

Ascent Solar Technologies, Inc.
Form SB-2
January 23, 2006

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO FINANCIAL STATEMENTS](#)

As filed with the Securities and Exchange Commission on January 23, 2006

Securities Act File No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM SB-2

REGISTRATION STATEMENT

Under

The Securities Act of 1933

Ascent Solar Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

3674
(Primary Standard Industrial
Classification Code Number)
8120 Shaffer Parkway
Littleton, Colorado 80127
(303) 420-1141

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

(Address and Telephone Number of Principal Executive Offices and Principal Place of Business)

Matthew Foster
8120 Shaffer Parkway
Littleton, Colorado 80127
(303) 420-1141

(Name, Address and Telephone Number of Agent for Service)

Copy to:

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2300 US Bancorp Tower
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Approximate Date of Commencement of Proposed Sale to Public: As soon as practicable after this registration statement becomes effective.

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If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Units(2), each unit consisting of:	3,450,000	\$5.50	\$18,975,000	\$2,030.33
(i) one share of common stock,	3,450,000			
(ii) one Class A warrant to purchase one share of common stock, and	3,450,000			
(iii) two Class B warrants, each to purchase one share of common stock	6,900,000			
Representative's warrants(4)(5)	300,000			
Units issuable upon exercise of the representative's warrants, each consisting of:	300,000	\$6.60	\$1,980,000	\$211.86
(i) one share of common stock,	300,000			
(ii) one Class A warrant to purchase one share of common stock, and	300,000			
(iii) two Class B warrants, each to purchase one share of common stock	600,000			
Common stock issuable upon exercise of Class A warrants, including Class A warrants underlying the representative's warrants(2)(4)	3,750,000	\$6.60	\$24,750,000	\$2,648.25
Common stock issuable upon exercise of Class B warrants, including Class B warrants underlying the representative's warrants(2)(4)	7,500,000	\$11.00	\$82,500,000	\$8,827.50
TOTAL:			\$128,205,000	\$13,717.94

(1) Estimated solely for purposes of calculating the amount of the registration fee paid pursuant to Rule 457(g) under the Securities Act.

(2) Includes 450,000 units which the underwriters have the option to purchase to cover over-allotments, if any.

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- (3) The filing fee is calculated based on the filing fee of \$107 per million in the maximum aggregate offering price.
- (4) Pursuant to Rule 416 under the Securities Act, there are also being registered hereby such additional indeterminate number of securities as may become issuable pursuant to the anti-dilution provisions of the public warrants and the representative's warrants.
- (5) In connection with the sale of the units, the Company will issue to the representative of the underwriters warrants to purchase, in the aggregate, up to 300,000 units.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We have filed a registration statement with the Securities and Exchange Commission relating to this offering. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 23, 2006

PROSPECTUS

3,000,000 Units
Each unit consisting of one share of common stock,
one redeemable Class A warrant
and two non-redeemable Class B warrants

This is a firm commitment initial public offering of 3,000,000 units by Ascent Solar Technologies, Inc. Each unit consists of one share of common stock, one redeemable Class A warrant and two non-redeemable Class B warrants, each warrant to purchase one share of common stock. The warrants will trade only as part of a unit for 30 days following the date of this prospectus after which the common stock and public warrants each will trade separately.

Prior to this offering, there has been no public market for our securities. We have applied to have the units, the common stock, the Class A warrants and the Class B warrants quoted on the Nasdaq Capital Market under the symbols U, , W and Z, respectively. We also have applied for listing of these securities on Tier 2 of the Pacific Exchange.

We anticipate that the initial public offering price of our units will be between \$5.00 and \$6.00 per unit. The aggregate price of the units offered hereby, excluding units that may be sold on exercise of the underwriters' over-allotment option would be \$16,500,000, assuming an initial public offering price of \$5.50 per unit.

Investing in these units involves significant risks. See "Risk Factors" beginning on page 5.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	<u>Per Unit</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds to us, before expenses	\$	\$

The expenses for this offering will include (in addition to the underwriting discount) a non-accountable expense allowance of 3% of the gross proceeds of this offering payable to Paulson Investment Company, Inc. Additionally, we have granted the underwriters a 45-day option to purchase up to an additional 450,000 units to cover over-allotments and have agreed to issue the representative of the underwriters a warrant to purchase up to 300,000 units.

Paulson Investment Company, Inc.

The date of this prospectus is _____, 2006

TABLE OF CONTENTS

PROSPECTUS SUMMARY

RISK FACTORS

FORWARD-LOOKING STATEMENTS

USE OF PROCEEDS

DIVIDEND POLICY

CAPITALIZATION

DILUTION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS

MANAGEMENT

PRINCIPAL STOCKHOLDERS

RELATED PARTY TRANSACTIONS

DESCRIPTION OF SECURITIES

SHARES ELIGIBLE FOR FUTURE SALE

UNDERWRITING

LEGAL MATTERS

EXPERTS

WHERE YOU CAN FIND MORE INFORMATION

INDEX TO FINANCIAL STATEMENTS

You should rely only on the information contained in this prospectus and in any free writing prospectus that states that it has been provided with our approval. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Information contained on our website does not constitute a part of this prospectus. The information in this prospectus may only be accurate as of the date appearing on the cover page of this prospectus, regardless of the time this prospectus is delivered or our units are sold.

We are not, and the underwriters are not, making an offer to sell the units in any jurisdiction where the offer or sale is not permitted.

We own no registered trademarks. Brand names or trademarks appearing in this prospectus are the property of their respective owners.

PROSPECTUS SUMMARY

This is only a summary and does not contain all the information that may be important to you. You should read the more detailed information contained in this prospectus, including the risk factors beginning on page 5. References to "we," "us," "our," "Ascent" or the "company" mean Ascent Solar Technologies, Inc.

Our Company

Ascent was formed in October 2005 to commercialize certain photovoltaic ("PV") technology developed by our parent company, ITN Energy Systems, Inc. ("ITN") for space and near-space applications. When used on space satellites and near-space aircraft, PV devices convert sunlight into the electricity needed to reliably power instruments, communications systems and the like. Currently, most PV devices used for space and near-space applications are rigid, bulky and relatively heavy, posing significant challenges to scientists and designers wishing to minimize volume and weight in order to maximize payload and reduce deployment costs. In addition to these shortcomings, PV devices traditionally used for such applications are expensive to manufacture and require the time-consuming and labor-intensive task of connecting individual solar cells together to create a complete PV module.

We are working to overcome many of these limitations by creating a flexible, lightweight PV product suitable for space and near-space applications. We intend to be the first company to manufacture PV modules in commercial quantities that use a highly efficient thin-film Copper-Indium-Gallium-diSelenide ("CIGS") absorbing layer on a flexible polyimide (high-temperature plastic) substrate. By employing a proprietary monolithic integration fabrication process, we will manufacture our PV devices on the module level, rather than cell level, thereby avoiding the costly cell-to-cell interconnect procedure that confronts other PV device manufacturers. Our choice of materials and proprietary monolithic integration fabrication process should permit us to achieve significant cost, volume and weight performance advantages over existing technologies. As a result, we believe that we are well-positioned to capture opportunities in markets requiring highly efficient, lightweight and flexible PV power sources, including the markets for military and commercial spacecraft and satellites and the emerging high-altitude airship ("HAA") project under the supervision of the U.S. Department of Defense ("DoD").

We intend to use the majority of the net proceeds from this offering to establish a 500 kilowatt ("kW") per shift annual capacity production line to fabricate rolls and sheets of thin-film PV modules in a manner resembling that used by textile or roll-to-roll plastic materials companies. We will then sell the rolls or sheets of PV modules to system integrators and manufacturers of spacecraft, satellites and HAAs. By running more than one shift daily, we anticipate having annual capacity to manufacture PV modules capable of generating over 1 megawatt ("MW"), or 1,000 kW, of power.

ITN is an incubator dedicated to the development of cutting-edge thin-film, PV, battery and fuel cell technologies. In the last decade, ITN has performed approximately 35 contracts for private and government entities in advanced PV technologies. Government sponsors of these contracts include the U.S. Air Force Research Laboratory, the National Science Foundation, the National Renewable Energy Laboratory, the Defense Advanced Research Projects Agency, the Missile Defense Agency and NASA. Through its work on these contracts, ITN has developed useful and proprietary processing and manufacturing know-how applicable to PV products generally and CIGS PV products in particular, including the creation and adoption of key processing technologies and the development of a monolithic integration fabrication process. ITN formed Ascent in order to commercialize this investment in CIGS PV technologies for the space and near-space markets. In January 2006, ITN assigned to us its key CIGS PV technologies and trade secrets and granted to us an exclusive, worldwide license to use certain of ITN's proprietary process, control and design technologies that we believe will be useful in our production of solar modules for our target markets. ITN also agreed to

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seek permission to assign certain third-party research and development contracts to us, and we expect that a number of ITN employees with experience in CIGS PV technology will join Ascent in the future. ITN also has agreed to design and build our initial production line, which will utilize ITN's proprietary roll-to-roll processing tools, real-time intelligent processing controls and thin-film processing technologies, and to provide us with administrative services such as facilities management, equipment maintenance, human resources and accounting.

Our principal business office is located at 8120 Shaffer Parkway, Littleton, Colorado, and our telephone number is (303) 420-1141. Our website address is www.ascentsolartech.com. Information contained in our website or any other website does not constitute part of this prospectus.

This Offering

Securities offered	3,000,000 units. Each unit consists of one share of common stock, one redeemable Class A warrant and two non-redeemable Class B warrants, each warrant to purchase one share of common stock. The common stock and warrants will trade only as a unit for 30 days following the effective date of this offering, after which the common stock and public warrants each will trade separately.
Class A warrants	<p>The Class A warrants included in the units will be exercisable commencing 30 days after the effective date of this offering. The exercise price of each Class A warrant will be 120% of the public offering price of the units. The Class A warrants expire on the fifth anniversary of the effective date of this offering.</p> <p>We will have the right to redeem the Class A warrants issued in this offering at a redemption price of \$0.25 per warrant at any time after (i) 180 days from the effective date of this offering and (ii) the date on which the closing price of our common stock, as reported on the Nasdaq Capital Market, has equaled or exceeded 170% of the public offering price of the units for five consecutive trading days. We are required to provide 30 days' prior written notice to the Class A warrant holders of our intention to redeem the warrants.</p>
Class B warrants	<p>The Class B warrants included in the units will be exercisable commencing 30 days after the effective date of this offering. The exercise price of a Class B warrant will be 200% of the public offering price of the units. The Class B warrants expire on the fifth anniversary of the effective date of this offering.</p> <p>The Class B warrants are not redeemable.</p>
Common stock outstanding after this offering	5,290,909 shares, including shares underlying units issued to certain bridge lenders
Use of proceeds	Build production line, repayment of bridge loans, sales and marketing, research and development and working capital.
Proposed Nasdaq Capital Market and Pacific Exchange symbols	<p>Units: U</p> <p>Common stock:</p> <p>Class A warrants: W</p> <p>Class B warrants Z</p>
Risk factors	Investing in the units involves a high degree of risk. You should be able to bear a complete loss of your investment. You should carefully consider the information set forth in the "Risk Factors" section.

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We have 2,000,000 shares of common stock issued and outstanding as of January 1, 2006. Unless the context indicates otherwise, all share and per-share common stock information in this prospectus:

assumes a public offering price of \$5.50 per unit;

assumes the issuance of up to 290,909 units to certain bridge lenders;

assumes no exercise of the warrants underlying the units issued to certain bridge lenders;

assumes no exercise of the Class A and Class B warrants;

assumes no exercise of the underwriters' over-allotment option to purchase up to 450,000 units;

assumes no exercise of the representative's warrants; and

excludes 750,000 shares reserved under our 2005 Stock Option Plan.

RISK FACTORS

An investment in our securities involves a high degree of risk and many uncertainties. You should carefully consider the specific factors listed below, together with the cautionary statement that follows this section and the other information included in this prospectus, before purchasing our units. If one or more of the possibilities described as risks below actually occurs, our operating results and financial condition would likely suffer and the trading price of our securities could fall, causing you to lose some or all of your investment in the securities we are offering. The following is a description of what we consider our key challenges and material risks.

Risks Relating to Our Business

We have no history of operations and are therefore subject to various startup company risks.

We were formed in October 2005 and our business to date has consisted of initial setting up of operations to pursue our business plan. In order to pursue our plan, we will have to continue to establish internal infrastructure, hire additional personnel, adopt company plans and procedures, set up a sales organization, oversee the design and construction of our initial production line and otherwise establish the functional capabilities of an operating company. Accomplishing this task may take longer or cost more than expected, and it is likely that problems that we cannot now anticipate will require solution. We cannot assure you that we will be successful in establishing ourselves as an operating company.

We intend to address an unproven market that may not justify our commitment to it.

We intend to develop and offer flexible, lightweight, high efficiency PV products for use in space and near-space applications. Because existing PV technology has suffered from weight, volume and cost constraints that have limited its use in these applications, there is no established market for our flexible thin-film CIGS technology. Our business plan depends on the assumption that such a market will develop as a result of the technological improvements that we have made and expect to continue to make. We cannot assure you that such a market will develop or, if it does develop, that it will meet our expectations.

Many of the applications for which we intend to compete will require further technological development, which we cannot guarantee.

Discussions with some potential purchasers of our PV products have been based on the assumption that we will continue to improve the cost, performance/weight and performance/volume characteristics of our products. While we believe that the assumptions on which these discussions have been based are reasonable, we cannot assure you that we will be able to achieve these improvements. If we are not able to achieve these improvements, the use of our PV products may be unfeasible or economically unattractive to our potential customers, in which case the sales assumptions underlying our business plan would be incorrect.

We expect to achieve significant sales in connection with Lockheed Martin's HAA project, which is itself subject to numerous risks.

In October 2005, we submitted a proposal to supply our first-generation CIGS on high-temperature plastic substrate PV modules to Lockheed Martin Corporation ("Lockheed Martin") for use on a prototype HAA program sponsored by the Missile Defense Agency. A significant portion of our business plan assumes that we will be a successful bidder for PV products used in connection with the prototype HAA project. This project is subject to numerous technological risks including, but not limited to, risks relating to our PV technology. In addition, the project may be curtailed, delayed or cancelled as a result of competing technologies addressing the missile defense requirement, budgetary

constraints or other events. As a small, start-up company, we have little opportunity to exert significant influence on the technical, economic and policy issues that will determine the nature, scope and timing of this project as a whole. If our expectations with respect to this project are not justified, our business would be adversely impacted, our growth would be slower and our viability would be subject to greater risk.

Failure of the HAA market to develop as quickly as we envision or our failure to enter that market successfully would adversely affect our projected sales, growth and revenues.

The HAA market is in its infancy, and should the market opportunity not materialize, opportunities for growth may be limited. In particular, there is not yet long-term government funding for HAA projects. Because HAA projects will be subject to the size and priorities of government budgets, the funding for HAA projects always will be at risk. If government funding or commitment to the HAA concept wanes, then demand for our products and, hence, our financial condition and business, may suffer. Although we believe that our PV modules will outperform the products of our competitors in the space and near-space markets, our products may still require improvements or modifications to meet the technical or market requirements of one or more HAA projects. We cannot assure you that such improvements or modifications can or will be made, and loss of our bids to supply PV modules to HAA contractors would adversely affect our results of operation and growth.

We have no contracts for PV products and have recorded no sales of such products; we expect that significant PV product sales will not occur for some time.

We have recorded no sales of PV products and have no contracts for such sales. Because of the nature of the projects in which such products may be used, we expect that the sales cycle will be quite long and, therefore, that it will be at least 18 months before we record significant PV product sales, although we expect to record revenue from performance of research and development contracts in the interim. As a result, we expect that it will be some time before we can determine whether our expectations relating to our products and their target markets are justified. Also, as a result, we will be required to invest substantial resources in pursuing these markets in advance of any significant revenue stream that may result from such investments. An unanticipated or longer than expected delay revenue ramp-up could put a strain on our capital resources and require us to seek additional capital. Such additional capital, if available, could substantially dilute the interest of the existing investors.

We intend to sell our PV modules to contractors of government-funded projects, which will be subject to political, scheduling and funding risks.

We intend initially to sell our PV modules to contractors of government-funded projects such as the HAA program. We would be a subcontractor or supplier on these projects. The government agencies overseeing the projects are subject to economic and political pressures that dictate the manner in which they spend money. As a result, even if a contractor or government agency wants to purchase our PV modules, it may be unable to do so due to budgetary or political constraints. Orders may be canceled or substantially delayed due to budgetary, political or other scheduling delays that frequently occur in connection with government-funded projects. Any such cancellations or delays would likely adversely affect our business.

Our reliance on government contracts to partially fund our research and development programs could impair our ability to develop and incorporate new technologies into our products and could decrease our revenue.

Government contracts may enable us to develop new technologies more rapidly than we would have been able to do otherwise. A reduction or discontinuance of these programs or of ITN's or our participation in these programs might increase our expenses, which could affect our profitability and impair our ability to develop our technologies. Contracts involving government agencies may be

terminated or modified at the convenience of the agency. Other risks include potential disclosure of our confidential information to third parties and the exercise of "march-in" rights by the government. March-in rights refer to the right of a United States government agency to require us to grant a license to the technology to a responsible applicant or, if we refuse, the government may grant the license itself. The government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the technology or because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations or to give the United States industry preference. ITN's and our government-sponsored research contracts are subject to audit and require that ITN or we provide regular written technical updates, as well as a final report on the results of our technical research. Because these reports are generally available to the public, third parties may obtain some aspects of our sensitive confidential information. Moreover, the failure to provide these reports or to provide inaccurate or incomplete reports may provide the government with rights to any intellectual property arising from the related research. Funding from government contracts also may limit when and how we can deploy technology developed under those contracts.

ITN Energy Systems, Inc. may be unable to transfer some or all of its PV research and development contracts to us.

ITN currently services a number of research and development contracts with third parties, including government agencies. ITN has sought or will seek permission from these parties to transfer ownership or responsibility for performance of the contracts to us, but we cannot assure you that such permission will be granted in a timely matter or at all. If a contract is not transferred to us, we will not be able to collect the revenues associated with that contract. Although we do not expect such an event to materially affect our plans to build a production line for our PV modules, ITN's inability to transfer contracts to us could materially and adversely affect our financial results.

We initially will be substantially dependent on the administrative and engineering resources of our parent company ITN Energy Systems, Inc.

ITN will be responsible for designing and building our production line. We also will be dependent on ITN, at least initially, to provide administrative services such as facilities management, equipment maintenance, human resources and accounting. Furthermore, separate and apart from certain research and development contracts for which ITN is seeking permission to transfer to us, ITN will retain and continue to service certain thin-film PV-related contracts with government agencies. Although we are entitled to assume ownership of any inventions developed under these government contracts, the inventions themselves largely are predicated on ITN's ability to carry out those contracts successfully. If our relationship with ITN falters or if ITN fails to carry out its services or contracts in a satisfactory manner, our business may suffer.

Failure to build, implement or operate our production line successfully would adversely impact our business and financial condition.

We plan to produce our thin-film PV modules using a custom-built 500 kW per shift annual capacity production line beginning in December 2007. This production line, which has not yet been built, will require a substantial investment of capital, including a large portion of the net proceeds from this offering. We believe that, when our PV modules are manufactured in large quantities, we will be able to demonstrate manufacturing yields, equipment capability, product performance and product quality that will enable us to produce PV modules at costs lower than those of competitors. However, the successful completion and operation of the production line will require substantial engineering resources and is subject to significant risks, including risks of cost overruns and delays or the possibility that the production line may never be completed or operational. We may never be able to operate our production processes in high volume, make planned process and equipment improvements, attain

projected manufacturing yields or desired annual capacity, obtain timely delivery of equipment to build the production line or hire and train the additional employees and management needed to operate the production line. Failure to meet these objectives could materially and adversely affect our business, results of operations and financial condition.

Our products may not gain market acceptance, in which case we would be unable to sell our products or achieve profitability.

The development of demand for our proposed products and our ability to sell them may be adversely affected by a number of factors, many of which are beyond our control, including:

our failure to produce PV modules that compete favorably against competing products on the basis of cost, quality, weight, efficiency and performance;

our failure to develop or maintain successful relationships with aerospace industry leaders, systems integrators and strategic partners; and

the failure of our products to achieve qualification or certification by customers for use in space or near-space applications.

If our products fail to gain market acceptance, we would be unable to sell our products or achieve profitability.

Our future success depends on retaining our existing management and hiring and assimilating new key employees, and our inability to attract or retain key personnel would materially harm our business and results of operations.

Our success depends on the continuing efforts and abilities of Matthew Foster, our President and Chief Executive Officer, and Dr. Joseph Armstrong, our Chief Technology Officer. Our success also will depend, in part, on our ability to attract and retain highly skilled employees, including management, technical and sales personnel. The loss of services of any of our key personnel, the inability to attract, retain or assimilate key personnel in the future, or delays in hiring required personnel could materially harm our business.

We may be unable to adequately protect or enforce our proprietary information, which may result in its unauthorized use or reduced sales or otherwise reduce our ability to compete.

Our business and competitive position depend upon our ability to protect our proprietary technology. Despite our efforts to protect this information, unauthorized persons may attempt to obtain and use information that we regard as proprietary. Any patents issued in connection with our efforts to develop new technology for solar power products may not be broad enough to protect all of the potential uses of the technology.

When others are responsible for the control the prosecution, maintenance and enforcement of certain important intellectual property, such as technology licensed to us, the protection of the intellectual property rights may be outside of our control. If the entity that controls the intellectual property rights does not adequately protect those rights, our rights may be impaired, which may impact our ability to develop, market and commercialize our products.

Our means of protecting our proprietary rights may not be adequate, and our competitors may:

independently develop substantially equivalent proprietary information, products and techniques;

otherwise gain access to our proprietary information; or

design around our patents or other intellectual property.

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Our employees, consultants and advisors execute proprietary information and invention agreements when they begin working for us. However, these agreements may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Failure to maintain trade secret and patent protection may adversely affect our business.

Successful infringement claims by third parties could result in substantial damages, lost product sales and the loss of important proprietary rights.

There has been substantial litigation regarding patent and other intellectual property in various high technology industries. In the future, we may be notified of allegations that we may be infringing on intellectual property rights possessed by others. Should litigation be brought against us, such litigation could be extremely expensive and time consuming and could materially adversely affect our business, financial condition and results of operations, regardless of the outcome of the litigation. Such litigation could also result in loss of certain proprietary rights, significant monetary liability and barriers to product manufacturing. Any of these outcomes could materially harm our business and have a material negative impact on the value of your investment.

Risks Related to Investment in Our Securities

As a public company we will be subject to complex legal and accounting requirements that will require us to incur substantial expense and will expose us to risk of non-compliance.

As a public company, we will be subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is substantial, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our inexperience with these requirements may increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence, delisting of our securities and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis our privately held and larger public competitors.

There currently is no public trading market for our securities, and an active market may not develop or, if developed, be sustained. If a public trading market does not develop, you may not be able to sell any of your securities.

There is presently no public trading market for our common stock, and we cannot assure you that an active market will develop or be sustained. If an active public trading market for our stock does not develop or is not sustained, it may be difficult or impossible for you to resell your securities at any price. Even if a public market does develop, the market price could decline below the amount you paid for your securities.

The Class A warrants may be redeemed on short notice. This may have an adverse effect on their price.

We may redeem the Class A warrants for \$0.25 per warrant on 30 days' notice at any time after (i) 180 days from the effective date of this offering and (ii) the date on which the last reported sale price per share of our common stock as reported by the principal exchange or trading facility on which our common stock trades equals or exceeds 170% of the unit price of the securities offered in this offering, for five consecutive trading days. If we give notice of redemption, holders of our Class A warrants will be forced to sell or exercise the Class A warrants they hold or accept the redemption price. The notice of redemption could come at a time when it is not advisable or practical for holders of our Class A warrants to sell or exercise them.

While the Class A and Class B warrants are outstanding, it may be more difficult to raise additional equity capital.

During the term that the Class A warrants and Class B warrants are outstanding, the holders of those warrants are given the opportunity to profit from a rise in the market price of our common stock, and we may not redeem the Class A warrants except under certain conditions or the Class B warrants at all. We may find it more difficult to raise additional equity capital while these warrants are outstanding. At any time during which these warrants are likely to be exercised, we may be able to obtain additional equity capital on more favorable terms from other sources. Accordingly, any exercise of the warrants likely would be dilutive to existing stockholders.

Future sales or the potential for future sales of our securities may cause the trading price of our common stock and Class A and Class B warrants to decline and could impair our ability to raise capital through subsequent equity offerings.

Sales of a substantial number of shares of our common stock or other securities in the public markets, or the perception that these sales may occur, could cause the market price of our common stock or other securities to decline and could materially impair our ability to raise capital through the sale of additional securities. Immediately after this offering, 5,290,909 shares of our common stock will be issued and outstanding, 5,740,909 shares if the underwriters' over-allotment option is exercised in full. The 3,000,000 units (and constituent shares and warrants) sold in this offering (or 3,450,000 units if the underwriters' over-allotment option is exercised in full) will be freely tradable without restriction or further registration under the federal securities laws unless purchased by our affiliates. All of the shares outstanding immediately prior to this offering will be subject to one or more contractual lock-up agreements. However, we cannot assure you that these agreements will be adequately enforced.

If we do not maintain an effective registration statement or comply with applicable state securities laws, you may not be able to exercise the Class A or Class B warrants.

In order for you to be able to exercise the Class A or Class B warrants, the shares of our common stock to be issued to you upon exercise of the Class A or Class B warrants must be covered by an effective and current registration statement and qualify or be exempt under the securities laws of the state or other jurisdiction in which you live. We cannot assure you that we will continue to maintain a current registration statement relating to the shares of our common stock underlying the Class A or Class B warrants or that an exemption from registration or qualification will be available throughout their term. This may have an adverse effect on demand for the Class A or Class B warrants and the prices that can be obtained from reselling them.

FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. In some cases, you may identify forward-looking statements by words such as "may," "should," "plan," "intend," "potential," "continue," "believe," "expect," "predict," "anticipate" and "estimate," the negative of these words or other comparable words. These statements are only predictions. You should not place undue reliance on these forward-looking statements. The forward-looking statements are qualified by their terms and/or important factors, many of which are outside our control, involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made. The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, including those events and factors described in "Risk Factors," not all of which are known to us. Neither we nor any other person assumes responsibility for the accuracy or completeness of these statements. We will update this prospectus only to the extent required under applicable securities laws. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the 3,000,000 units that we are selling in this offering will be approximately \$13,985,000, after deducting the estimated underwriting discount of \$1,320,000 and estimated offering expenses of approximately \$1,195,000.

We intend to use the net proceeds of this offering as follows:

	<u>Amount</u>	<u>Percentage</u>
Design, building and testing of production line and other non-recurring engineering costs	\$ 8,200,000	58.6%
Repayment of bridge loans	1,645,000	11.8
Business development and sample production	1,000,000	7.2
Research and technology development	1,800,000	12.9
General corporate purposes	1,340,000	9.5
	<u> </u>	<u> </u>
Total:	\$ 13,985,000	100.0%
	<u> </u>	<u> </u>

The bridge loans being repaid consist of principal and interest owed to a group of lenders who provided us with working capital in January 2006.

General corporate purposes consist of general and administrative costs, including salaries, accounting and legal fees, rent and other facilities expenses, and other working capital expenses.

The foregoing information is an estimate based on our current business plan. We may find it necessary or advisable to use portions of the net proceeds we receive from this offering for other purposes, and we will have broad discretion in applying the net proceeds. Pending these uses, we intend to invest the net proceeds of the offering in short-term, interest-bearing securities.

DIVIDEND POLICY

We have not declared or paid any dividends and do not intend to pay any dividends in the foreseeable future. We intend to retain any future earnings for use in the operation and expansion of our business. Any future decision to pay dividends on common stock will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our:

Actual capitalization as of October 31, 2005;

Pro forma capitalization as of October 31, 2005 after giving effect to: (i) issuance of 972,000 shares of common stock to founders at \$.04 but recorded for financial statement purposes at estimated fair market value of \$1.00; (ii) issuance of 1,028,000 shares of common stock to ITN for the transfer of Transferred Assets at historical cost; (iii) the sale of 3,000,000 units in this initial public offering at a price of \$5.50 per unit, less the underwriting discount and offering expenses; and (iv) the issuance of 290,909 units to certain bridge lenders.

	October 31, 2005	
	Actual	Pro Forma as Adjusted
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.0001 par value: 25,000,000 shares actual authorized: no shares issued and outstanding	\$	\$
Common stock, \$0.0001 par value: 75,000,000 shares actual authorized: 5,290,909 shares issued and outstanding pro forma as adjusted		529
Additional paid-in capital		15,842,354
Accumulated deficit		(1,813,120)
	<u> </u>	<u> </u>
Total capitalization	\$	\$ 14,029,763
	<u> </u>	<u> </u>

You should read this table in conjunction with the sections of this prospectus captioned "Use of Proceeds," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements and related notes included elsewhere in this prospectus.

DILUTION

For purposes of the dilution computation and the following tables, we have attributed the full purchase price of a unit to the share of common stock included in the unit and nothing to the warrants included in the unit. If you invest in our units, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the as adjusted net tangible book value per share of our capital stock after this offering. Although we were incorporated on October 19, 2005, we had no activity before October 31, 2005. Consequently, our net tangible book value as of October 31, 2005 was \$0 without giving effect to any changes in the net tangible book value after October 31, 2005 other than (i) issuance of 972,000 shares of common stock to founders at \$.04 but recorded for financial statement purposes at estimated fair market value of \$1.00; (ii) issuance of 1,028,000 shares of common stock to ITN for the transfer of Transferred Assets at historical cost; (iii) the sale of 3,000,000 units in this initial public offering at a price of \$5.50 per unit, less the underwriting discount and offering expenses; and (iv) the issuance of 290,909 units to certain bridge lenders. Our pro forma net tangible book value as of October 31, 2005 was \$14,029,763, or \$2.65 per share of outstanding capital stock. Dilution in net tangible book value per share represents the difference between the amount per share paid by the purchasers of our units in this offering and the net tangible book value per share of our capital stock immediately afterwards. This represents an immediate increase of \$2.65 per share of capital stock to existing stockholders and an immediate dilution of \$2.85 per share of common stock to the new investors who purchase units in this offering. The following table illustrates this per share dilution:

Initial price to public		\$ 5.50
Net tangible book value (deficiency) as of October 31, 2005	\$ 0.00	
Increase in net tangible book value per share attributable to:		
Issuance of 972,000 shares to founders	\$ 0.01	
Issuance of 1,028,000 shares to ITN for transferred assets	0.03	
Bridge investor conversion	(0.03)	
New investors	2.64	
	<u>2.65</u>	
Increase in net tangible book value per share to existing stockholders		<u>2.65</u>
As adjusted net tangible book value per share after this offering		<u>2.65</u>
Dilution in net tangible book value per share to new investors		<u>2.85</u>

If the underwriters' over-allotment option is exercised in full, dilution per share to new investors would be \$2.66 per share of common stock.

The following table summarizes the differences between the existing stockholders and the new investors with respect to the number of shares of common stock purchased, the total consideration paid, and the average price per share paid:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Founders stock	972,000	18.4%	\$ 38,880	0.2%	\$ 0.04
ITN stock for transferred assets	1,028,000	19.4%	165,883	1.0%	0.16
Bridge investors	290,909	5.5%			
	<u>2,290,909</u>	<u>43.3%</u>	<u>204,763</u>	<u>1.2%</u>	<u>0.09</u>
New investors	3,000,000	56.7%	16,500,000	98.8%	5.50
	<u>5,290,909</u>	<u>100.0%</u>	<u>\$ 16,704,763</u>	<u>100.0%</u>	<u>\$ 3.16</u>

**MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and related notes to the financial statements included elsewhere in this prospectus. This discussion contains forward-looking statements that relate to future events or our future financial performance. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include, among others, those listed under "Risk Factors" and those included elsewhere in this prospectus.

Information Presented

Historical financial information in this prospectus consists of:

An audited historical balance sheet of Ascent as of October 31, 2005, reflecting the absence of any material assets or liabilities.

A pro forma unaudited balance sheet of Ascent as of October 31, 2005 and pro forma unaudited statements of operations of Ascent for the ten months then ended and the year ended December 31, 2004, reflecting:

the transfer of the Transferred Assets (described below under "Overview") from ITN in consideration of 1,028,000 shares of common stock;

the sale and issuance of 972,000 shares of common stock to founders of the Company; and

the consummation of a bridge loan transaction;

as if such transactions had occurred, in the case of the balance sheet, on October 31, 2005 and, in the case of the statements of operations, on January 1, 2004.

Audited statements of selected assets and liabilities of ITN as of December 31, 2004 and audited statements of revenues and expenses, changes in net assets and cash flows relating to the Transferred Assets for the years ended December 31, 2004 and 2003, and unaudited statements as of October 31, 2005 and for the ten months ended October 31, 2005 and 2004.

The assets, liabilities and operations reflected in these financial statements reflect a portion of the assets and liabilities and the conduct of a portion of the business of ITN, specifically the portion relating to PV technology, research and development. ITN is a relatively mature company engaged in the business of developing technology, in part through obtaining and performing governmental research and development contracts. Ascent proposes to continue to perform under the government contracts that have been transferred to it, but its principal business is expected to consist of commercial sales of PV devices for use in space and near-space applications.

Because of the substantially different nature of the businesses conducted by ITN and proposed to be conducted by us, we believe that the historical financial data presented in this prospectus are not predictive of our future financial condition or results of operations.

Overview

ITN formed Ascent to commercialize CIGS PV technology for the space and near-space markets. In January 2006, in exchange for 1,028,000 shares of common stock of Ascent, ITN: (i) assigned its CIGS PV technologies and trade secrets ("Transferred Assets") to Ascent; (ii) licensed certain proprietary process, control and design technologies to Ascent; (iii) agreed to seek permission to assign certain contract rights relating to its CIGS PV business to Ascent; (iv) transferred certain key personnel

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to Ascent; (v) agreed to design and build Acent's initial production line, which will utilize ITN's proprietary roll-to-roll processing tools, real-time intelligent processing controls and thin-film processing technologies; and (vi) agreed to provide administrative services such as facilities management, equipment maintenance, human resources and accounting.

The statement of selected assets and liabilities, the statements of revenues and expenses, changes in net assets and cash flows of the Transferred Assets have been presented in the accompanying financial statements. These assets and liabilities were directly identifiable to contracts related to ITN's PV business. Because of uncertainty surrounding the transfer of ITN's PV Small Business Innovation Research ("SBIR") contracts by the Small Business Administration to Ascent, the SBIR contracts were not included in the Transferred Assets financial statements. The following table reflects total revenues from ITN's PV contracts including revenues from SBIR contracts for the financial periods reported:

	For the Ten Months Ended October 31,		For the Years Ended December 31,	
	2005	2004	2004	2003
Contract revenue from PV Non-SBIR contracts	\$ 1,023,836	\$ 1,209,334	\$ 1,425,886	\$ 2,061,885
Contract revenue from PV SBIR contracts	\$ 1,798,967	\$ 1,487,152	\$ 1,893,769	\$ 821,939
Total ITN PV contracts	\$ 2,822,803	\$ 2,696,486	\$ 3,319,655	\$ 2,883,824

During 2003 and 2004, ITN partnered with government agencies such as the National Renewable Energy Laboratory ("NREL"), a division of the Department of Energy. The NREL contracts are cost-reimbursable contracts with no profit and also include a cost-sharing arrangement where ITN contributes its own internal funds in the technology development. In 2004 and 2005, ITN received additional significant awards of SBIR contracts from the Air Force Research Laboratory along with a non-SBIR award from NASA. These R&D contracts do not have a cost-sharing arrangement and have profit margins of 6 to 7%. We intend to pursue government contracts in 2006 and beyond for the continued research and development of our PV devices. However, our business plan does not rely upon any such new government contracts. We do not anticipate meaningful revenue until we are able to begin sales of PV products produced by our proposed manufacturing facility. We plan to offer standard pricing of our products to both commercial and government customers and will use portions of our earnings for continued research and development purposes. As a result of the investment required to develop our proposed manufacturing facility, we expect our indirect costs to increase substantially in 2006 and 2007 as we hire new personnel and invest in new equipment. We therefore anticipate that our net losses will increase substantially until 2008, when we expect our operating expenses will be offset to a limited degree by revenue from the sale of PV devices.

We expect to be dependent on additional capital infusions, such as the net proceeds of this offering, to execute our business plan, and will require additional capital to expand capacity.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements will require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. A summary of accounting policies that have been applied to the historical financial statements presented in the prospectus can be found in the footnotes thereto. We consider one of these accounting policies to be critical as it is both important to the portrayal of our financial condition and results of operations and require judgments on the part of management about matters that are uncertain. We have identified the following accounting policy that is important to the presentation of the financial information in this prospectus.

Revenue Recognition

Revenue from cost-type R&D contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs and an allocable portion of the fixed fee. Revenue from fixed price-type R&D contracts is recognized under the percentage-of-completion method of accounting, with costs and estimated profits included in contract revenue as work is performed. If actual and estimated costs to complete a contract indicate a loss, provision is made currently for the loss anticipated on the contract. Revenue from time and materials contracts is recognized as costs are incurred at amounts represented by the agreed-upon billing amounts.

Certain of the US government R&D contracts require that the contracting party contribute to the research and development effort under a cost-sharing arrangement. The contracting party's share of costs is expensed as incurred.

Results of Operations

Comparison of ten months ended October 31, 2005 and 2004

Revenues. Total revenues related to the Transferred Assets were \$1,023,836 for the ten months ended October 31, 2005, a decrease of \$185,498 or 15% from the corresponding period in 2004. All revenues for both periods were from government research and development contracts ("R&D contracts"). R&D contracts in 2004 were cost reimbursable contracts with no profit. A few of the R&D contracts also had cost-sharing arrangements where ITN contributed its own internal funds in the technology development. The decrease is due to several contracts completed during late 2004 and early 2005. A new contract awarded in April 2005 partially offset the decrease from the completed contracts in 2004.

Direct Contract Costs. Direct contract costs were \$521,671 for the ten months ended October 31, 2005, a decrease of \$78,380 or 13% from the corresponding period in 2004. This 13% decrease is directly related to the 15% decrease in revenues and overall contract volume.

Gross Margin on Revenues. Gross margin on revenue was \$502,165 for the ten months ended October 31, 2005, or 49% of contract revenues. Gross margin for the ten months ended October 31, 2004 was \$609,283, or 50% of contract revenues. The slight decrease in gross margin for the ten months ended October 31, 2005 was due to proportionately lower direct labor costs in the ten months ended 2005 compared with the same period in 2004.

Indirect Costs. Indirect costs were \$485,556 for the ten months ended October 31, 2005, a decrease of \$237,665 or 33% from the previous period. Indirect costs are accumulated into three separate cost pools: general and administrative expenses; overhead expenses; and subcontract, material and handling expenses. Indirect expenses are allocated to all contracts based on an approved government allocation method. The decrease of indirect expenses for the ten months ended 2004 to 2005 was due to the decrease in contract volume and the significant decrease in direct labor. A majority of indirect costs are allocated based on direct labor incurred on the contract.

Net Income (Loss). Net income of \$16,609 for the ten months ended October 31, 2005 represented an increase of \$130,547 or 115% from the corresponding ten-month period in 2004. This increase in net income was due to a decrease of cost-share commitments on contracts from 2004 to 2005 of approximately \$120,000, profit from the new contract awarded in April 2005, and lower indirect expenses.

Comparison of years ended December 31, 2004 and 2003

Revenues. Total revenues were \$1,425,886 for the year ended December 31, 2004, a decrease of \$635,999 or 31% from the corresponding period in 2003. All revenues for both periods were from

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R&D contracts. The decrease was due to three R&D contracts ending in 2003 and decreased activity on the remaining R&D contracts.

Direct Contract Costs. Direct contract costs were \$683,430 for the year ended December 31, 2004, a decrease of \$466,870 or 41% from the corresponding period in 2003. This 41% decrease was directly related to the 31% decrease in revenues and overall contract volume along with a significant decrease in 2004 of direct subcontract and material costs.

Gross Margin on Revenues. Gross margin on revenue was \$742,456 for the year ended December 31, 2004 or 52% of contract revenues. Gross margin for the year ended December 31, 2003 was \$911,585 or 44% of contract revenues. Increase in gross margin percentage of 8% for the year ended December 31, 2004 compared with the preceding 2003 period was attributable to a significant decline in direct subcontractor and material costs from 2003 to 2004.

Indirect Costs. Indirect costs were \$823,466 for year ended December 31, 2004, a decrease of \$249,928 or 23% from the previous period. Indirect costs are accumulated into three separate cost pools: general and administrative expenses; overhead expenses; and subcontract, material and handling expenses. Indirect expenses are allocated to all contracts based on an approved government allocation method. The decrease of indirect costs from 2003 to 2004 was due to the decrease in contract volume and the significant decrease in direct labor. A majority of indirect costs are allocated based on direct labor incurred on the contract.

Net Income (Loss). Net loss of \$81,010 for the year ended December 31, 2004 decreased \$80,799 or 50% from the corresponding period in 2003. The decrease in net loss was due to a decrease of cost-share commitments on contracts from 2004 to 2003 of approximately \$40,000 and a decrease in indirect costs not billable to the contracts.

Liquidity and Capital Resources

In January 2006, we completed a \$1.6 million bridge financing to raise short-term working capital. Prior to the bridge financing, Paulson Investment Company, Inc. provided us with a short-term, 10% interest loan in a principal amount of \$200,000, which we repaid using proceeds from the bridge financing.

We intend to use a majority of the net proceeds from this offering to establish a 500 kW per shift annual capacity production line in Littleton, Colorado to fabricate rolls and sheets of thin-film PV modules in a manner resembling that used by textile or roll-to-roll plastic materials companies. The remaining net offering proceeds will be used to repay the \$1.6 million bridge loan and for business development and sample production, research and technology expenses and general corporate expenses.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which is a revision of SFAS No.