

PLUG POWER INC
Form 10-Q
May 12, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 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 Number: 0-27527

PLUG POWER INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of

22-3672377
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

968 ALBANY-SHAKER ROAD, LATHAM, NEW YORK 12110

(Address of Principal Executive Offices, including Zip Code)

(518) 782-7700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ 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 ☒

The number of shares of common stock, par value of \$.01 per share, outstanding as of May 6, 2008 was 88,232,298.

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Table of Contents**Plug Power Inc. and Subsidiaries****(A Development Stage Enterprise)****Condensed Consolidated Balance Sheets****(Unaudited)**

	March 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 51,755,317	\$ 12,076,938
Available-for-sale securities	95,013,003	153,623,670
Accounts receivable, less allowance of \$25,721 in 2008 and \$57,000 in 2007	4,104,029	4,337,856
Inventory	6,548,424	5,787,180
Government assistance receivable	223,168	270,600
Prepaid expenses and other current assets	1,684,672	2,720,915
Total current assets	159,328,613	178,817,159
Property, plant and equipment, net	20,748,586	21,064,795
Goodwill	49,820,253	51,399,497
Intangible assets, net	15,992,039	16,979,327
Other assets	152,653	130,940
Total assets	\$ 246,042,144	\$ 268,391,718
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 4,182,170	\$ 4,636,997
Accrued expenses	4,054,528	5,509,804
Deferred revenue	3,717,403	3,341,341
Other current liabilities	1,919,512	1,423,188
Total current liabilities	13,873,613	14,911,330
Repayable government assistance	4,242,909	4,388,374
Other liabilities	172,180	191,540
Total liabilities	18,288,702	19,491,244
Stockholders' equity:		
Class B Capital stock, a class of preferred stock, \$0.01 par value per share; 5,000,000 shares authorized; 395,000 shares issued and outstanding at March 31, 2008 and December 31, 2007	3,950	3,950
Common stock, \$0.01 par value per share; 245,000,000 shares authorized; Issued (including shares in treasury):		
88,164,766 at March 31, 2008 and 87,882,922 at December 31, 2007	881,648	878,829
Additional paid-in capital	759,654,583	758,169,498
Accumulated other comprehensive income	6,011,944	7,810,558
Deficit accumulated during the development stage	(538,690,047)	(517,962,361)
Less common stock in treasury:		
33,327 shares at March 31, 2008 and 0 shares at December 31, 2007	(108,636)	
Total stockholders' equity	227,753,442	248,900,474

Total liabilities and stockholders' equity	\$ 246,042,144	\$ 268,391,718
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The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

Table of Contents**Plug Power Inc. and Subsidiaries****(A Development Stage Enterprise)****Condensed Consolidated Statements of Operations****(Unaudited)**

	Three months ended March 31,		Cumulative
	2008	2007	Amounts
			from Inception
Product and service revenue	\$ 850,334	\$ 462,034	\$ 36,292,215
Research and development contract revenue	2,886,552	2,168,143	78,353,785
Total revenue	3,736,886	2,630,177	114,646,000
Cost of product and service revenue	1,637,848	1,684,577	45,167,059
Cost of research and development contract revenue	4,973,808	2,653,279	112,808,293
In-process research and development			12,026,640
Research and development expense	10,036,495	9,298,395	380,532,547
Selling, general and administrative expenses	6,460,787	4,050,556	106,558,827
Amortization of intangible assets	575,002		17,313,606
Operating loss	(19,947,054)	(15,056,630)	(559,760,972)
Interest income and net realized gains (losses) from available-for-sale securities	2,120,925	3,873,623	44,478,367
Impairment loss on available-for-sale securities	(2,794,646)		(2,794,646)
Interest and other expense	(106,911)		(2,035,046)
Loss before equity in losses of affiliates	(20,727,686)	(11,183,007)	(520,112,297)
Equity in losses of affiliates			(18,577,750)
Net loss	\$ (20,727,686)	\$ (11,183,007)	\$ (538,690,047)
Loss per share:			
Basic and diluted	\$ (0.24)	\$ (0.13)	
Weighted average number of common shares outstanding	88,071,196	86,448,152	

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

Table of Contents**Plug Power Inc. and Subsidiaries****(A Development Stage Enterprise)****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	Three months ended March 31,		Cumulative
	2008	2007	Amounts
			from Inception
Cash Flows From Operating Activities:			
Net loss	\$ (20,727,686)	\$ (11,183,007)	\$ (538,690,047)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,061,087	800,761	35,091,662
Equity in losses of affiliates			18,577,750
Amortization of intangible assets	575,002		17,313,606
Noncash prepaid development costs			10,000,000
Loss on disposal of property, plant and equipment			39,914
In-kind services			1,340,000
Stock-based compensation	1,219,825	1,388,930	35,937,683
Provision for bad debts			92,670
Amortization of deferred grant revenue			(1,000,000)
Amortization and write-off of deferred rent			2,000,000
Impairment loss on available-for-sale securities	2,794,646		2,794,646
In-process research and development			7,042,640
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	203,246	(1,310,695)	(3,822,512)
Government assistance receivable	37,468		615,993
Inventory	(806,843)	(1,216,819)	(5,355,227)
Prepaid expenses and other current assets	1,005,107	(381,206)	(2,555,705)
Accounts payable, accrued expenses and other current liabilities	(1,311,469)	(29,835)	2,358,852
Government assistance payable	79,699		345,385
Deferred revenue	377,203	1,164,501	4,716,741
Net cash used in operating activities	(15,492,715)	(10,767,370)	(413,155,949)
Cash Flows From Investing Activities:			
Cash paid for acquisitions, net		(1,500,000)	(19,267,125)
Purchase of property, plant and equipment	(570,153)	(542,417)	(37,493,733)
Proceeds from disposal of property, plant and equipment			329,629
Purchase of intangible asset			(9,624,500)
Investment in affiliate			(1,500,000)
Proceeds from maturities and sales of available-for-sale securities	122,998,448	192,186,063	2,452,423,726
Purchases of available-for-sale securities	(67,261,648)	(133,321,754)	(2,550,239,180)
Net cash provided by (used in) investing activities	55,166,647	56,821,892	(165,371,183)
Cash Flows From Financing Activities:			
Proceeds from issuance of common and preferred stock			428,529,602
Proceeds from initial public offering, net			201,911,705
Stock issuance costs			(5,548,027)
Purchase of treasury stock	(45,838)		(45,838)

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Proceeds from stock options and employee stock purchase plan	128,162		11,370,512
Repayment of loans due to General Hydrogen Shareholders			(400,000)
Principal payments on long-term debt and capital lease obligations			(6,786,687)
Net cash provided by financing activities	82,324		629,031,267
Effect of exchange rate changes on cash	(77,877)		1,251,182
Increase in cash and cash equivalents	39,678,379	46,054,522	51,755,317
Cash and cash equivalents, beginning of period	12,076,938	26,899,866	
Cash and cash equivalents, end of period	\$ 51,755,317	\$ 72,954,388	\$ 51,755,317