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Aspen Aerogels, Inc. (ASPN)

Q2 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. Thank you for attending the Aspen Aerogels, Inc. Q2 2026 Financial Results Call. All lines will be muted during the presentation portion of the call with an opportunity for questions and answers at the end.

I would now like to turn the conference over to your host, Neal Baranosky, Aspen's Head of Investor Relations. Thank you. You may proceed, Mr. Baranosky.

Neal Baranosky
Vice President, Corporate Development & Strategy, Aspen Aerogels, Inc.

Thank you, Holly. Good morning and thank you for joining us for the Aspen Aerogels second quarter 2026 financial results conference call. With us today are Don Young, President and CEO; and Grant Thoele, Chief Financial Officer and Treasurer. The press release announcing Aspen's financial results and business developments and a slide deck that will accompany our conversation today are available on the investors section of Aspen's website, www.aerogel.com.

During this call, we will refer to non-GAAP financial measures, including adjusted EBITDA and adjusted net income. The reconciliations between GAAP and non-GAAP measures are included in the back of the slide presentation and earnings release.

On today's call, management will make forward-looking statements about our expectations. These statements are subject to risks and uncertainties that could cause our actual results to differ materially. These risks and uncertainties include the factors identified in our filings with the SEC. Please review the disclaimer statements on page one of the slide deck as the content of our call will be governed by this language. I'd also like to note that from time to time, in connection with the vesting of restricted stock units and/or stock options issued under our long-term equity incentive program, we expect that our Section 16 officers will file Forms 4 to report the sale and/or withholding of shares in order to cover the payment of taxes and/or the exercise price of options.

I'll now turn the call over to Don. Don?

Donald R. Young

President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

Thanks, Neil. Good morning, everyone. Thank you for joining us for our Q2 2026 earnings call. My comments will cover our Q3 outlook, our commercial activities, including the growth projections for Energy Industrial, the evolving demand environment in our electric vehicle business, and the progress we are making to develop battery energy storage systems as a potential third growth segment for Aspen. I will cover the strides we have taken in staging the restart of our Aerogel manufacturing plant in East Providence and the efforts made to mitigate any supply disruption to our customers. We are pleased to announce both another European OEM design award, this one from Jaguar Land Rover and a strong outlook for Q3 performance. Grant will amplify these points with his comments.

Turning to the third quarter, our outlook calls for revenue of $65 million to $80 million and adjusted EBITDA of $7 million to $15 million. The underpinning strength is broad-based: robust Energy Industrial project deliveries, increased North American demand for PyroThin thermal barriers as GM raises production to align with EV sales and targeted inventory levels, and elevated production ramps by several European EV OEMs in anticipation of growth in 2027. Let me provide some additional perspective on each of these drivers. Our Energy Industrial segment continues to target approximately 20% growth in 2026, despite the East Providence disruption and relatively subdued refining and petrochemical activity. Strong project demand is driving our second half performance and is an important contributor to our robust third quarter outlook. In Energy Industrial, we bring proven technology, deep experience and an excellent record of customer service to the segment's demanding applications. Market conditions remain favorable and our customers have amassed significant project backlogs. Our team continues to build a robust pipeline of opportunities extending throughout the decade, which represents a strong foundation for continued growth.

In LNG, we are actively engaged with customers, EPC contractors and construction teams. We have opportunities to expand our scope on several projects, increasing the size of our 2026 opportunity and extending our visibility into 2027. LNG has become one of our clearest and most dynamic growth lanes, particularly in the United States, the Middle East and Africa where large-scale infrastructure investments are advancing into executable commercial opportunities. We expect our LNG related activity to more than double in 2026 compared with 2025, and to provide continued momentum throughout the decade. As I noted earlier, refinery and petrochemical activity has lagged our expectations. We believe customers are prioritizing uptime and high utilization rates, compressing certain maintenance windows. Over time, reliability requirements should bring this work back into scope, and we remain well-positioned to support customers as turnaround activity normalizes. Taken together, these market dynamics support our expectation of approximately 20% growth in Energy Industrial in 2026, with additional strong growth anticipated next year. More broadly, the growing need for energy security, supply diversification and reliable power to support electrification is driving a multiyear investment cycle in global energy infrastructure. We believe these underlying market drivers will create significant growth opportunities for Aspen through the balance of the decade. We remain focused on scaling Energy Industrial into a $200 million high-margin business without the need for incremental capital investment.

Turning to our PyroThin thermal barrier business, where we saw 81% quarter-over-quarter growth in Q2. US EV demand has recently stabilized at approximately 6% of new vehicle sales, roughly half the level reached in 2025, when incentives and regulatory support were more favorable. Within this market, GM Ultium captured approximately 13% of US EV sales during the first half of 2026, implying annual sales of more than 120,000 vehicles. GM produced EVs at a rate below its sales volume during the first half, resulting in a significant reduction in finished vehicle inventories. GM now appears positioned to increase production to align with current sales rates, while modestly rebuilding inventory, consistent with its stated demand-driven approach. The resulting increase in demand for PyroThin is already evident in the third quarter and represents another important driver for our strong Q3 outlook.

On the European front, we see increasing momentum with strong structural drivers for battery electric vehicles resulting in new vehicle registrations approaching 25%. Most recently, we added Jaguar Land Rover as our seventh European OEM customer. Our PyroThin thermal barriers have been chosen for select JLR vehicle architectures, which will support multiple models across its portfolio of iconic brands. This award further validates the value of our technology and represents another meaningful building block for our European business. On our past two earnings calls, we projected 2026 revenue from European OEMs between $10 million and $15 million. We are now increasing that outlook to $20 million to $30 million based on first half revenue of approximately $11 million. And the growing breadth of our awarded business now spanning seven OEMs and nine vehicle platforms. This expanding European opportunity is a third important contributor to our strong Q3 outlook. More broadly, we are encouraged by the momentum across our European portfolio and continue to believe the region will become an increasingly important contributor to our revenue in 2027 and beyond.

Looking beyond our current segments, we are investing to establish battery energy storage systems or BESS as a promising adjacent growth opportunity. These systems present complex thermal challenges that closely resemble those we have solved on demanding EV platforms, positioning Aspen's proven technology, application expertise and domestic manufacturing capabilities to serve this growing market. We are actively engaged in technical qualification programs and commercial discussions with leading utility scale and critical power developers. While full commercialization will require time, we continue to expect initial BESS revenue in the near-term and believe this opportunity can become a meaningful contributor to our growth and profitability.

At our East Providence Aerogel manufacturing plant, we initiated a staged restart on May 14, just over a month after the explosion in the high-temperature oven caused damage confined to a specific area of the facility. We continue to make progress toward restoring full production capacity, which we expect to complete during the first half of 2027. To date, we have avoided significant supply disruption to our customers through a combination of existing inventory, production from our external manufacturing facility and, more recently, from the staged restart of the East Providence plant. We have more work to do, but we believe the actions we have taken are expanding our short- and long-term supply flexibility, strengthening both our operational resilience and our ability to serve customers most reliably. During this period, we are incurring certain extraordinary operating and capital expenses as we maintain supply to our customers and restore full production capacity. We maintain property damage and business interruption insurance, are fully engaged in the claims process and expect a significant portion of these losses to be recoverable. Grant will provide additional detail in his remarks. Most importantly, we are extremely grateful that no employees were seriously injured in the incident. I also want to recognize the Aspen team for its tireless efforts to achieve a safe and disciplined restart in the plant and for its unwavering commitment to our customers and to the success of Aspen.

Grant, over to you.

Grant Thoele

Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

Thanks, Don, and good morning, everyone. I'll cover our Q2 2026 results and Q3 outlook along with key drivers for the remainder of the year. Second quarter revenue was $49.8 million, including $20.4 million from Energy

Industrial and $29.5 million from Thermal Barrier, which included $4.9 million of previously deferred revenue recognized in connection with the GM settlement received in Q1 of this year. Total revenues increased 32% quarter-over-quarter. Energy Industrial revenues declined 6% quarter-over-quarter, below expectations as customer demand remained constrained by logistics and inventory challenges tied to the conflict in Iran along with some demand pushed from Q2 to Q3. We expect a significant account rebound in Q3 as subsea project revenue lands for the year. Thermal Barrier revenues exceeded our expectations due to two factors. First, GM vehicle production ramped up to levels reflective of underlying sales rates after a soft Q1. More on this later, but we believe production and sales rates will track closer together than in past cycles.

Second, European Thermal Barrier revenue grew 14% quarter-over-quarter from $5.1 million to $5.8 million. Volumes may be lumpy as these customers manage pre-production inventory, but it's increasingly clear that these programs will ramp. Gross profit was $3.3 million or 7% gross margin, reflecting lower production volumes that couldn't fully cover fixed manufacturing costs. This includes 5.3 million of incremental costs from the April incident at East Providence, which are not indicative of normal operations. Excluding these incident-related costs, adjusted gross profit was $8.6 million or 17% margin. Adjusted operating expenses, excluding impairments or similar losses, restructuring charges and other onetime items were $23.1 million in Q2.

Reported OpEx of $32 million included an $8.9 million loss on property damage related to the April incident. That loss was offset by a corresponding $8.9 million insurance receivable recorded in other income, which we concluded proceeds were probable and expected in Q3. GAAP net loss was negative $23.3 million in Q2 versus negative $23.7 million in Q1 and adjusted EBITDA was negative $6.6 million in Q2 versus negative $12.7 million in Q1. That's nearly a 50% earnings improvement on 32% revenue growth. Our EBITDA add backs typically see little movement from quarter to quarter, but the April incident introduced a new temporary category of charges, not indicative of our core operating performance. We add back these incident-related charges in the quarter incurred and submit these types of costs under our business interruption insurance policy. From a cash perspective, these insurance proceeds are expected to lag the related charges by approximately one quarter.

These incident-related charges generally fall into three primary categories. First, expedited freight for finishing rolls and parts in our Thermal Barrier business. Second, professional fees, predominantly for services at East Providence to restore production capacity. And third, starting in Q3, the incremental cost of temporarily sourcing certain Energy Industrial products from our external manufacturing facility.

In Q2, charges were limited to the first two categories and totaled $5.3 million, which was added back to adjusted EBITDA. We have initiated the claims process under both our property damage and business interruption coverage and expect our claims submittals will largely match these expenses incurred. While East Providence resumed production through a stage restart in May and continues to produce high-quality product for both business lines, full production capacity has not yet been restored. As a result, we expect to continue incurring incident-related charges until the facility's full production capacity is restored in the first half of 2027.

Turning to liquidity. We ended the second quarter with $153.4 million in cash, cash equivalents and restricted cash, down $22.2 million from $175.6 million in Q1. Three items drove that activity. First, investing and financing activities used $9.4 million, in line with our expectation of approximately $10 million per quarter, given lower capital spending and quarterly debt amortization. This was partially offset by a $3.5 million draw on our revolver for a net outflow of $5.9 million. Second, we incurred $5.3 million of incident-related charges and increased purchase orders with our external manufacturing partner for approximately $3 million. This activity will likely vary based on anticipated volumes and our ongoing supply mitigation efforts until East Providence returns to full production capacity. Third, cash used by operating activities when excluding incident related charges was $8 million, representing our underlying quarterly burn.

With our Q3 outlook calling for return to positive adjusted EBITDA, we expect our cash trajectory to improve in the near term. Debt payments in Q2 were driven by $6.5 million in principal amortization connected to the term loan, resulting in a term loan balance of $79.5 million at quarter end. We drew $3.5 million on our revolver, increasing the balance to $10.9 million and have ample availability under this facility. As a reminder, our primary financial covenant under the mid-cap facility requires us to maintain cash equal to at least 100% of the term loan balance. With $153.4 million of cash against a $79.5 million term loan, we continue to have substantial covenant headroom.

Turning to slide 6. Before turning to quarterly guidance, let's take a pulse on how our prior assumptions are tracking. We anticipated revenue growth throughout 2026, supported by three primary drivers. First, we assume GM production would continue to recover as inventory levels normalize and destocking subsides. We're on track as production rates are ticking up. Second, the ramp of our European Thermal Barrier programs, which we initially guided to approximately $10 million to $15 million of revenue in 2026. We're outperforming and we're raising that outlook to $20 million to $30 million of revenue, given our first half run rate. Third, we expect approximately 20% growth in Energy Industrial with a greater concentration of project activity in the second half. We're still on track with Q3 project work building toward two strong back to back quarters.

For the third quarter of 2026, we expect increased revenue and profitability relative to Q2 with total revenue expected to be between $65 million and $80 million. This range represents between 30% and 60% growth quarter-over-quarter. The wider range is driven mainly by our GM vehicle production assumption. Breaking down our revenue guide, we anticipate Energy Industrial revenues to land at approximately $40 million for the quarter, roughly double Q2 revenues, headlined by LNG and subsea projects. Our Q3 guidance for the Thermal Barrier business has two primary drivers. We've assumed GM production at an annualized rate of approximately 90,000 to 125,000 vehicles in the quarter, a noticeable step up relative to the first half of the year. Given recent sales rates and activity levels. We're planning internally to meet demand at the high end while keeping in mind historical volatility and thus guiding conservatively towards a broad range of outcomes. GM sourced approximately 40,000 vehicles annualized in Q1 and 100,000 vehicles annualized in Q2. The current IHS forecast has GM producing approximately 112,000 vehicles annualized in Q3.

Our European Thermal Barrier customer volumes have been consistent in 2026 with revenues of $5.1 million and $5.8 million in Q1 and Q2. In fact, with $10.9 million of revenue generated this year, we have already surpassed all of 2025 European Thermal Barrier revenues of $8.6 million. With that momentum, we're confident in raising our 2026 outlook to $20 million to $30 million of European Thermal Barrier revenue. As a reminder, these European programs have not reached serial production, but most of them will SOP in 2027.

Looking ahead to 2027, it's very exciting to land Jaguar Land Rover as another design award with volumes anticipated to ramp in 2027. Our Thermal Barrier awarded pipeline of $135 million revenue reflects customer provided full production volume assumptions and normal platform ramp profiles. We model these programs conservatively and even under moderated volume assumptions. We are targeting meaningful growth by doubling our 2026 outlook to $40 million to $60 million of revenues in 2027. Given the product mix included in our revenue range, we expect Q3 adjusted EBITDA to be between $7 million and $15 million, which includes adding back incident-related charges of approximately $5 million to $10 million. Again, these costs are comprised of expedited freight, professional fees and the incremental cost of temporarily sourcing certain Energy Industrial products from the company's external manufacturing partner until East Providence returns to full production capacity.

Turning to our liquidity outlook. Let's start with what we can control. CapEx and scheduled debt payments should total around $10 million in Q3 when excluding East Providence restoration CapEx. Working capital will be more variable driven by where we produce and sell finished goods, safety stock builds tied to EP's recovery pace and supply chain – and a supply chain that has lengthened during this period. Insurance proceeds paid in arrears relative to the costs they cover could also create period to period timing differences. Regardless of that timing, we're confident we'll at least maintain and likely grow our approximately $63 million net cash position by year end. When it comes to the sale of Plant 2 assets, the previously disclosed non-binding letter of intent expired without a definitive agreement. We had a handful of buyers at the time we reached this agreement, reengage them and also continue to actively market the assets. As a result, proceeds from the potential sale of Plant 2 assets are most likely a 2027 event and would be applied directly to reduce our term debt on a dollar for dollar basis. With ample level levels of liquidity today, we still see flexibility to further delever the business and we're evaluating a host of options while staying nimble to opportunistically invest in strategic growth initiatives. As we continue to navigate 2026 driving incremental profitability with new commercial activity and maintaining balance sheet strength remain our top priorities.

Don, back to you.

Donald R. Young

President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

Thanks, Grant. To close, we believe our current growth strategy to scale Energy Industrial, to drive new growth and diversification for PyroThin Thermal Barriers, to expand into attractive adjacent markets, and to target breakthrough R&D opportunities represents the best path to deploy our financial strength and to deliver long-term value for shareholders. We expect our performance in Q3 to be a good indicator of sustainable growth and profitability in 2027 and beyond. With that, we'll open the call to answer your questions.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session [Operator Instructions] Your first question comes from the line of Eric Stine with Craig-Hallum. Eric, your line is now open. Please go ahead.

Eric Andrew Stine

Analyst, Craig-Hallum Capital Group LLC

Q

Good morning, everyone.

Grant Thoele

Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Morning.

Eric Andrew Stine

Analyst, Craig-Hallum Capital Group LLC

Q

So maybe if we could just start with Energy Industrial. I know that these two large subsea projects had been expected to hit in 3Q. It sounds like maybe it's more of a 3Q, 4Q event, but you're still guiding to an extremely strong quarter. So just curious, you know, clearly there are some other positives going on there. So maybe talk about how that breaks down between, you know, certainly subsea, LNG, you know, the more subdued maintenance business today. And then maybe what you're kind of thinking about sequentially for Q4.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Thanks, Eric. Our subsea work is primarily falling into Q3. We have strong LNG activities in both quarters. And so that is really what is supporting the growth outlook or the strong Q3 outlook that we've provided. We think we'll continue to have an active energy business in Q4 as well. Our guide in Q3 does not particularly count on any recovery or robust refinery or petrochemical work although we do believe that over – as I said in my comments, over any period of time, that work will come back into scope as those facilities focus on reliability and maintain those facilities as I know they will.

Eric Andrew Stine
Analyst, Craig-Hallum Capital Group LLC

Q

Got it. And then I guess for my follow up, maybe just on Thermal Barrier, you know, you've kind of done this in the past in terms of laying out what your OEM, what your OEM partners are communicating in terms of what your Thermal Barrier awards could be worth and I know you hair cut that in terms of your outlook. But just curious, I mean, you're not seeing any necessarily hedging on that amount. You talked about you're up $135 million. [ph] This is just (00:27:19) continue to just be you're being conservative, given how you've kind of approached the outlook in the past.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Yeah. Yeah. So, Eric, I think the $135 million is full volumes from the customers at the, you know, just the kind of price per part. So $135 million is obviously, you know, we're ready to supply that as the demand comes. But that's why, you know, we're – we've always kind of taken this conservative approach because these programs do ramp. There's other supply chain considerations. So, our $20 million to $30 million 2026 outlook, we believe and we're very confident in growing that into 2027.

Eric Andrew Stine
Analyst, Craig-Hallum Capital Group LLC

Q

Okay. I mean, just to put in – yeah, go ahead.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Sorry, Eric. I was just going to add just one. I think that the interesting thing here in our Q3 outlook and in our comments this morning, we've won these design awards now over the course of the past couple of years. And what's encouraging is that we're turning awards into revenue and we're seeing that here. We saw it here in the first half of the year. We're seeing it as well in the second half of the year. And it's a visible ramp. It's a diverse group of OEMs and it really builds, I think our PyroThin business to end up, you know, in a productive, more sustainable long term manner.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

And just one other note on that, Eric.

Eric Andrew Stine
Analyst, Craig-Hallum Capital Group LLC

Q

Okay.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

What is really important is that we already have the manufacturing capability in place to serve all of these European Thermal Barrier customers, and it requires a minimal CapEx from this point on. So we're ready to supply as that demand comes in.

Eric Andrew Stine
Analyst, Craig-Hallum Capital Group LLC

Q

Okay. Thanks.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Thanks, Eric.

Operator: Your next question comes from the line of Colin Rusch with Oppenheimer. Colin, your line is open. Please go ahead.

Colin Rusch
Analyst, Oppenheimer & Co., Inc.

Q

Thanks so much, guys. As we think about the third quarter guidance and balance of the year and preparation for this 2027 ramp in the EU, how much selling do you think is really required to start meeting the needs of those production ramps? And when do you expect it to start?

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Selling on our part, Colin, I mean, look, these are...

Colin Rusch
Analyst, Oppenheimer & Co., Inc.

Q

Yeah, yeah. Selling inventory to prep for production, right, because...

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Got it. Sorry. Yeah.

Colin Rusch
Analyst, Oppenheimer & Co., Inc.

Q

[indiscernible] (00:30:06).

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Yeah. There's no question that we – as they move to SOP, there will be a bump. And we do expect this to be a little bit lumpy over the course of these quarters, including probably the quarters in 2027. But the trajectory is definitely up into the right. We have a very favorable EV market structurally in Europe, as I said in my comments. I think they're getting close to 25% EV penetration in the EU. And our design award OEMs are benefiting from that and will benefit from that. And so we are confident that we can grow that business through the remaining part of this year in really sort of launch mode for a robust 2027 as we shared in slide 6.

Colin Rusch
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Thanks, guys. And then from a cost perspective, you know, we're seeing a handful of inflationary pressures around, you know, raw materials and various parts of the supply chain. Just want to get a sense of how that's trending for you guys and any sort of mitigation strategies that you have in place that we should be thinking about from a cost management perspective.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Yeah. Colin, I think, it's kind of a boilerplate response, but really we have a robust supply chain and we also, you know, our supply chain does extend over through our external manufacturing partner. And so, think about it as we have a diverse set of suppliers that we can call upon for both, you know, kind of regionally over with our China partner and then also, here for the East Providence facility. So we're actively looking ahead and particularly with these, you know, all the BOM items related to the European programs and their ramp, you know, we are being opportunistic about that, you know, doing kind of more, more bulk ordering to get the price per part down and really being prepared on the inventory side. So in some of my comments, I think, you know, what you could infer is that, you know, working capital as we grow into this ramp, you know, we expect it to be a use of cash. And obviously, you know, that that's going to be, you know, kind of safety stock and also just, you know, building that inventory up for all these ramps.

Colin Rusch
Analyst, Oppenheimer & Co., Inc.

Q

Perfect. Thanks, guys.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Thank you, Colin.

Operator: Your next question comes from the line of Itay Michaeli with TD Cohen. Itay, your line is now open. Please go ahead.

Q

Hey. Great. This is [ph] Justin (00:33:01) on for Itay. Thanks for taking the questions and congrats on the quarter. Maybe the first question kind of going back into the European thermal business part, I guess, what do you guys need to see to get more confidence in being able to further narrow that gap of 135 million? You're calling out on the awards versus the kind of implied 40 to 60 that you're expecting to roll on. Is that just like market dynamics? Like what would give you more confidence to be able to kind of narrow that gap? And then, Grant, maybe more mechanical, kind of tying to this on Q3, like, what's the – what are you baking in of the 25 to 40 thermal revenue for like the GM deferred piece in the quarter? Just trying to square some things up there.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Let me take the first part and, Grant, you can you can take the second. Look, I think our – you know, the difference between the $135 million that we have on slide 6 and the implied $40 million to $60 million, I think it's just borne out of experience, frankly. We've been at this now for five years and we've been trained to be careful with these numbers. And so we believe that, look, we started this year thinking we're going to be $10 million to $15 million this year. And we've upped that to $20 million to $30 million this year. Again, we just think that our 2X from 2026 numbers for 2027 are just prudent numbers that we just feel like we're on that trajectory. There's nothing that keeps us from being we're prepared to do numbers bigger than that, and we're capable of doing that. And that would be upside for us as we go into and work our way through 2027.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Yeah. And just on the GM deferred piece, in my remarks, it's basically $4.9 million of deferred revenue recognized and that's quarterly, [ph] Justin (00:35:07), all the way through the end of 2027. So every quarter, you can tack on the $4.9 million as a deferred revenue piece. You just need to make sure on a cash basis, you're backing that out. Yeah. Perfect. Great. I just wanted to make sure that it was even through because I think it was like $3.5 million in the first quarter, obviously, but $4.9 million in the second.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Right.

Q

Okay. Perfect. Super helpful there. And then maybe a kind of question on the US LNG capacity and maybe how to frame the 2027 comment that you had on building into 2027 for the growth, like, obviously the LNG capacity expectations, 35% that you have year-over-year in 2027, like, how should we be thinking about the EI growth opportunity on the heels of the 20% that you've guided to for 2026 against those backdrop? Like, is it another 20% year, the 20% plus? Like what's right way to kind of frame that EI opportunity in 2027 as you kind of progress to that $200 million annual run rate that you're looking towards for that business?

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Yeah. Thank you. Look, I think that we have an opportunity to continue to grow the EI business at this pretty brisk rate, approximately 20% here in 2026. And so we think we have the opportunity to do that again in 2027. And just to put that in perspective, that basically gets us to our EI revenue in the year 2024. And so, again, we have the capability to knock out those kind of numbers. And, frankly, out to that $200 million number without any capital requirements or any significant capital requirements. And so we're capable of that. And we also believe that we've got the backdrop for that kind of growth. It will be a mix of both, you know, day in and day out maintenance work and turnaround work and then layered on some project work. As I said in my comments, when I look at our set of customers, whether they're LNG customers or subsea customers or people doing – engineering firms doing some of the larger turnarounds, they have amassed pretty significant backlogs through 2027 and really beyond that. And it is our job to make sure we get our fair share of participation in that work. We're very close to those companies. We've been excellent in delivering customer service, high-quality product to them really since, you know, for the past 15 years.

Q

Awesome. Appreciate all the color there. I'll jump back in the queue. Thanks, everyone.

Grant Thoele
Chief Financial Officer & Treasurer, Aspen Aerogels, Inc.

A

Thanks, [ph] Justin (00:37:57).

Operator: Your next question comes from the line of Ryan Pfingst with B. Riley Securities. Ryan, your line is now open. Please go ahead.

Ryan Pfingst
Analyst, B. Riley Securities, Inc.

Q

Hey, guys. Thanks for taking the questions and congrats on the JLR awards. Could you give us a sense of potential volumes or cadence? I know [ph] it was (00:38:22) stated that it's slated to begin next year, but just kind of the cadence of volumes related to those programs.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

On the JLR side, I would say that it has the ability to be noticeable in 2027 without giving a specific number and that it is a robust multi vehicle program that we think can be a meaningful part of our European business going forward over the course of 2027, 2028, 2029.

Ryan Pfingst
Analyst, B. Riley Securities, Inc.

Q

Appreciate that, Don. And then on the battery storage side, could you just talk about your latest customer conversations there and maybe any potential validation milestones that we could expect to see here in the future?

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Yeah. We have been talking about near-term revenue in this over the course of the past quarter. And we reiterated that today. I think that is probably the best milestone we can give you. We're not building in any meaningful revenue in 2026 year. But I do think having some initial revenue here in the near term is the best validation we can provide to investors and to the market, frankly. Look, this is this is a really interesting market for us because it obviously has characteristics of our Thermal Barrier business that's basically what is going on here. But it tends to be in a more industrial setting. And so our – we have a presence in both of these markets and we think we have a role to play. And I don't – our goal here is to complete qualification processes with a couple of the large developers and then they go on to win projects and utilize our product in those projects. So that's the sequence of events here, and I'm hoping that we'll be able to provide a good update for you in our next earnings call.

Ryan Pfingst
Analyst, B. Riley Securities, Inc.

Q

I appreciate it, guys. I'll turn it back.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

Thanks, Ryan.

Operator: The next question comes from the line of Chip Moore with ROTH Capital. Chip, your line is open. Please go ahead.

Chip Moore
Analyst, ROTH Capital Partners LLC

Q

Hey. Good morning. Thanks for taking the question. I wanted to follow up on Energy Industrial, Don. I think maybe if we look out to, call it, 2030 or so, just speak to the pipeline of what you're seeing, understanding it's going to be lumpy and you probably come a little later on some of these projects. But how does that compare maybe to past cycles you've been through?

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

A

There seems to be more intensity than any time I can remember from an investment cycle in energy infrastructure. When I look at the geographic diversity of what we're doing, when I and as I said in my comments, you know, a lot of our LNG activity is being driven here in the United States, but also in the Middle East, also in Africa. And so we're seeing really broad-based programs going on. And I think it's in response, of course, to the desire for supply diversification and some of the global events today have brought a tremendous amount of focus on this. Again, from a global tensions point of view, but also when we think about the need for diversification or I should say electrification around data centers and some of these other high-reliability efforts, we are, I think, well positioned. But I think at a macro level that we're in pretty unusual moment in time here over the course of the next few years. And, again, I think we're really well positioned with a lot of experience, a first class name in this space and the capacity to meet any needs going forward certainly through that period through 2030, as you say.

Chip Moore
Analyst, ROTH Capital Partners LLC

Q

Great. Thanks very much.

Operator: We have reached the end of the Q&A session. I will now turn the call back to Don for closing remarks.

Donald R. Young
President, Chief Executive Officer & Director, Aspen Aerogels, Inc.

Thank you, Holly. We appreciate your interest in Aspen Aerogels and look forward to reporting to you our third quarter results in early November. Be well and have a good day. Thank you.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.