 30, 2026 included \$10.2 million and \$8.2 million from two North American distributors, in comparison to \$12.3 million and \$5.3 million for the comparable period of 2025.

The average selling price per square foot of our energy industrial products decreased by 5% for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The decrease in average selling price reflected a change in the mix of products sold. This decrease in average selling price had the effect of decreasing product revenue by \$2.3 million for the six months ended June 30, 2026 from the comparable period in 2025.

In volume terms, energy industrial product shipments decreased by 16% as measured by square feet of our energy industrial products shipped for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The decrease in volume had the effect of decreasing product revenue by \$8.3 million for the six months ended June 30, 2026 from the comparable period in 2025.

Thermal barrier revenue decreased by \$58.4 million, or 56%, to \$45.7 million for the six months ended June 30, 2026 from \$104.1 million in the comparable period in 2025. During the six months ended June 30, 2026 and 2025, thermal barrier revenue included \$34.9 million and \$101.2 million from a major U.S. automotive OEM, respectively. The decrease in thermal barrier revenue was driven by a reduction in the volume of parts ordered by our OEM customer and a lower contractual component price during the period compared to the same period in the prior year. Thermal barrier revenue for the six months ended June 30, 2026 includes \$8.4 million of revenue from a settlement agreement with a customer for \$37.6 million for a claim for certain losses incurred arising from lower forecasted long-term demand by the customer which is being deferred and recognized as revenue over a period of approximately two years.

Cost of Revenue

	Six Months Ended June 30,					
	2026		2025		Change	
	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue	Amount	Percentage
	(In thousands)					
Cost of revenue:						
Energy industrial	\$ 34,792	83%	\$ 32,615	62%	\$ 2,177	7%
Thermal barrier	45,401	99%	76,004	73%	(30,603)	(40)%
Total cost of revenue	<u>\$ 80,193</u>	91%	<u>\$ 108,619</u>	69%	<u>\$ (28,426)</u>	(26)%

Total cost of revenue decreased \$28.4 million, or 26%, to \$80.2 million for the six months ended June 30, 2026 from \$108.6 million in the comparable period in 2025. The decrease in total cost of revenue was the result of a decrease in thermal barrier cost of revenue, offset by an increase in energy industrial cost of revenue.

Energy industrial cost of revenue increased \$2.2 million, or 7%, to \$34.8 million for the six months ended June 30, 2026 from \$32.6 million in the comparable period in 2025. The \$2.2 million increase resulted from an increase of \$8.5 million in manufacturing costs, unabsorbed overheads and other operating costs, and an increase of \$5.9 million in other related shut-down costs, partially offset by a decrease of \$12.2 million in material costs due to lower volume.

Thermal barrier cost of revenue decreased \$30.6 million, or 40%, to \$45.4 million for the six months ended June 30, 2026 from \$76.0 million in the comparable period in 2025. The \$30.6 million decrease was the result of a decrease of \$25.8 million due to manufacturing costs and a decrease of \$20.8 million in material costs, offset by an increase of \$10.7 million in costs due to the plant shut-down, and \$5.3 million related to the East Providence Incidents. Material costs decreased primarily due to lower volume and operational efficiencies generating lower scrap. Manufacturing costs decreased due to lower volumes in comparison to the same period 2025, benefits from the headcount reduction, and other cost cutting efforts.

Gross Profit

	Six Months Ended June 30,					
	2026		2025		Change	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Gross profit:						
Energy industrial	\$ 7,168	17%	\$ 20,000	38%	\$ (12,832)	(64)%
Thermal barrier	372	1%	28,128	27%	(27,756)	99%
Total gross profit	<u>\$ 7,540</u>	9%	<u>\$ 48,128</u>	31%	<u>\$ (40,588)</u>	(84)%

Total gross profit decreased by \$40.6 million, or 84%, to \$7.5 million in gross profit for the six months ended June 30, 2026 from \$48.1 million in the comparable period in 2025. The decrease in gross profit was the result of the \$69.0 million decrease in total revenue and the inclusion of certain related costs associated with the East Providence Incidents in cost of revenue.

Research and Development Expenses

	Six Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Research and development expenses	\$ 5,919	7%	\$ 8,127	5%	\$ (2,208)	(27)%

Research and development expenses decreased by \$2.2 million, or 27%, to \$5.9 million for the six months ended June 30, 2026 from \$8.1 million in the comparable period in 2025. The \$2.2 million decrease reflects decreases in compensation and related costs of \$1.2 million, driven by a headcount reduction, a decrease in utility expenses of \$0.5 million, a decrease in operating material and supplies of \$0.3 million and a decrease in facility maintenance costs of \$0.2 million.

Research and development expenses as a percentage of total revenue increased to 7% of total revenue for the six months ended June 30, 2026 from 5% in the comparable period in 2025.

Sales and Marketing Expenses

	Six Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Sales and marketing expenses	\$ 13,627	16%	\$ 15,332	10%	\$ (1,705)	(11)%

Sales and marketing expenses decreased by \$1.7 million, or 11%, to \$13.6 million for the six months ended June 30, 2026 from \$15.3 million in the comparable period in 2025. The \$1.7 million decrease reflects decreases in compensation and related costs of \$1.3 million, decreases in marketing expenses of \$0.3 million, and decreases in facility related expenses of \$0.2 million, offset by an increase in other expenses of \$0.1 million.

Sales and marketing expenses as a percentage of total revenue increased to 16% of total revenue for the six months ended June 30, 2026 from 10% in the comparable period in 2025.

General and Administrative Expenses

	Six Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
General and administrative expenses	\$ 28,275	32%	\$ 26,870	17%	\$ 1,405	5%

General and administrative expenses increased by \$1.4 million, or 5%, to \$28.3 million for the six months ended June 30, 2026 from \$26.9 million in the comparable period in 2025. The \$1.4 million increase was the result of a \$1.9 million increase in property taxes, primarily offset by a decrease of \$0.4 million due to a foreign exchange gain.

General and administrative expenses as a percentage of total revenue increased to 32% for the six months ended June 30, 2026 from 17% in the comparable period in 2025.

Restructuring and Demobilization Costs

During the three months ended March 31, 2026, we began implementing a restructuring plan to consolidate the operations of the automated fabrication facility in Mexico to improve costs. The plan included reducing our headcount in Mexico and consolidating facilities. In connection with the restructuring, we incurred \$0.4 million of severance costs for headcount reduction. During the three months ended June 30, 2026, we did not incur restructuring and demobilization costs.

In February 2025, we announced and began implementing a restructuring plan to realign our operational focus to improve costs and align capital expenditure to anticipated long-term demand. The plan included reducing our headcount and ceasing construction of our previously planned Statesboro Plant. In connection with the demobilization, we are no longer pursuing our application for a loan from the Department of Energy's Loan Programs Office and have withdrawn from the loan application process. Restructuring and demobilization costs include severance and other personnel costs of \$6.0 million, facility closures and other costs associated with demobilization of \$2.6 million and write-off of deferred financing costs of \$6.2 million incurred in connection with pursuing financing for the construction of the plant.

Impairment of property, plant and equipment

Impairment of property, plant and equipment costs for the six months ended June 30, 2025 was due to impairment incurred of \$286.6 million on our previously planned Statesboro Plant.

Loss on property damage

On April 8, 2026, an explosion occurred at our manufacturing facility in East Providence, Rhode Island. The incident related to a high temperature and oven resulted in damage to a portion of the facility's production space and the temporary cessation of operations. On May 14, 2026, we initiated a staged restart of the facility.

During the six months ended June 30, 2026, we incurred a \$8.9 million loss on property damage associated with the April 2026 Incident.

Other Income (Expense), net

	Six Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Other income (expense):						
Interest expense, net	(5,927)	(7)%	(5,042)	(3)%	(885)	18%
Other income	8,956	10%	1,130	1%	7,826	693%
Total other income (expense), net	\$ 3,029	3%	\$ (3,912)	(2)%	\$ 6,941	(177)%

The \$0.9 million increase in interest expense, net for the six months ended June 30, 2026 is primarily due to a decrease in interest income of \$1.7 million offset by a decrease of \$0.8 million in interest expense from the MidCap Loan Facility and sale and leaseback transactions.

The other income decrease of \$1.1 million for the six months ended June 30, 2026 is primarily due to the result of a legal settlement payment to us in the comparable period in 2025.

During the six months ended June 30, 2026, we recorded a receivable for estimated insurance recoveries of \$8.9 million within other income related to property damage resulting from the April 2026 Incident. The receivable reflects management's estimate of probable insurance recoveries associated with the net book value of damaged property, plant and equipment.

Income Tax Expense

	Six Months Ended June 30,				Change	
	2026		2025			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
	(In thousands)					
Income tax expense	\$ (366)	0%	\$ (1,897)	1%	\$ 1,531	81%

The \$0.4 million of income tax expense for the six months ended June 30, 2026 is primarily related to an expense of \$0.3 million related to our Mexican maquiladora operations. The \$1.9 million of income tax expense for the six months ended June 30, 2025 is related to our Mexican maquiladora operations, in addition to a provision for state income taxes of \$0.4 million.

Liquidity and Capital Resources

Overview

We have experienced significant costs and invested substantial resources since our inception to develop, commercialize and protect our aerogel technology and to build a manufacturing infrastructure capable of supplying aerogel products at the volumes and costs required by our customers. These investments have included research and development and other operating expenses, capital expenditures, and investment in working capital balances.

On August 19, 2024, we entered into the Credit, Security and Guaranty Agreement (the Credit Agreement and the facilities provided thereunder, collectively, the MidCap Loan Facility) with MidCap Funding IV Trust, as agent, MidCap Financial Trust, as term loan servicer, and the financial institutions or other entities from time to time party thereto as lenders, as subsequently amended (the Amended MidCap Loan Facility). The Amended MidCap Loan Facility under the Credit Agreement is comprised of (i) the term loan facility in an aggregate principal amount of \$125.0 million (the Term Loan Facility) and (ii) the Revolving Facility in an aggregate principal amount not to exceed the lesser of \$100.0 million and the value of the Borrowing Base (as defined in the Credit Agreement) (the Revolving Facility). At closing of the transactions contemplated by the Credit Agreement, the Company drew \$125.0 million from the Term Loan Facility and \$43.0 million from the Revolving Facility. The proceeds of the borrowings at closing, net of fees and costs, were used for repurchasing the \$100.0 million aggregate principal amount convertible note issued to Wood River Capital, LLC, an entity affiliated with Koch Strategic Platforms, LLC, for \$150.0 million and for general corporate purposes.

In January 2024 and September 2024, we entered into sale and leaseback arrangements, pursuant to which we sold certain equipment to an equipment leasing company for one-time cash payments of \$5.0 million and \$10.0 million, respectively, and leased back such equipment from the leasing company. The associated monthly lease rents will be paid over the lease term of three years.

In October 2024, we entered into an underwriting agreement with Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC (the Underwriters), pursuant to which we issued and sold an aggregate of 4,887,500 shares of our common stock, which included 637,500 shares pursuant to the Underwriters' option to purchase additional shares of our common stock, to the Underwriters in an underwritten registered direct offering (the Offering). The price to the public in the Offering was \$20.00 per share. The net proceeds to us from the Offering were approximately \$93.2 million, after deducting underwriting discounts and commissions and offering expenses payable by us.

We believe that our June 30, 2026 cash and cash equivalents balance of \$151.7 million will be sufficient to support current operating requirements and capital expenditures required to support our existing business in the energy industrial and EV markets for at least the next twelve months from the date of this Quarterly Report on Form 10-Q.

However, we may supplement our cash balance and available credit with equity financings, debt financings, equipment leasing, sale-leaseback transactions, customer prepayments or government grant and loan programs to provide the additional capital necessary to support our long-term growth strategy.

We believe that consummation of equity financings could potentially result in an ownership change under Section 382 of the Internal Revenue Code. Such an ownership change would lead to the use of our net operating loss carryforwards being restricted. Our inability to use a substantial portion of our net operating loss carryforwards would result in a higher effective tax rate and adversely affect our financial condition and results of operations.

Primary Sources of Liquidity

Our principal sources of liquidity are currently our cash and cash equivalents, availability under the Revolving Facility of \$13.2 million, and cash generated by ongoing operations. Cash and cash equivalents consist primarily of cash, money market accounts, and sweep accounts on deposit with banks. As of June 30, 2026, we had \$151.7 million of unrestricted cash and cash equivalents.

Analysis of Cash Flow

	Six Months Ended June 30,	
	2026	2025
	(In thousands)	
Net cash provided by (used in):		
Operating activities	\$ 17,945	\$ 1,702
Investing activities	(3,169)	(25,883)
Financing activities	(19,925)	(29,063)
Net decrease in cash	(5,149)	(53,244)
Cash, cash equivalents and restricted cash at beginning of period	158,570	221,276
Cash, cash equivalents and restricted cash at end of period	<u>\$ 153,421</u>	<u>\$ 168,032</u>

Net Cash Provided by Operating Activities

During the six months ended June 30, 2026, we generated \$17.9 million in net cash in operating activities, as compared to the generation of \$1.7 million in net cash during the comparable period in 2025, resulting in an increase in cash provided by operations of \$16.2 million. This increase in cash provided by operations was the result of an increase in net cash generated by changes in operating assets and liabilities of \$43.2 million offset by a decrease in net loss adjusted for non-cash items of \$26.9 million. Cash generated by operating activities during the six months ended June 30, 2026, includes \$29.2 million for settlement of a claim with a thermal barrier customer which is being deferred and recognized as revenue over a period of approximately two years.

Net Cash Used in Investing Activities

Net cash used in investing activities is for capital expenditures for machinery and equipment principally to improve the throughput, efficiency and capacity of our East Providence facility, our automated fabrication facility in Mexico and in 2025 for construction costs for the previously planned Statesboro Plant. Net cash used in investing activities for the six months ended June 30, 2026 and 2025 was \$3.2 million and \$25.9 million, respectively.

Net Cash Used in Financing Activities

Net cash used in financing activities for the six months ended June 30, 2026 totaled \$19.9 million and consisted of cash used of \$13.0 million for the repayment of the Term Loan Facility, \$7.6 million in cash used for the repayment of the Revolving Facility, \$3.0 million in repayments of the finance obligation under the sale and leaseback transactions, \$0.2 million for payments made for employee tax withholdings associated with the vesting of RSUs, partially offset by cash received of \$3.5 million borrowing from the Revolving Facility, \$0.2 million in proceeds from employee stock option exercises, and \$0.2 million in cash proceeds from employee stock purchase plan purchases.

Net cash used in financing activities for the six months ended June 30, 2025 totaled \$29.1 million and consisted of \$13.2 million in cash used for the repayment of the Revolving Facility, \$13.0 million for the repayment of the Term Loan Facility, \$2.4 million in repayments of the finance obligation under the sale and leaseback transactions, \$0.6 million for payments made for employee tax withholdings associated with the vesting of RSUs, \$0.2 million in proceeds from employee stock option exercises, and less than \$0.1 million in cash used for fees and issuance costs.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments as reported in our Annual Report.

Recent Accounting Pronouncements

Information regarding new accounting pronouncements is included in Note (2) to our unaudited consolidated financial statements contained in Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of our financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses and related disclosures. We believe that the estimates, assumptions and judgments involved in these accounting policies have the greatest potential impact on our financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions. See our Annual Report and Note (2) to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for information about these critical accounting policies, as well as a description of our other significant accounting policies.

Certain Factors That May Affect Future Results of Operations

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Quarterly Report on Form 10-Q contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other important factors, which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about: our expectations about the market for our aerogel products, in particular in the EV market, the energy infrastructure market, and other markets we target; our beliefs in the appropriateness of our assumptions, the accuracy of our estimates regarding expenses, loss contingencies, future revenues, revenue capacity, future profits, uses of cash, available credit, capital requirements, and the need for additional financing to operate our business and fund capital expenditures; the impact of new legislation on our financial statements; our expectations with respect to the financial and operational impacts from the East Providence Incidents, the recovery from the East Providence Incidents, and the staged restart of the East Providence manufacturing facility; the performance of our aerogel products; our expectation that we will be successful in obtaining, enforcing and defending our patents against competitors and that such patents are valid and enforceable; our expectations regarding decommissioning of and our plans for divesting the assets of the Statesboro Plant; our estimates of annual production capacity; beliefs about the commercial potential for our technology in the EV market; beliefs about our ability to produce and deliver products to EV customers; beliefs about our contracts with the major automotive manufacturers; our expectations about the size and timing of awarded business in the EV market, future revenues and profit margins, arising from our supply relationship and contract with automotive OEMs and our ability to win more business and increase revenue in the EV market; beliefs about the performance of our thermal barrier products in the battery systems of EVs; the current or future trends in the energy, energy infrastructure, chemical and refinery, LNG, sustainable building materials, EV thermal barrier, EV battery materials or other markets and the impact of these trends on our business; our investments in the EV market; our beliefs about the financial metrics that are indicative of our core performance; our expectations about future revenues, expenses, gross profit, net income (loss), net income (loss) per share and Adjusted EBITDA, sources and uses of cash, capital requirements and the sufficiency of our existing cash balance and available credit; our beliefs about the outcome, effects or estimated costs of current or potential litigation or their respective timing, including expected legal expense in connection with our patent enforcement actions; our expectations about future material costs and manufacturing expenses as a percentage of revenue; our expectation about the ability of the Chinese external manufacturing facilities that we engage to consistently supply the aerogel product that we order in a timely manner; our expectation to meet long-term aerogel demand by utilizing both our East Providence facility and our flexible supply strategy, including, but not limited to, using external manufacturing capabilities; our ability to manufacture the full array of our products at the East Providence facility and to meet expected customer demand; our ability to mitigate the potential impacts from the operational disruption on our business, operations and financial performance resulting from the East Providence Incidents; the effects of current and potential future tariffs on our business, our customers and our results of operations; our expectations of future gross profit and the effect of manufacturing expenses, manufacturing capacity and productivity on gross profit; our expectations about our resources and other investments in new technology and related research and development activities and associated expenses; our expectations about short and long-term (a) research and development (b) general and administrative and (c) sales and marketing expenses; our expectations regarding changes in revenue, gross profit, and cash flows; our intentions about managing capital expenditures and working capital balances; our expectations and beliefs regarding the flexibility and efficiency of the Amended MidCap Loan Facility; and our expectations about potential sources of future financing.

Words such as "may," "will," "anticipate," "estimate," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those described in the forward-looking statements. These risks include, but are not limited to, those under the heading "Risk Factors" contained in Item 1A of our Annual Report and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2026.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Quarterly Report on Form 10-Q might not occur. Stockholders and other readers are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to Aspen Aerogels, Inc. or to any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure results primarily from fluctuations in interest rates, as well as from inflation. In the normal course of business, we are exposed to market risks, including changes in interest rates which affect our cash flows. We may also face additional exchange rate risk in the future as we expand our business internationally.

Interest Rate Risk

We are exposed to changes in interest rates in the normal course of our business. As of June 30, 2026, we had unrestricted cash and cash equivalents of \$151.7 million. These amounts were held for working capital and capital expansion purposes and were invested primarily in deposit accounts, money market accounts, and high-quality debt securities issued by the U.S. government via cash sweep accounts at major financial institutions in North America. Due to the short-term nature of these investments, we believe that our exposure to changes in the fair value of our cash as a result of changes in interest rates is not material.

As of June 30, 2026, we had \$79.5 million of the Term Loan Facility outstanding and \$10.9 million of revolving line of credit outstanding. Under the terms of the Credit Agreement, as amended by Amendment No. 1 to the Credit Agreement, the Term Loan Facility bears an interest rate equal to Term SOFR (as defined in the Credit Agreement) for a one-month interest period plus 5.00% per year, subject to a Term SOFR floor of 4.50% and a Term SOFR cap of 7.50%. Interest is paid monthly. Our Revolving Facility bears interest at the Term SOFR plus 5.10% per annum. Under the terms of the Credit Agreement, as amended by Amendment No. 1 to the Credit Agreement, the Revolving Facility is subject to a Term SOFR floor of 2.50%. Interest is paid monthly. Therefore, fluctuations in interest rates will impact our consolidated financial statements. A rising interest rate environment will increase the amount of interest paid on these loans. A hypothetical 100 basis point increase or decrease in interest rates would not have a material effect on the results of our operations.

As of June 30, 2026, we had \$1.7 million of restricted cash to support our outstanding letters of credit.

Inflation Risk

Although we expect that our operating results will be influenced by general economic conditions, we do not believe that inflation has had a material effect on our results of operations during the periods presented in this report. However, our business may be affected by inflation in the future.

Foreign Currency Exchange Risk

We are subject to inherent risks attributed to operating in a global economy. The majority of our revenue, receivables, purchases and debts are denominated in U.S. dollars. As we expand our presence in international markets, to the extent we are required to enter into agreements denominated in a currency other than the U.S. dollar, our results of operations and cash flows may increasingly be subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates.

Certain of our and our subsidiaries' transactions are denominated in currencies other than the functional currency. During the six months ended June 30, 2026 and 2025, our largest exposures to foreign exchange rates consisted primarily of the Mexican Peso against the U.S. dollar. For the six months ended June 30, 2026 and 2025 foreign exchange gains were \$0.4 million and \$0.8 million, respectively. The foreign currency transaction gains and losses were recorded within operating expenses on the consolidated statements of operations.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of June 30, 2026, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of June 30, 2026, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls.

During the three months ended June 30, 2026, there were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various legal claims and proceedings in the normal course of operations. We believe the outcome of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity, except as described in Part I, Item 3. “Legal Proceedings” of our Annual Report. Since the filing of our Annual Report, there have been no material changes in our legal proceedings from those disclosed therein, other than as noted below.

On May 21, 2026 and June 18, 2026, the Korean IP High Court issued decisions in our appeals of the Korean Intellectual Property Trial and Appeal Board invalidity rulings against the process and composition patents we asserted in Korea against Beerenberg Services AS, Beerenberg Korea Ltd., and Bronx (China) Co., Ltd. The Court found our asserted process patent claims valid and our asserted composition patent claims invalid. We disagree with the Court’s finding regarding our composition patents, which is subject to appeal to the Korean Supreme Court.

Item 1A. Risk Factors.

The ownership of our securities involves a number of risks and uncertainties. When evaluating the Company and our business before making an investment decision regarding our securities, potential investors should carefully consider the risk factors and uncertainties described in Part I, Item 1A. “Risk Factors” of our Annual Report. Since the filing of our Annual Report, there have been no material changes in our risk factors, other than as disclosed in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2026. We may disclose changes to risk factors or additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) *Unregistered Sales of Equity Securities.*

None.

(b) *Use of Proceeds from Initial Public Offering of Common Stock.*

Not applicable.

(c) *Purchases of Equity Securities by the Issuer and Affiliated Purchasers.*

We did not repurchase any of our equity securities during the quarter ended June 30, 2026.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(c) *10b5-1 Trading Plans*

None of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” as such term is defined in Item 408(a) of Regulation S-K, during the fiscal quarter ended June 30, 2026.

Item 6. Exhibits.

(a) Exhibits

- 10.1+ [Form of Restricted Share Unit Agreement for Directors under the 2023 Equity Incentive Plan](#)
- 31.1 [Certification of principal executive officer under Section 302\(a\) of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of principal financial officer under Section 302\(a\) of the Sarbanes-Oxley Act of 2002.](#)
- 32* [Certifications of the principal executive officer and the principal financial officer under Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

+ Management contract or compensation plan or arrangement.

* The certifications attached as Exhibit 32 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Aspen Aerogels, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained 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: August 7, 2026

By: /s/ Donald R. Young
Donald R. Young
President and Chief Executive Officer
(principal executive officer)

Date: August 7, 2026

By: /s/ Grant Thoele
Grant Thoele
Chief Financial Officer and Treasurer
(principal financial officer)

ASPEN AEROGELS, INC.

Restricted Share Unit Award Grant Notice

Restricted Share Unit Award Under the
Aspen Aerogels 2023 Equity Incentive Plan

1. Name and Address of Participant:

2. Date of Grant:

4. Number of Restricted Share Units:

5. Vesting of Award:

The Restricted Share Units shall become vested on the earlier of (a) the first anniversary of the Date of Grant, or (b) the day prior to the Company's annual meeting of stockholders held during the Company's fiscal year commencing immediately after the end of the fiscal year in which the Date of Grant occurs, or (c) the occurrence of a Change in Control, provided that the Participant shall have remained in the Continuous Service of the Company or a Subsidiary through such date (the "Vesting Date").

The Company and the Participant acknowledge receipt of this Restricted Share Unit Award Grant Notice and agree to the terms of the Restricted Share Unit Agreement attached hereto and incorporated by reference herein, the Aspen Aerogels 2023 Equity Incentive Plan and the terms of this Restricted Share Unit Award as set forth above.

[SIGNATURE PAGE FOLLOWS]

ASPEN AEROGELS, INC.

By: _____
Name: _____
Title: _____

Participant

ASPEN AEROGELS, INC.

**RESTRICTED SHARE UNIT AGREEMENT -
INCORPORATED TERMS AND CONDITIONS**

AGREEMENT made as of the Date of Grant set forth in the Restricted Share Unit Award Grant Notice between Aspen Aerogels, Inc. (the “Company”), a Delaware corporation, and the individual whose name appears on the Restricted Share Unit Award Grant Notice (the “Participant”).

WHEREAS, the Company has adopted the Aspen Aerogels 2023 Equity Incentive Plan (the “Plan”), to promote the interests of the Company by providing an incentive for Employees, Directors and Consultants of the Company and its Subsidiaries;

WHEREAS, pursuant to the provisions of the Plan, the Company desires to grant to the Participant the number of restricted share units (“RSUs”) set forth on the Restricted Share Unit Award Grant Notice, in accordance with the provisions of the Plan, all on the terms and conditions hereinafter set forth;

WHEREAS, the Company and the Participant understand and agree that any terms used and not defined herein have the meanings ascribed to such terms in the Plan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Award. The Company hereby grants to the Participant the number of RSUs set forth in the Restricted Share Unit Award Grant Notice (the “Award”) with each RSU representing a contingent entitlement of the Participant to receive one Share, on the terms and conditions and subject to all the limitations set forth herein and in the Plan, which is incorporated herein by reference. The Participant acknowledges receipt of a copy of the Plan.

2. Vesting of Award.

(a) Subject to the terms and conditions set forth in this Agreement and the Plan, the Award granted hereby shall vest as set forth in the Restricted Share Unit Award Grant Notice and is subject to the other terms and conditions of this Agreement and the Plan. On the Vesting Date set forth in the Restricted Share Unit Award Grant Notice, the Participant shall be entitled to receive such number of Shares equivalent to the number of RSUs set forth in the Restricted Share Unit Award Grant Notice provided that the Participant remains in the Continuous Service of the Company or a Subsidiary on the Vesting Date. Such Shares shall thereafter be delivered by the Company to the Participant (or in the event of the Participant’s death, to the Participant’s designated beneficiary, if any (“Beneficiary”), or if none, to the Participant’s estate) within five days of the Vesting Date and in accordance with this Agreement and the Plan.

(b) Except as otherwise set forth in this Agreement or as otherwise determined by the Board, in its discretion, if the Participant’s Continuous Service ceases for any reason prior to the Vesting Date, then as of the date on which the Participant’s Continuous

Service is terminated all unvested RSUs shall immediately be forfeited to the Company and this Agreement shall terminate and be of no further force or effect. If the Participant has served on the Board for at least three years at the time of such termination of Continuous Service, the Board retains the discretion to provide for the acceleration of vesting as to some or all of the Participant's unvested RSUs.

3. Prohibitions on Transfer and Sale. This Award (including any additional RSUs received by the Participant as a result of stock dividends, stock splits or any other similar transaction affecting the Company's securities without receipt of consideration) shall not be transferable by the Participant otherwise than by will or by the laws of descent and distribution, provided that the Company may permit the Participant to designate a Beneficiary to receive payment of any vested RSUs in the event of the Participant's death. Except as provided in the previous sentence, any Shares to be issued pursuant to this Agreement shall be issued, during the Participant's lifetime, only to the Participant (or, in the event of legal incapacity or incompetence, to the Participant's guardian or representative). This Award shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of this Award or of any rights granted hereunder contrary to the provisions of this Section 3, or the levy of any attachment or similar process upon this Award shall be null and void. By way of illustration, and without limiting the foregoing, this Award shall not be transferable by domestic relations order.

4. Adjustments. The number and kind of RSUs and the corresponding Shares are subject to adjustment as provided in Section 16 of the Plan.

5. Securities Law Compliance. The Participant specifically acknowledges and agrees that any sales of Shares shall be made in accordance with the requirements of the Securities Act of 1933, as amended. The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the Shares to be granted hereunder. The Company intends to maintain this registration statement but has no obligation to do so. If the registration statement ceases to be effective for any reason or there is a restriction under foreign law, a Participant will not be able to transfer or sell any of the Shares issued to the Participant pursuant to this Agreement unless exemptions from registration or filings under applicable securities laws are available. Furthermore, despite registration, applicable securities laws may restrict the ability of the Participant to resell his or her Shares, including due to the Participant's affiliation with the Company. The Company shall not be obligated to either issue the Shares or permit the resale of any Shares if such issuance or resale would violate any applicable securities law, rule or regulation.

6. Rights as a Stockholder. The Participant shall have no right as a stockholder, including voting and dividend rights, with respect to the RSUs subject to this Agreement.

7. Incorporation of the Plan. The Participant specifically understands and agrees that the RSUs and any Shares to be issued under this Agreement will be issued to the Participant pursuant to the Plan, a copy of which Plan the Participant acknowledges he or she has read and understands and by which Plan he or she agrees to be bound. The provisions of the Plan are incorporated herein by reference.

8. Tax Liability of the Participant and Payment of Taxes. The Participant acknowledges and agrees that any income or other taxes due from the Participant with respect to this Award or the Shares to be issued pursuant to this Agreement or otherwise sold shall be the Participant's responsibility.

9. Participant Acknowledgements and Authorizations. The Participant acknowledges the following:

(a) The Company is not by the Plan or this Award obligated to continue the Participant as an Employee, Director or Consultant of the Company or of a Subsidiary.

(b) The Plan is discretionary in nature and may be suspended or terminated by the Company at any time.

(c) The grant of this Award is considered a one-time benefit and does not create a contractual or other right to receive any other award under the Plan, benefits in lieu of awards or any other benefits in the future.

(d) The Plan is a voluntary program of the Company and future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the amount of any award, vesting provisions and the purchase price, if any.

(e) The value of this Award is an extraordinary item of compensation outside of the scope of any employment or service. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. The future value of the Shares is unknown and cannot be predicted with certainty.

10. Data Privacy. In order to administer the Plan, the Company may process personal data about the Participant. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about the Participant such as home address and business addresses and other contact information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. The Participant hereby gives explicit consent to the Company to process any such personal data. The Participant also gives explicit consent to the Company to transfer any such personal data outside the country in which the Participant works or is employed, including, if the Participant is not a U.S. resident, to the United States, to transferees that shall include the Company and other persons who are designated by the Company to administer the Plan.

11. Electronic Delivery. The Participant hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver, including, but not limited to, the Plan document, Plan Summary and Prospectus, grant or award notifications, account statements, annual and quarterly reports, and all other forms of communications ("Prospectus Information") in connection with this and any other Award made or offered under the Plan. The Participant has the right at any time to request that the Company deliver written copies of any and all Prospectus Information at no charge. The Participant also hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such Prospectus Information that the Company may elect to

deliver and agrees that the Participant's electronic response or signature is the same as, and shall have the same force and effect as, the Participant's manual signature.

12. Notices. Any notices required or permitted by the terms of this Agreement or the Plan shall be given by recognized courier service, facsimile, registered or certified mail, return receipt requested, addressed as follows:

If to the Company:

Aspen Aerogels, Inc.
30 Forbes Road, Building B
Northborough, MA 01532
Attention: Chief Financial Officer

If to the Participant at the address set forth on the Restricted Share Unit Award Grant Notice or to such other address or addresses of which notice in the same manner has previously been given. Any such notice shall be deemed to have been given on the earliest of receipt, one business day following delivery by the sender to a recognized courier service, or three business days following mailing by registered or certified mail.

13. Assignment and Successors.

(a) This Agreement is personal to the Participant and without the prior written consent of the Company shall not be assignable by the Participant otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Participant's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the Delaware, without giving effect to the conflict of law principles thereof. For the purpose of litigating any dispute that arises under this Agreement, whether at law or in equity, the parties hereby consent to exclusive jurisdiction in the Commonwealth of Massachusetts and agree that such litigation shall be conducted in the state courts of Middlesex County, Massachusetts or the federal courts of the United States for the District of Massachusetts.

15. Severability. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, then such provision or provisions shall be modified to the extent necessary to make such provision valid and enforceable, and to the extent that this is impossible, then such provision shall be deemed to be excised from this Agreement, and the validity, legality and enforceability of the rest of this Agreement shall not be affected thereby.

16. Entire Agreement. This Agreement, together with the Plan, constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set

forth in this Agreement shall affect or be used to interpret, change or restrict the express terms and provisions of this Agreement provided, however, in any event, this Agreement shall be subject to and governed by the Plan.

17. Modifications and Amendments; Waivers and Consents. The terms and provisions of this Agreement may be modified or amended as provided in the Plan. Except as provided in the Plan, the terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

18. Section 409A. The Award of RSUs evidenced by this Agreement is intended to be exempt from, or to comply with, the requirements of Section 409A of the Code, and shall be construed and administered in accordance with such intent; provided, however, that the tax treatment of the Award is not warranted or guaranteed. Neither the Company and its Subsidiaries, nor their respective directors, officers, employees and advisers shall be held liable for any taxes, interest, penalties or other monetary amounts that may owed by the Participant or other taxpayer as a result of the Award or this Agreement.

CERTIFICATIONS UNDER SECTION 302

I, Donald R. Young, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aspen Aerogels, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

/s/ Donald R. Young

Donald R. Young
President and Chief Executive Officer
(principal executive officer)

CERTIFICATIONS UNDER SECTION 302

I, Grant Thoele, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aspen Aerogels, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

/s/ Grant Thoele

Grant Thoele

Chief Financial Officer and Treasurer (principal financial officer)

CERTIFICATIONS UNDER SECTION 906

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Aspen Aerogels, Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2026

/s/ Donald R. Young

Donald R. Young
President and Chief Executive Officer
(principal executive officer)

Dated: August 7, 2026

/s/ Grant Thoele

Grant Thoele
Chief Financial Officer and Treasurer
(principal financial officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
