

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

May 6, 2020

Date of Report (Date of earliest event reported)



EMCORE CORPORATION

Exact Name of Registrant as Specified in its Charter

New Jersey
State of Incorporation

001-36632
Commission File Number

22-2746503
IRS Employer Identification Number

2015 W. Chestnut Street, Alhambra, California, 91803
Address of principal executive offices, including zip code

(626) 293-3400
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

Title of Each Class	Trading symbol(s)	Name of Each Exchange on Which Registered
Common stock, no par value	EMKR	The Nasdaq Stock Market LLC (Nasdaq Global Market)

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

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On May 6, 2020, EMCORE Corporation (the “Registrant”) issued a press release disclosing its financial results for its second fiscal quarter ended March 31, 2020. A copy of this press release is attached as Exhibit 99.1 to this Current Report.

The information in this Current Report, including Exhibit 99.1 hereto, shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. Furthermore, the information in this Current Report, including Exhibit 99.1 hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise be subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	<u>Press Release, dated May 6, 2020, issued by EMCORE Corporation.</u>

SIGNATURE

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

EMCORE CORPORATION

By: /s/ Tom Minichiello

Name: Tom Minichiello

Title: Chief Financial Officer

Dated: May 6, 2020

EMCORE Reports Fiscal 2020 Second Quarter Results

ALHAMBRA, CA, May 6, 2020 – EMCORE Corporation (Nasdaq: EMKR), a leading provider of advanced mixed-signal products that serve the aerospace & defense and broadband communications markets, today announced results for its fiscal 2020 second quarter ended March 31, 2020 (2Q20). Management will host a conference call to discuss financial and business results tomorrow, Thursday, May 7, 2020, at 8:00 AM Eastern Time.

Consolidated revenue was \$23.8 million, a 6% sequential-quarter decrease, and comprised \$13.0 million from the Aerospace and Defense segment and \$10.8 million from the Broadband segment. Net loss on a GAAP and non-GAAP basis was \$5.1 million and \$3.8 million, respectively, in the second quarter compared with a net loss on a GAAP and non-GAAP basis of \$1.3 million and \$1.8 million, respectively, in the prior quarter. Adjusted EBITDA was negative \$2.5 million in the second quarter.

“Despite the global impact of COVID-19, the EMCORE team came together to deliver quarterly revenue that was in-line with our guidance”, said Jeff Rittichier, Chief Executive Officer of EMCORE. “As the pandemic spread throughout the globe in our second fiscal quarter, we encountered disruptions to our manufacturing operations in Beijing and California, as well as shortages in supply chain and air freight capacity, affecting revenue and costs,” continued Rittichier.

“Looking forward, we’re seeing an increase in customer demand for the third fiscal quarter as the MSOs work to break network bottlenecks. Additionally, we see no reductions in defense programs currently in production but have seen delays in qualification testing for new programs. We continue to meet important milestones for our manufacturing transition and completed the ERP project in Concord on schedule, enabling us to reduce our operating expenses. We believe that these actions, when taken together with our improved cash position following the Concord facility sale and PPP loan funding, give us the necessary resources to navigate through these unprecedented times,” concluded Rittichier.

Consolidated Results

	Three Months Ended		+ increase / - decrease
	Mar 31, 2020 2Q20	Dec 31, 2019 1Q20	
Revenue	\$23.8M	\$25.5M	-\$1.7M
Gross Margin	27%	29%	-2%
Operating Expenses (1)	\$11.4M	\$8.9M	+\$2.5M
Operating Margin (1)	-21%	-6%	-15%
Net Income (Loss) (1)	(\$5.1M)	(\$1.3M)	-\$3.8M
Earnings (Loss) Per Share (1)	(\$0.18)	(\$0.05)	-\$0.13
Non-GAAP Gross Margin (2)	28%	30%	-2%
Non-GAAP Operating Expenses (2)	\$10.4M	\$9.4M	+1.0M
Non-GAAP Operating Margin (2)	-16%	-7%	-9%
Non-GAAP Net Income (Loss) (2)	(\$3.8M)	(\$1.8M)	-\$2.0M
Non-GAAP Earnings (Loss) Per Share (2)	(\$0.13)	(\$0.06)	-\$0.07
Adjusted EBITDA (2)	(\$2.5M)	\$0.2M	-\$2.7M
Ending Cash and Cash Equivalents	\$22.1M	\$15.4M	+\$6.7M
Current Borrowings from Credit Facility	\$0.0M	\$4.5M	-\$4.5M
(1) 1Q20 includes \$1.6M of gains on the sale of CATV production assets			
(2) Please refer to the schedules at the end of this press release for complete GAAP to non-GAAP reconciliations and other information related to non-GAAP financial measures			

Aerospace and Defense (A&D) Segment

A&D's sequential-quarter revenue slightly decreased due to lower sales of Quartz MEMS partially offset by increased Defense Optoelectronics and Fiber Optic Gyroscopes revenue. A&D's gross margin decrease was driven by lower Quartz MEMS and Fiber Optic Gyroscopes margins partially offset by an increase in Defense Optoelectronic margins.

	Three Months Ended		+ increase / - decrease
	Mar 31, 2020 2Q20	Dec 31, 2019 1Q20	
A&D Segment Revenue	\$13.0M	\$13.7M	-\$0.7M
A&D Segment Gross Margin	22%	33%	-11%
A&D Segment R&D Expense	\$4.0M	\$4.0M	\$0.0M
A&D Segment Profit	(\$1.1M)	\$0.5M	-\$1.6M
Non-GAAP A&D Segment Gross Margin (1)	23%	33%	-10%
Non-GAAP A&D Segment R&D Expense (1)	\$3.8M	\$3.9M	-\$0.1M
Non-GAAP A&D Segment Profit	(\$0.9M)	\$0.7M	-\$1.6M
(1) Please refer to the schedules at the end of this press release for complete GAAP to non-GAAP reconciliations and other information related to non-GAAP financial measures			

Broadband Segment

Broadband's sequential-quarter revenue decrease was primarily driven by decreased sales in CATV and Chips. Broadband's gross margin increase was driven by a more favorable mix and lower costs.

	Three Months Ended		+ increase / - decrease
	Mar 31, 2020 2Q20	Dec 31, 2019 1Q20	
Broadband Segment Revenue	\$10.8M	\$11.8M	-\$1.0M
Broadband Segment Gross Margin	33%	26%	+7%
Broadband Segment R&D Expense	\$0.6M	\$0.7M	-\$0.1M
Broadband Segment Profit	\$3.0M	\$2.3M	+\$0.7M
Non-GAAP Broadband Segment Gross Margin (1)	34%	26%	+8%
Non-GAAP Broadband Segment R&D Expense (1)	\$0.5M	\$0.6M	-\$0.1M
Non-GAAP Broadband Segment Profit	\$3.2M	\$2.4M	+\$0.8M
(1) Please refer to the schedules at the end of this press release for complete GAAP to non-GAAP reconciliations and other information related to non-GAAP financial measures			

Business Outlook

The Company expects revenue for the fiscal third quarter ending June 30, 2020 (3Q20) to be in the range of \$25 million to \$27 million.

Conference Call

The Company will discuss its financial results on May 7, 2020 at 8:00 a.m. ET (5:00 a.m. PT). The call will be available by dialing 800-458-4121. For international callers, please dial +1 323-794-2597. The conference passcode number is 1932277. The call will be webcast live via the Company's website at <http://investor.emcore.com/events.cfm>. A webcast will be available for replay beginning Thursday, May 7, 2020 for at least 90 days following the conclusion of the call on the Company's website.

About EMCORE

EMCORE Corporation is a leading provider of advanced mixed-signal products that serve the aerospace & defense and broadband communications markets. Our best-in-class components and systems support a broad array of applications including navigation and inertial sensing, defense optoelectronics, broadband transport, 5G wireless infrastructure, optical sensing, and cloud data centers. We leverage industry-leading Quartz MEMS, Lithium Niobate and Indium Phosphide chip-level technology to deliver state-of-the-art component and system-level products across our end-market applications. EMCORE has vertically-integrated manufacturing capability at its wafer fabrication facility in Alhambra, CA, and quartz MEMS manufacturing facility in Concord, CA. Our manufacturing facilities maintain ISO 9001 quality management certification, and we are AS9100 aerospace quality certified at our facility in Concord. For further information about EMCORE, please visit <http://www.emcore.com>.

Use of Non-GAAP Financial Measures

The Company conforms to U.S. Generally Accepted Accounting Principles (GAAP) in the preparation of its financial statements. We disclose supplemental non-GAAP earnings measures for gross profit margin, operating expenses, operating profit margin, net income, and earnings per share, as well as adjusted EBITDA.

Management believes these supplemental non-GAAP measures reflect the Company's core ongoing operating performance and facilitates comparisons across reporting periods. The Company uses these measures when evaluating its financial results and for planning and forecasting of future periods. We believe that these supplemental non-GAAP measures are also useful to investors in assessing our operating performance. While we believe in the usefulness of these supplemental non-GAAP measures, there are limitations. Our non-GAAP measures may not be reported by other companies in our industry and/or may not be directly comparable to similarly titled measures of other companies due to potential differences in calculation. We compensate for these limitations by using these non-GAAP measures as a supplement to GAAP and by providing the reconciliations to the most comparable GAAP measure.

The schedules at the end of this press release reconcile the Company's non-GAAP measures to the most directly comparable GAAP measure. The adjustments share one or more of the following characteristics: they are unusual and the Company does not expect them to recur in the ordinary course of its business, they do not involve the expenditure of cash, they are unrelated to the ongoing operation of the business in the ordinary course, or their magnitude and timing is largely outside of the Company's control. For all reporting periods disclosed, the Company has applied consistent rationale, method, and adjustments in reconciling non-GAAP measures to the most directly comparable GAAP measure.

Non-GAAP measures are not in accordance with or an alternative to GAAP, nor are they meant to be considered in isolation or as a substitute for comparable GAAP measures. Our disclosures of these measures should be read only in conjunction with our financial statements prepared in accordance with GAAP. Non-GAAP measures should not be viewed as a substitute for the Company's GAAP results.

Forward-Looking Statements

The information provided herein may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). These forward-looking statements are largely based on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Such forward-looking statements include, in particular, projections about our future results, statements about our plans, strategies, business prospects, changes and trends in our business and the markets in which we operate.

These forward-looking statements may be identified by the use of terms and phrases such as "anticipates", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "plans", "projects", "targets", "will", and similar expressions or variations of these terms and similar phrases. Additionally, statements concerning future matters such as the development of new products, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements. We caution that these forward-looking statements relate to future events or our future financial performance and are subject to business, economic, and other risks and uncertainties, both known and unknown, that may cause actual results, levels of activity, performance or achievements of our business or our industry to be materially different from those expressed or implied by any forward-looking statements.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, including without limitation, the following: (a) the rapidly evolving markets for the Company's products and uncertainty regarding the development of these markets; (b) the Company's historical dependence on sales to a limited number of customers and fluctuations in the mix of products and customers in any period; (c) delays and other difficulties in commercializing new products; (d) the failure of new products: (i) to perform as expected without material defects, (ii) to be manufactured at acceptable volumes, yields, and cost, (iii) to be qualified and accepted by our customers, and (iv) to successfully compete with products offered by our competitors; (e) uncertainties concerning the availability and cost of commodity materials and specialized product components that we do not make internally; (f) actions by competitors; (g) risks and uncertainties related to applicable laws and regulations, including the impact of changes to applicable tax laws and tariff regulations; (h) acquisition-related risks, including that (i) the revenues and net operating results obtained from our acquisition of the Systron Donner Inertial ("SDI") business may not meet our expectations, (ii) the costs and cash expenditures for integration of the SDI business operations may be higher than expected, (iii) there could be losses and liabilities arising from the acquisition of SDI that we will not be able to recover from any source, and (iv) we may not realize sufficient scale in our navigation systems product line from the SDI acquisition and will need to take additional steps, including making additional acquisitions, to achieve our growth objectives for this product line; (i) risks related to our ability to obtain capital; (j) risks related to the transition of certain of our manufacturing operations from our Beijing facility to a contract manufacturer's facility; (k) the outbreak of COVID-19 and the impact on our business and operations, which is evolving and beyond our control; and (l) other risks and uncertainties discussed under Item 1A - Risk Factors in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as updated by our subsequent periodic reports.

Forward-looking statements are based on certain assumptions and analysis made in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors that we believe are appropriate under the

circumstances. While these statements represent our judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results. All forward-looking statements in this press release are made as of the date hereof, based on information available to us as of the date hereof, and subsequent facts or circumstances may contradict, obviate, undermine, or otherwise fail to support or substantiate such statements. We caution you not to rely on these statements without also considering the risks and uncertainties associated with these statements and our business that are addressed in our filings with the Securities and Exchange Commission (“SEC”) that are available on the SEC’s web site located at www.sec.gov, including the sections entitled “Risk Factors” in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. Certain information included in this press release may supersede or supplement forward-looking statements in our other Exchange Act reports filed with the SEC. We assume no obligation to update any forward-looking statement to conform such statements to actual results or to changes in our expectations, except as required by applicable law or regulation.

EMCORE CORPORATION
Condensed Consolidated Statement of Operations
(in thousands, except for per share data)
(unaudited)

	For the three months ended March 31,		For the six months ended March 31,	
	2020	2019	2020	2019
Revenue	\$ 23,850	\$ 21,745	\$ 49,332	\$ 45,746
Cost of revenue	17,423	15,936	35,431	34,129
Gross profit	6,427	5,809	13,901	11,617
Operating expense:				
Selling, general, and administrative	7,139	6,996	13,026	14,589
Research and development	4,584	4,360	9,226	8,379
Gain from change in estimate on ARO obligation	—	(40)	—	(40)
Gain on sale of assets	(315)	—	(1,917)	—
Total operating expense	11,408	11,316	20,335	22,928
Operating loss	(4,981)	(5,507)	(6,434)	(11,311)
Other income:				
Interest income (expense), net	1	224	(14)	491
Foreign exchange (loss) gain	(156)	304	(9)	318
Total other (loss) income	(155)	528	(23)	809
Loss before income tax expense	(5,136)	(4,979)	(6,457)	(10,502)
Income tax benefit (expense)	55	(15)	41	(30)
Net loss	\$ (5,081)	\$ (4,994)	\$ (6,416)	\$ (10,532)
Foreign exchange translation adjustment	29	13	(7)	27
Comprehensive loss	\$ (5,052)	\$ (4,981)	\$ (6,423)	\$ (10,505)
Per share data:				
Net loss per basic and diluted share	\$ (0.18)	\$ (0.18)	\$ (0.22)	\$ (0.38)
Weighted-average number of basic and diluted shares outstanding	29,033	27,652	28,931	27,592

EMCORE CORPORATION
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	As of March 31, 2020	As of September 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,030	\$ 21,574
Restricted cash	60	403
Accounts receivable, net of allowance of \$249 and \$148, respectively	19,818	18,497
Contract assets	1,978	1,055
Inventory	23,582	24,051
Prepaid expenses and other current assets	5,183	6,389
Assets held for sale	1,661	—
Total current assets	74,312	71,969
Property, plant, and equipment, net	20,894	37,223
Goodwill	69	69
ROU assets	15,202	—
Other intangible assets, net	220	239
Other non-current assets	217	62
Total assets	<u>\$ 110,914</u>	<u>\$ 109,562</u>
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities:		
Borrowings from credit facility	\$ —	\$ 5,497
Accounts payable	10,422	10,701
Accrued expenses and other current liabilities	10,400	14,521
ROU liability - current	1,048	—
Total current liabilities	21,870	30,719
ROU liability - non-current	14,325	—
Asset retirement obligations	1,906	1,890
Other long-term liabilities	—	207
Total liabilities	38,101	32,816
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Common stock, no par value, 50,000 shares authorized; 36,201 shares issued and 29,291 shares outstanding as of March 31, 2020; 35,803 shares issued and 28,893 shares outstanding as of September 30, 2019	742,416	739,926
Treasury stock at cost; 6,910 shares	(47,721)	(47,721)
Accumulated other comprehensive income	943	950
Accumulated deficit	(622,825)	(616,409)
Total shareholders' equity	72,813	76,746
Total liabilities and shareholders' equity	<u>\$ 110,914</u>	<u>\$ 109,562</u>

EMCORE CORPORATION

Reconciliations of GAAP to Non-GAAP Financial Measures

	Three Months Ended	
	Mar 31, 2020	Dec 31, 2019
	2Q20	1Q20
Gross Profit	\$ 6,427	\$ 7,474
Gross Margin	27%	29%
<u>Adjustments:</u>		
Stock-based compensation	202	136
Asset retirement obligation (ARO) accretion	8	8
Amortization of acquired intangibles	9	9
Total adjustments	219	153
Non-GAAP Gross Profit	\$ 6,646	\$ 7,627
Non-GAAP Gross Margin	28%	30%

	Three Months Ended	
	Mar 31, 2020	Dec 31, 2019
	2Q20	1Q20
Operating Expenses	\$ 11,408	\$ 8,927
Stock-based compensation	(843)	(666)
Acquisition-related expenses	(8)	(40)
Severance and restructuring charges	(389)	—
CATV transition - severance charges	(20)	(204)
CATV transition - gain on sale of asset	—	1,583
Litigation-related expenses & arbitration ruling	(19)	(204)
Gain/loss on sale of assets	315	19
Non-GAAP Operating Expenses	\$ 10,444	\$ 9,415

	Three Months Ended	
	Mar 31, 2020	Dec 31, 2019
	2Q20	1Q20
Operating Profit	\$ (4,981)	\$ (1,453)
Operating Margin	-21%	-6%
Adjustments:		
Stock-based compensation	1,045	802
Asset retirement obligation (ARO) accretion	8	8
Acquisition-related expenses	8	40
Amortization of acquired intangibles	9	9
Severance and restructuring charges	389	—
CATV transition - severance charges	20	204
CATV transition - gain on sale of asset	—	(1,583)
Litigation-related expenses & arbitration ruling	19	204
Gain/loss on sale of assets	(315)	(19)
Total adjustments	1,183	(335)
Non-GAAP Operating Profit	(3,798)	(1,788)
Non-GAAP Operating Margin	-16%	-7%
Depreciation	1,315	1,964
Adjusted EBITDA	\$ (2,483)	\$ 176
Adjusted EBITDA %	-10%	1%

	Three Months Ended	
	Mar 31, 2020	Dec 31, 2019
	2Q20	1Q20
Net Income (Loss)	\$ (5,081)	\$ (1,335)
Earnings (Loss) Per Share	(0.18)	(0.05)
Adjustments:		
Stock-based compensation	1,045	802
Asset retirement obligation (ARO) accretion	8	8
Acquisition-related expenses	8	40
Amortization of acquired intangibles	9	9
Severance and restructuring charges	389	—
CATV transition - severance charges	20	204
CATV transition - gain on sale of asset	—	(1,583)
Litigation-related expenses & arbitration ruling	19	204
Gain/loss on sale of assets	(315)	(19)
Foreign currency gain/loss	156	(147)
Income tax expense	(55)	14
Total adjustments	1,284	(468)
Non-GAAP Net Income (Loss)	(3,797)	(1,803)
Non-GAAP Earnings (Loss) Per Share	(0.13)	(0.06)
Interest income/expense	(1)	15
Depreciation	1,315	1,964
Adjusted EBITDA	\$ (2,483)	\$ 176
Adjusted EBITDA %	-10%	1%

	Three Months Ended			Three Months Ended	
	Mar 31, 2020	Dec 31, 2019		Mar 31, 2020	Dec 31, 2019
	2Q20	1Q20		2Q20	1Q20
Aerospace and Defense			Broadband		
Gross Profit	\$ 2,844	\$ 4,488	Gross Profit	\$ 3,583	\$ 2,987
Gross Margin	22%	33%	Gross Margin	33%	26%
Adjustments:			Adjustments:		
Stock-based compensation	114	83	Stock-based compensation	88	53
Asset retirement obligation (ARO) accretion	—	—	Asset retirement obligation (ARO) accretion	8	8
Amortization of acquired intangibles	9	9	Amortization of acquired intangibles	—	—
Total adjustments	123	92	Total adjustments	96	61
Non-GAAP Gross Profit	\$ 2,967	\$ 4,580	Non-GAAP Gross Profit	\$ 3,679	\$ 3,048
Non-GAAP Gross Margin	23%	33%	Non-GAAP Gross Margin	34%	26%
Aerospace and Defense			Broadband		
R&D Expenses	\$ 3,991	\$ 3,951	R&D Expenses	\$ 593	\$ 692
Stock-based compensation	(153)	(90)	Stock-based compensation	(99)	(90)
Non-GAAP R&D Expenses	\$ 3,838	\$ 3,861	Non-GAAP R&D Expenses	\$ 494	\$ 602