

Ascent Solar Technologies, Inc.
Form 10-Q
November 10, 2008
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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 September 30, 2008

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 No. 001-32919

Ascent Solar Technologies, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-3672603
(I.R.S. Employer
Identification No.)

8120 Shaffer Parkway

Littleton, CO 80127

(Address of principal executive offices)

303-285-9885

(Registrant's telephone number including area code)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

At November 5, 2008, 20,938,049 shares of the registrant's Common Stock, par value \$0.0001 per share, were outstanding.

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ASCENT SOLAR TECHNOLOGIES, INC.

Quarterly Report on Form 10-Q

Quarterly Period Ended September 30, 2008

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	September 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 52,638,245	\$ 580,746
Restricted cash	2,300,000	
Investments	39,032,495	37,120,000
Accounts receivable contracts	208,737	204,351
Other current assets	736,854	349,062
Total current assets	94,916,331	38,254,159
Property and Equipment at Cost:	22,515,834	1,766,294
Less accumulated depreciation and amortization	(1,106,017)	(115,051)
	21,409,817	1,651,243
Other Assets		
Investments non-current	4,584,220	
Deposits on manufacturing equipment	23,643,499	9,720,309
Patents, net of amortization of \$5,116 and \$0, respectively	124,222	91,215
Other non-current assets	72,500	100,000
	28,424,441	9,911,524
Total Assets	\$ 144,750,589	\$ 49,816,926
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	\$ 286,693	\$ 257,529
Related party payables	335,228	264,797
Accrued liabilities	10,489,871	652,524
Current portion of long-term debt	111,656	
Forward contract liabilities	722,715	
Total current liabilities	11,946,163	1,174,850
Deferred Rent	14,014	20,021
Long-Term Debt	5,861,713	
Commitments and Contingencies (Notes 5 & 11)		
Stockholders Equity:		

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Preferred stock, \$0.0001 par value, 25,000,000 shares authorized, no shares outstanding

Common stock, \$0.0001 par value, 75,000,000 shares authorized;

18,495,448 and 11,435,901 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively

	1,850	1,144
Additional paid in capital	148,835,201	60,512,476
Deficit accumulated during the development stage	(21,735,440)	(11,891,565)
Accumulated other comprehensive loss	(172,912)	
Total stockholders' equity	126,928,699	48,622,055
Total Liabilities and Stockholders' Equity	\$ 144,750,589	\$ 49,816,926

The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**ASCENT SOLAR TECHNOLOGIES, INC.****(A Development Stage Company as Defined by SFAS No. 7)****CONDENSED STATEMENTS OF OPERATIONS****(Unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Period from inception (October 18, 2005) through September 30, 2008
	2008	2007	2008	2007	
Research and Development Revenues					
Contract revenues	\$ 422,487	\$ 324,064	\$ 1,071,500	\$ 739,732	\$ 2,046,655
Related party revenues				27,519	27,519
Total Revenues	422,487	324,064	1,071,500	767,251	2,074,174
Costs and Expenses					
Research and development	2,609,926	1,100,328	6,522,587	2,749,727	11,188,630
General and administrative	2,284,839	1,807,773	4,889,824	3,842,993	13,732,568
Total Costs and Expenses	4,894,765	2,908,101	11,412,411	6,592,720	24,921,198
Loss from Operations	\$ (4,472,278)	\$ (2,584,037)	\$ (10,340,911)	\$ (5,825,469)	\$ (22,847,024)
Other Income/(Expense)					
Interest expense	(938)	(270)	(109,893)	(406)	(1,193,748)
Interest income	687,801	518,909	1,587,404	925,460	3,285,807
Realized loss on forward contract	(257,760)		(257,760)		(257,760)
Unrealized loss on forward contracts	(722,715)		(722,715)		(722,715)
	(293,612)	518,639	497,036	925,054	1,111,584
Net Loss	\$ (4,765,890)	\$ (2,065,398)	\$ (9,843,875)	\$ (4,900,415)	\$ (21,735,440)
Net Loss Per Share (Basic and diluted)	\$ (0.26)	\$ (0.19)	\$ (0.63)	\$ (0.61)	
Weighted Average Common Shares Outstanding (Basic and diluted)					
	18,461,158	10,609,460	15,536,689	8,017,084	

The accompanying notes are an integral part of these condensed financial statements.

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ASCENT SOLAR TECHNOLOGIES, INC.

(A Development Stage Company as Defined by SFAS No. 7)

CONDENSED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME AND (LOSS)

For the Period from inception (October 18, 2005) through December 31, 2007 (Audited) and for the
Nine Months Ended September 30, 2008 (Unaudited)

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-In Capital	Accumulated Comprehensive Deficit	Accumulated Other Comprehensive Loss	Total Stockholders Equity
Balance at inception, October 18, 2005								
Proceeds from sale of common stock (11/05 @ \$0.04 per share)	972,000	\$ 97		\$	\$ 38,783	\$	\$	\$ 38,880
Stock based compensation:								
Founders stock					933,120			933,120
Stock options					26,004			26,004
Net loss						(1,207,234)		(1,207,234)
Balance, December 31, 2005	972,000	\$ 97		\$	\$ 997,907	\$ (1,207,234)	\$	\$ (209,230)
Transfer of assets at historical cost (1/06 @ \$0.03 per share)	1,028,000	103			31,097			31,200
Proceeds from IPO (7/06 @ \$5.50 per unit)	3,000,000	300			16,499,700			16,500,000
IPO costs					(2,392,071)			(2,392,071)
Stock issued to bridge loan lenders (7/06 @ \$2.75 per share)	290,894	29			799,971			800,000
Exercise of stock options (9/06 & 12/06 @ \$0.10 per share)	31,200	3			3,117			3,120
Stock based compensation stock options					348,943			348,943
Net loss						(4,180,912)		(4,180,912)
Balance, December 31, 2006	5,322,094	\$ 532		\$	\$ 16,288,664	\$ (5,388,146)	\$	\$ 10,901,050
Exercise of stock options (1/07-12/07 @ \$1.0) (7/07-12/07 @ \$4.25) (9/07-12/07 @ \$2.51-\$2.76)	169,963	17			346,417			346,434
Conversion of Class A public warrants at \$6.60	3,098,382	310			20,449,011			20,449,321
Redemption of Class A public warrants at \$0.25 per share					(48,128)			(48,128)
Conversion of Class B public warrants at \$11.00 per share	11,000	1			120,999			121,000
Stock based compensation stock options					1,734,879			1,734,879
Proceeds from private placement:								
Common stock (3/07 @ \$5.77 and 8/07 @ \$7.198)	2,534,462	254			15,962,003			15,962,257
Class B public warrants (8/07 @ \$1.91)					3,754,468			3,754,468
Private placement costs					(75,807)			(75,807)
Exercise of representative s warrants (9/07-11/07 @ \$6.60 per unit)	300,000	30			1,979,970			1,980,000
Net loss						(6,503,419)		(6,503,419)
Balance, December 31, 2007	11,435,901	\$ 1,144		\$	\$ 60,512,476	\$ (11,891,565)	\$	\$ 48,622,055

The accompanying notes are an integral part of these condensed financial statements.

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	Common Stock		Preferred Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-In	Deficit	Other	Stockholders
					Capital		Comprehensive	Equity
							Loss	
Balance, December 31, 2007	11,435,901	\$ 1,144		\$	\$ 60,512,476	\$ (11,891,565)	\$	\$ 48,622,055
Exercise of stock options (1/08-9/08 @ \$0.10, \$2.73, \$2.90 & \$4.25)	109,004	11			118,109			118,120
Issuance of Restricted Stock	64,846	7			(7)			
Conversion of Class B public warrants at \$11.00 per share	98,800	9			1,086,791			1,086,800
Stock based compensation					1,284,226			1,284,226
Proceeds from private placement:								
Common stock (3/08 @ \$9.262)	2,341,897	234			21,690,416			21,690,650
Class B public warrants (3/08 @ \$3.954)					6,681,884			6,681,884
Exercise of representative s warrants (1/08 @ \$6.60 per unit)	75,000	8			494,992			495,000
Proceeds from shareholder under Section 16(b)					148,109			148,109
Proceeds from secondary public offering (5/08 @ \$14.00)	4,370,000	437			61,179,563			61,180,000
Costs of secondary public offering					(4,361,358)			(4,361,358)
Components of comprehensive loss								
Net loss						(9,843,875)		(9,843,875)
Unrealized loss on investments							(172,912)	(172,912)
Total comprehensive loss						(9,843,875)	(172,912)	(10,016,787)
Balance, September 30, 2008	18,495,448	\$ 1,850		\$	\$ 148,835,201	\$ (21,735,440)	\$ (172,912)	\$ 126,928,699

The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**ASCENT SOLAR TECHNOLOGIES, INC.****(A Development Stage Company as Defined by SFAS No. 7)****CONDENSED STATEMENTS OF CASH FLOWS****(Unaudited)**

	For the Nine Months Ended September 30,		For the Period from inception (October 18, 2005) through September 30, 2008
	2008	2007	
Operating Activities:			
Net loss	\$ (9,843,875)	\$ (4,900,415)	\$ (21,735,440)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation and amortization	997,303	44,540	1,113,633
Stock based compensation	1,284,226	1,633,361	4,327,172
Realized loss on forward contract	257,760		257,760
Unrealized loss on forward contracts	722,715		722,715
Charge off of deferred financing costs to interest expense			198,565
Charge off of bridge loan discount to interest expense			800,000
Changes in operating assets and liabilities:			
Accounts receivable	(4,386)	(164,819)	(208,737)
Other current assets	(387,792)	(214,564)	(736,854)
Accounts payable	29,164	449,203	286,693
Related party payable	70,431	18,766	335,228
Deferred rent	(6,007)	7,582	14,014
Accrued liabilities	765,541	206,428	1,418,065
Net cash used in operating activities	(6,114,920)	(2,919,918)	(13,207,186)
Investing Activities:			
Purchases of available-for-sale-securities	(273,068,887)	(84,822,394)	(416,429,681)
Maturities and sales of available for-sale securities	266,399,259	54,162,171	372,640,053
Purchase of property and equipment	(10,682,200)	(1,531,805)	(20,112,213)
Deposits on manufacturing equipment	(15,076,483)	(4,606,716)	(17,226,828)
Restricted cash for manufacturing equipment	(2,300,000)	(465,000)	(2,300,000)
Patent activity costs	(36,844)	(27,497)	(104,381)
Net cash used in investing activities	(34,765,155)	(37,291,241)	(83,533,050)
Financing Activities:			
Proceeds from bridge loan financing			1,600,000
Repayment of bridge loan financing			(1,600,000)
Payment of debt financing costs	(75,000)		(273,565)
Payment of equity offering costs	(4,361,358)	(75,807)	(6,829,237)
Proceeds from debt			