1. Nature of Operations

Plug Power is facilitating the paradigm shift to an increasingly electrified world by innovating cutting-edge hydrogen and fuel cell solutions. In our core business, we provide and continue to develop commercially viable hydrogen and fuel cell product solutions to replace lead-acid batteries in electric material handling vehicles and industrial trucks for some of the world's largest retail-distribution and manufacturing businesses. We are focusing our efforts on industrial mobility applications, including electric forklifts and electric industrial vehicles, at multi-shift high volume manufacturing and high throughput distribution sites where we believe our products and services provide a unique combination of productivity, flexibility, and environmental benefits. Additionally, we manufacture and sell fuel cell products to replace batteries and diesel generators in stationary backup power applications. These products have proven valuable with telecommunications, transportation, and utility customers as robust, reliable, and sustainable power solutions.

Our current products and services include:

GenDrive: GenDrive is our hydrogen fueled Proton Exchange Membrane ("PEM") fuel cell system providing power to material handling electric vehicles, including class 1, 2, 3 and 6 electric forklifts, Automated Guided Vehicles ("AGVs") and ground support equipment;

GenFuel: GenFuel is our liquid hydrogen fueling delivery, generation, storage, and dispensing system;

GenCare: GenCare is our ongoing 'internet of things'-based maintenance and on-site service program for GenDrive fuel cell systems, GenSure fuel cell systems, GenFuel hydrogen storage and dispensing products and ProGen fuel cell engines;

GenSure: GenSure is our stationary fuel cell solution providing scalable, modular PEM fuel cell power to support the backup and grid-support power requirements of the telecommunications, transportation, and utility sectors; GenSure High Power Fuel Cell Platform will support large scale stationary power and data center markets;

GenKey: GenKey is our vertically integrated "turn-key" solution combining either GenDrive or GenSure fuel cell power with GenFuel fuel and GenCare aftermarket service, offering complete simplicity to customers transitioning to fuel cell power;

ProGen: ProGen is our fuel cell stack and engine technology currently used globally in mobility and stationary fuel cell systems, and as engines in electric delivery vans. This includes the Plug Power membrane electrode assembly ("MEA"), a critical component of the fuel cell stack used in zero-emission fuel cell electric vehicle engines; and

GenFuel Electrolyzers: GenFuel electrolyzers are modular, scalable hydrogen generators optimized for clean hydrogen production. Electrolyzers generate hydrogen from water using electricity and a special membrane and "green" hydrogen is generated by using renewable energy inputs, such as solar or wind power.

We provide our products worldwide through our direct product sales force, and by leveraging relationships with original equipment manufacturers ("OEMs") and their dealer networks. Plug Power is targeting Asia and Europe for expansion in adoption. Europe has rolled out ambitious targets for the hydrogen economy and Plug Power is executing on its strategy to become one of the European leaders. This includes a targeted account strategy for material handling as well as securing strategic partnerships with European OEMs, energy companies, utility leaders and accelerating our electrolyzer business. We manufacture our commercially viable products in Latham, New York, Rochester, New York and Spokane, Washington and support liquid hydrogen generation and logistics in Charleston, Tennessee.

2. Summary of Significant Accounting Policies

Restatement

As previously disclosed in the Explanatory Note to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 10-K"), the Company restated its previously issued audited consolidated financial statements as of and for the years ended December 31, 2019 and 2018 and its unaudited quarterly consolidated financial statements as of and for each of the quarterly periods ended March 31, 2020 and 2019, June 30, 2020 and 2019, September 30, 2020 and 2019 and December 31, 2019.

Previously filed annual reports on Form 10-K and quarterly reports on Form 10-Q for the periods affected by the restatement have not been amended. Accordingly, investors should not rely upon the Company's previously released financial statements for these periods and any earnings releases or other communications relating to these periods, and, for these periods, investors should rely solely on the financial statements and other financial data for the relevant periods included in the 2020 10-K. Commencing with this quarterly report on Form 10-Q, we will include in our quarterly reports for fiscal 2021 restated results for the corresponding interim periods of fiscal 2020.

Principles of Consolidation

The unaudited interim condensed consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Interim Financial Statements

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments, which consist solely of normal recurring adjustments, necessary to present fairly, in accordance with U.S. generally accepted accounting principles ("GAAP"), the financial position, results of operations and cash flows for all periods presented, have been made. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's 2020 10-K.

The information presented in the accompanying unaudited interim condensed consolidated balance sheets as of December 31, 2020 has been derived from the Company's December 31, 2020 audited consolidated financial statements.

There have been no changes in our accounting policies from those reported in our 2020 10-K, except for the adoption of Accounting Standards Update ("ASU") 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40), as described in the *Recently Adopted Accounting Guidance* section. We have also expanded our accounting policy relating to cash equivalents, and available-for-sale securities as follows:

Cash Equivalents

The Company considers all highly-liquid debt securities with original maturities of three months or less to be cash equivalents. At March 31, 2021, cash equivalents consist of commercial paper with original maturities of three months or less. Due to their short-term nature, the carrying amounts reported in the unaudited interim condensed consolidated balance sheets approximate the fair value of cash and cash equivalents.

Available-for-sale securities

Available-for-sale securities is comprised of commercial paper with original maturities greater than three months and corporate bonds. We consider these securities to be available for use in our current year operations, and therefore classify them as current even if we do not dispose of the securities in the following year.

Available-for-sale securities are recorded at fair value as of each balance sheet date. As of each balance sheet date, unrealized gains and losses, with the exception of credit related losses, are recorded to Accumulated Other Comprehensive Income. Any credit related losses are recognized as a credit loss allowance on the balance sheet with a corresponding adjustment to operations.

Recent Accounting Pronouncements

Recently Adopted Accounting Guidance

Other than the adoption of the accounting guidance mentioned in our 2020 10-K and ASU 2020-06, there have been no other significant changes in our reported financial position or results of operations and cash flows resulting from the adoption of new accounting pronouncements.

On January 1, 2021, we early adopted ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40) using the modified retrospective approach. Consequently, the Company's 3.75% Convertible Senior Notes due 2025, which is referred to herein as the 3.75% Convertible Senior Notes, is now accounted for as a single liability measured at its amortized cost. This accounting change removed the impact of recognizing the equity component of the Company's convertible notes at issuance and the subsequent accounting impact of additional interest expense from debt discount amortization. Future interest expense of the convertible notes will be lower as a result of adoption of this guidance and net loss per share will be computed using the if-converted method for convertible instruments. The cumulative effect of the accounting change upon adoption on January 1, 2021 increased the carrying amount of the 3.75% Convertible Senior Notes by $120.7 million, reduced accumulated deficit by $9.6 million and reduced additional paid-in capital by $130.2 million.

Recent Accounting Guidance Not Yet Effective

All issued but not yet effective accounting and reporting standards as of March 31, 2021 are either not applicable to the Company or are not expected to have a material impact on the Company.

3. Acquisitions

Giner ELX Inc. Acquisition

On June 22, 2020, the Company acquired 100% of the outstanding shares of Giner ELX, Inc. ("Giner ELX"). Giner ELX is a developer of electrolysis hydrogen generators which can be used for a variety of applications, including on-site refueling of hydrogen fuel cells.

The fair value of consideration paid by the Company in connection with the Giner ELX acquisition was as follows (in thousands):

The contingent consideration represents the estimated fair value associated with earn-out payments of up to $16.0 million that the sellers are eligible to receive. Of the total earnout consideration, $8.0 million is related to the achievement
of the Allagash earn-out, $2.0 million is associated with the receipt of certain customer opportunities (purchase orders or other contracts) by December 31, 2021, and $6.0 million is associated with the achievement of certain revenue targets for years 2021 through 2023. The Allagash earn-out is achieved when the Company has produced at least two PEM electrolyzer stacks of one megawatt each, utilizing the dry build process and meets certain technical specifications as more fully described in the merger agreement. To be fully paid, the Allagash earn-out needs to be satisfied by July 31, 2023 and will be reduced by approximately 8.33% each month beyond this date. In addition, should the earn-out revenue exceed 150% of the 2023 target, the sellers will receive warrants with a value of $5.0 million and if the earn-out revenue exceeds 200% of the 2023 revenue target, the sellers will receive warrants with a value of $10.0 million. The warrants will be exercisable within two years of issuance.

In connection with the Giner ELX acquisition, the Company revised the acquisition-date fair value of contingent consideration liabilities which were determined to be measurement period adjustments and resulted in an increase in other liabilities and goodwill of $0.7 million for the year ended December 31, 2020.

The following table summarizes the final allocation of the purchase price to the estimated fair value of the net assets acquired, excluding goodwill (in thousands):

Identifiable intangibles consisted of developed technology, non-compete agreements, estimated in-process research and development ("IPR&D"), and customer relationships.

The fair value of acquired backlog and non-complete agreements was nominal.

The fair value of the acquired IPR&D related to the dry stack technology totaling $29.0 million was calculated using the multi-period excess earnings method ("MPEEM") approach which is a variant of the income approach. The basic principle of the MPEEM approach is that a single asset, in isolation, is not capable of generating cash flow for an enterprise. Several assets are brought together and exploited to generate cash flow. Therefore, to determine cash flow from the exploitation of IPR&D, one must deduct the related expenses incurred for the exploitation of other assets used for the generation of overall cash flow and revenues. The fair value of IPR&D was estimated by discounting the net cash flow derived from the expected revenues attributable to the acquired IPR&D. The fair value of the acquired customer relationships totaling $0.4 million was calculated using a distributor method approach, which is a variant of the income approach. The fair value of wet stack technology totaling $0.4 million was determined using the relief from royalty method.

In addition to identifiable intangible assets, the fair value of acquired work in process and finished goods inventory was estimated based on the estimated selling price less costs to be incurred and a market participant profit rate. Additionally, the fair value of the deferred revenue was determined using a cost build-up approach. The direct cost of fulfilling the obligation plus a normal profit margin was used to determine the value of the assumed deferred revenue liability.

Included in the purchase consideration are three contingent earn-out payments (as described above): the Allagash earn-out, the customer opportunities, and the revenue targets. Due to the nature of the Allagash and customer opportunities, as outlined in the purchase agreement, a scenario-based method was used to value these contingent payments as the payments are milestone based in nature. These fair value measurements were based on unobservable inputs and are considered to be level 3 financial instruments. The revenue targets are achieved when certain revenue thresholds are met,

and the catch-up provision creates path-dependency. As such, the revenue earn-out was valued using a Monte Carlo Simulation.

In connection with the acquisition, the Company recorded on its consolidated balance sheet a liability of $7.8 million representing the fair value of contingent consideration payable. The fair value of this contingent consideration was remeasured as of March 31, 2021 and December 31, 2020, and was estimated to be $10.4 million and $9.6 million, respectively. The increase in fair value of $0.8 million and $1.8 million was primarily due to a change in the discount rate offset by a decrease in the discount period, and was recorded as an expense in the consolidated statement of operations at March 31, 2021 and December 31, 2020, respectively.

Included in Giner ELX's net assets acquired are net deferred tax liabilities of $5.9 million. In connection of the acquisition of these net deferred tax liabilities, the Company reduced its valuation allowance by $5.2 million and recognized a tax benefit of $5.2 million during the year ended December 31, 2020.

Goodwill associated with the Giner ELX acquisition was calculated as follows (in thousands):

The goodwill consists of the Company's increased capabilities in green hydrogen supply through the production of electrolyzers.

United Hydrogen Group Inc. Acquisition

On June 18, 2020, the Company acquired 100% of the outstanding shares of United Hydrogen Group Inc. ("UHG"). UHG produces and sells liquid hydrogen.

The fair value of consideration paid by the Company in connection with the UHG acquisition was as follows (in thousands):

Included in cash and common stock in the above table is $1.0 million of cash and $6.5 million of common stock that was paid in April 2020 to purchase a convertible note in UHG. This convertible note included terms that allowed for the reduction of the purchase price if the Company were to complete the acquisition of UHG. As such, this note was cancelled in conjunction with the closing of the UHG acquisition.

A portion of the purchase price of UHG was in the form of contingent consideration. The contingent consideration is contingent on future performance related to two discrete milestones associated with the expansion of the liquefication capacity of the Charleston, Tennessee liquid hydrogen plant (the "Charleston Plant"). The Company's liability for this contingent consideration was measured at fair value based on the Company's expectations of achieving the expansion milestone. The expected performance was assessed by management which was discounted to present value in order to derive a fair value of the contingent consideration. This fair value measurement was based on unobservable inputs and is considered a level 3 financial instrument. Due to the milestone nature of the payments, a scenario-based method was used to value these contingent payments.

The estimated fair value of the contingent consideration as of the acquisition date was $1.1 million. Subsequently, a payment of $300 thousand was made to the sellers as a result of achieving the first milestone related to the expansion of the liquefication capacity of the Charleston Plant. A reduction of the contingent consideration liability of $610 thousand was also recorded subsequent to the acquisition due to a reduction in the probability assessment that the second expansion milestone will be met. As of March 31, 2021 and December 31, 2020, the remaining contingent consideration liability related to the UHG acquisition was $200 thousand.

The following table summarizes the final allocation of the purchase price to the estimated fair value of the net assets acquired, excluding goodwill (in thousands):

The identifiable intangible asset consisted of developed technology, as described below in Note 9, "Intangible Assets and Goodwill." The fair value of the developed technology totaling $2.3 million was calculated using the relief from royalty approach which is a variant of the income approach. The application of the relief from royalty approach involves estimating the value of an intangible asset by quantifying the present value of the stream of market derived royalty payments that the owner of the intangible asset is exempted or 'relieved' from paying.

Additionally, the Company estimated the fair value of an unfavorable customer contract. The fair value of the acquired unfavorable customer contract was calculated using a with and with-out analysis which is a variant of the income approach. Cash flows were calculated using pricing per terms of the existing contract and then compared to cash flows using expected market pricing. The difference between the two cash flows was used to determine the fair value of the contract. Further, the Company assumed interest-bearing debt. The fair value of the assumed debt was calculated using the discounted cash flow method.

In connection with the UHG acquisition, the Company finalized the valuation of an unfavorable customer contract and long-term debt which resulted in an increase in other liabilities of $1.9 million, a decrease in long-term debt of $1.7 million, and an increase in goodwill of $0.2 million.

Goodwill associated with the UHG acquisition was calculated as follows (in thousands):

Goodwill recorded in connection with the Giner ELX and UHG acquisitions is not deductible for tax purposes.

The results of the Giner ELX and UHG are included in the Company's consolidated financial statements for the three months ended March 31, 2021 and the year ended December 31, 2020 from their respective dates of acquisition.

Neither the Giner ELX acquisition nor the UHG acquisition was material to our consolidated results of operations or financial position and, therefore, pro forma financial information is not presented. Purchase accounting related to the Giner ELX and UHG acquisitions has been completed as of Q1 2021.

4. Extended Maintenance Contracts

On a quarterly basis, we evaluate any potential losses related to our extended maintenance contracts for fuel cell systems and related infrastructure that has been sold. We measure impairment losses at the customer contract level. The expected revenues and expenses for these contracts include all applicable expected costs of providing services over the remaining term of the contracts and the related unearned net revenue. A loss is recognized if the sum of expected costs of providing services under the contract exceeds related unearned net revenue and is recorded as a provision for loss contracts related to service in the consolidated statements of operations. A key component of these estimates is the expected future service costs. In estimating the expected future costs, the Company considers its current service cost level and applies significant judgment related to expected cost saving initiatives. The expected future cost savings will be primarily dependent upon the success of the Company's initiatives related to increasing stack life, achieving better economies of scale for service labor, and improvements in design and operations of infrastructure. If the expected cost saving initiatives are not realized, this will increase the costs of providing services and could adversely affect our estimated contract loss accrual.

The following table shows the rollforward of balance in the accrual for loss contracts, including changes due to the passage of time, additions, and changes in estimates (in thousands):

5. Earnings Per Share

Basic earnings per common stock are computed by dividing net loss attributable to common stockholders by the weighted average number of common stock outstanding during the reporting period. After January 1, 2021, the date of the adoption of ASU 2020-06, in periods when we have net income, the shares of our common stock subject to the convertible notes outstanding during the period will be included in our diluted earnings per share under the if-converted method. Since the Company is in a net loss position, all common stock equivalents would be considered to be anti-dilutive, and are therefore not included in the determination of diluted earnings per share. Accordingly, basic and diluted loss per share are the same.

The potentially dilutive securities are summarized as follows:

(1) During the three months ended March 31, 2021 and 2020, the Company granted 581,000 and 85,000 stock options, respectively.

(2) During the three months ended March 31, 2021 and 2020, the Company granted 555,000 and zero shares of restricted stock, respectively.

(3) In April 2017, the Company issued a warrant to acquire up to 55,286,696 of the Company's common stock as part of a transaction agreement with Amazon, subject to certain vesting events, as described in Note 13, "Warrant Transaction Agreements. The warrant had been exercised with respect to 9,214,449 shares as of March 31, 2021.

In July 2017, the Company issued a warrant to acquire up to 55,286,696 of the Company's common stock as part of a transaction agreement with Walmart, subject to certain vesting events, as described in Note 13, "Warrant Transaction Agreements." The warrant had been exercised with respect to 13,094,217 shares as of March 31, 2021.

(4) The preferred stock amount at March 31, 2020 represents the dilutive potential on the shares of common stock as a result of the conversion of the Series C Redeemable Convertible Preferred Stock (Series C Preferred Stock) based on the conversion price as of March 31, 2020. Of the 10,431 shares of Series C Preferred Stock issued on May 16, 2013, all shares had been converted to common stock as of December 31, 2020.

(5) In March 2018, the Company issued the 5.5% Convertible Senior Notes due 2023, which is referred to herein as the 5.5% Convertible Senior Notes. In September 2019, the Company issued the 7.5% Convertible Senior Note due 2023, which we refer to herein as the 7.5% Convertible Senior Note, which was fully converted into 16.0 million shares of common stock on July 1, 2020. In May 2020, the Company issued the 3.75% Convertible Senior Notes and repurchased $66.3 million of the 5.5% Convertible Senior Notes. In the fourth quarter of 2020, $33.5 million of the remaining 5.5% Convertible Senior Notes converted into 14.6 million shares of common stock. The remaining $160 thousand aggregate principal amount of the 5.5% Convertible Senior Notes were converted in January 2021. During the first quarter of 2021, $15.2 million of the 3.75% Convertible Senior Notes were converted, resulting in the issuance of 3,016,036 shares of common stock.

6. Inventory

Inventory as of March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

7. Equipment Related to Power Purchase Agreements and Fuel Delivered to Customers, net

Leased property at March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

As of March 31, 2021, the Company had deployed long-lived assets at customer sites that had associated Power Purchase Agreements ("PPAs"). These PPAs expire over the next one to ten years. PPAs contain termination clauses with associated penalties, the amount of which cause the likelihood of cancellation to be remote.

Depreciation expense is $1.8 million and $2.1 million for the three months ended March 31, 2021 and 2020 respectively.

8. Property, Plant and Equipment

Property, plant and equipment at March 31, 2021 and December 31, 2020 consists of the following (in thousands):

Depreciation expense related to property, plant and equipment was $1.6 million and $0.9 million for the periods ended March 31, 2021 and 2020, respectively.

9. Intangible Assets and Goodwill

The gross carrying amount and accumulated amortization of the Company's acquired identifiable intangible assets as of March 31, 2021 were as follows (in thousands):

The gross carrying amount and accumulated amortization of the Company's acquired identifiable intangible assets as of December 31, 2020 were as follows (in thousands):

The change in the gross carrying amount of the acquired technology from December 31, 2020 to March 31, 2021 was primarily due to foreign currency translation.

Amortization expense for acquired identifiable intangible assets for the three months ended March 31, 2021 and 2020 was $0.4 million and $0.2 million, respectively.

The estimated amortization expense for subsequent years is as follows (in thousands):

Goodwill was $72.0 million and $72.4 million as of March 31, 2021 and December 31, 2020 respectively, which decreased $400 thousand due to currency translation loss for HyPulsion S.A.S., our French subsidiary goodwill. There were no impairments during the three months ended March 31, 2021 or the year ended December 31, 2020.

10. Long-Term Debt

In March 2019, the Company entered into a loan and security agreement, as amended (the "Loan Agreement"), with Generate Lending, LLC ("Generate Capital"), providing for a secured term loan facility in the amount of $100 million (the "Term Loan Facility").

During the year ended December 31, 2020, the Company, under another series of amendments to the Loan Agreement, borrowed an incremental $100.0 million. As part of the amendment to the Loan Agreement, the Company's interest rate on the secured term loan facility was reduced to 9.50% from 12.00% per annum, and the maturity date was extended to October 31, 2025 from October 6, 2022. On March 31, 2021, the outstanding balance under the Term Loan Facility was $151.5 million.

The Loan Agreement includes covenants, limitations, and events of default customary for similar facilities. Interest and a portion of the principal amount is payable on a quarterly basis. Principal payments are funded in part by releases of restricted cash, as described in Note 20, "Commitments and Contingencies." Based on the amortization schedule as of March 31, 2021, the aforementioned loan balance under the Term Loan Facility will be fully paid by October 31, 2025. The Company is in compliance with, or has obtained waivers for, all debt covenants.

The Term Loan Facility is secured by substantially all of the Company's and the guarantor subsidiaries' assets, including, among other assets, all intellectual property, all securities in domestic subsidiaries and 65% of the securities in foreign subsidiaries, subject to certain exceptions and exclusions.

The Loan Agreement provides that if there is an event of default due to the Company's insolvency or if the Company fails to perform in any material respect the servicing requirements for fuel cell systems under certain customer agreements, which failure would entitle the customer to terminate such customer agreement, replace the Company or withhold the payment of any material amount to the Company under such customer agreement, then Generate Capital has the right to cause Proton Services Inc., a wholly owned subsidiary of the Company, to replace the Company in performing the maintenance services under such customer agreement.

As of March 31, 2021, the Term Loan Facility requires the principal balance as of each of the following dates not to exceed the following (in thousands):

11. Convertible Senior Notes

3.75% Convertible Senior Notes

On May 18, 2020, the Company issued $200.0 million in aggregate principal amount of 3.75% Convertible Senior Notes due June 1, 2025, in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, ("the Securities Act"). On May 29, 2020, the Company issued an additional $12.5 million in aggregate principal amount of 3.75% Convertible Senior Notes.

At issuance in May 2020, the total net proceeds from the 3.75% Convertible Senior Notes were as follows:

The 3.75% Convertible Senior Notes bear interest at a rate of 3.75% per year, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2020. The notes will mature on June 1, 2025, unless earlier converted, redeemed or repurchased in accordance with their terms.

The 3.75% Convertible Senior Notes are senior, unsecured obligations of the Company and rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the notes, equal in right of payment to any of the Company's existing and future liabilities that are not so subordinated, including the Company's $100 million in aggregate principal amount of the 5.5% Convertible Senior Notes, effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the collateral securing such indebtedness, and structurally subordinated to all indebtedness and other liabilities, including trade payables, of its current or future subsidiaries.

Holders of the 3.75% Convertible Senior Notes may convert their notes at their option at any time prior to the close of the business day immediately preceding December 1, 2024 in the following circumstances:

1) during any calendar quarter commencing after March 31, 2021 if the last reported sale price of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;

2) during the five business days after any five consecutive trading day period (such five consecutive trading day period, the measurement period) in which the trading price per $1,000 principal amount of the 3.75% Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;

3) if the Company calls any or all of the 3.75% Convertible Senior Notes for redemption, any such notes that have been called for redemption may be converted at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or

4) upon the occurrence of specified corporate events, as described in the indenture governing the 3.75% Convertible Senior Notes.

On or after December 1, 2024, the holders of the 3.75% Convertible Senior Notes may convert all or any portion of their notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date regardless of the foregoing conditions.

The initial conversion rate for the 3.75% Convertible Senior Notes is 198.6196 shares of the Company's common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $5.03 per share of the Company's common stock, subject to adjustment upon the occurrence of specified events. Upon conversion, the Company will pay or deliver, as applicable, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. During the three months ended of March 31, 2021, $15.2 million of the 3.75% Convertible Senior Notes were converted and the Company issued 3.0 million shares of common stock in conjunction with these conversions.

In addition, following certain corporate events or following issuance of a notice of redemption, the Company will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event or convert its notes called for redemption during the related redemption period in certain circumstances.

The 3.75% Convertible Senior Notes will be redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after June 5, 2023 and before the 41st scheduled trading day immediately before the maturity date, at a cash redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including at least one of the three trading days immediately preceding the date the Company sends the related redemption notice, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company sends such redemption notice.

If the Company undergoes a "fundamental change" (as defined in the Indenture), holders may require the Company to repurchase their notes for cash all or any portion of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, to, but excluding, the fundamental change repurchase date.

The Company accounts for the 3.75% Convertible Senior Notes as a liability. We incurred transaction costs related to the issuance of the 3.75% Convertible Senior Notes of approximately $7.0 million, consisting of initial purchasers' discount of approximately $6.4 million and other issuance costs of $0.6 million which were recorded as debt issuance cost (presented as contra debt in the unaudited interim condensed consolidated balance sheets) and are being amortized to interest expense over the term of the 3.75% Convertible Senior Notes.

The 3.75% Convertible Senior Notes consisted of the following (in thousands):

1) Included in the unaudited interim condensed consolidated balance sheets within the 3.75% Convertible Senior Notes, net and amortized over the remaining life of the notes using the effective interest rate method.

The following table summarizes the total interest expense and effective interest rate related to the 3.75% Convertible Senior Notes (in thousands, except for effective interest rate):

Based on the closing price of the Company's common stock of $35.84 on March 31, 2021, the if-converted value of the notes was greater than the principal amount. The estimated fair value of the note at March 31, 2021 was approximately $1.3 billion. The fair value estimation was primarily based on an active stock exchange trade on March 30, 2021 of the 3.75% Senior Convertible Note. See Note 16, "Fair Value Measurements" for a description of the fair value hierarchy.

Capped Call

In conjunction with the pricing of the 3.75% Convertible Senior Notes, the Company entered into privately negotiated capped call transactions (the "3.75% Notes Capped Call") with certain counterparties at a price of $16.2 million. The 3.75% Notes Capped Call covers, subject to anti-dilution adjustments, the aggregate number of shares of the Company's common stock that underlie the initial 3.75% Convertible Senior Notes and is generally expected to reduce potential dilution to the Company's common stock upon any conversion of the 3.75% Convertible Senior Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the 3.75% Notes Capped Call is initially $6.7560 per share, which represents a premium of approximately 60% over the last then-reported sale price of the Company's common stock of $4.11 per share on the date of the transaction and is subject to certain adjustments under the terms of the 3.75% Notes Capped Call. The 3.75% Notes Capped Call becomes exercisable if the conversion option is exercised.

The net cost incurred in connection with the 3.75% Notes Capped Call were recorded as a reduction to additional paid-in capital in the unaudited interim condensed consolidated balance sheets.

5.5% Convertible Senior Notes

In March 2018, the Company issued $100.0 million in aggregate principal amount of the 5.5% Convertible Senior Notes due on March 15, 2023, which is referred to herein as the 5.5% Convertible Senior Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act.

In May 2020, the Company used a portion of the net proceeds from the issuance of the 3.75% Convertible Senior Notes to finance the cash portion of the partial repurchase of the 5.5% Convertible Senior Notes, which consisted of a repurchase of approximately $66.3 million in aggregate principal amount of the 5.5% Convertible Senior Notes in privately-negotiated transactions for aggregate consideration of $128.9 million, consisting of approximately $90.2 million in cash and approximately 9.4 million shares of the Company's common stock. The partial repurchase of the 5.5% Convertible Senior Notes resulted in a $13.2 million gain on early debt extinguishment. In the fourth quarter of 2020, $33.5 million of the remaining 5.5% Convertible Senior Notes were converted into 14.6 million shares of common stock which resulted in a gain of approximately $4.5 million which was recorded on the consolidated statement of operations on the gain (loss) on extinguishment of debt line.

On January 7, 2021, the remaining aggregate principal of $160 thousand aggregate principal amount of the 5.5% Convertible Senior Notes were converted into 69,808 shares of common stock. Interest expense and amortization for the period were immaterial.

Capped Call

In conjunction with the pricing of the 5.5% Convertible Senior Notes, the Company entered into privately negotiated capped call transactions (the "5.5% Notes Capped Call") with certain counterparties at a price of $16.0 million to reduce the potential dilution to the Company's common stock upon any conversion of the 5.5% Convertible Senior Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted 5.5% Convertible Senior Notes, as the case may be. The net cost incurred in connection with the 5.5% Notes Capped Call has been recorded as a reduction to additional paid-in capital in the consolidated balance sheets.

Common Stock Forward

In connection with the issuance of the 5.5% Convertible Senior Notes, the Company also entered into a forward stock purchase transaction, ("the Common Stock Forward"), pursuant to which the Company agreed to purchase 14,397,906 shares of its common stock for settlement on or about March 15, 2023. In connection with the issuance of the 3.75% Convertible Senior Notes and the partial repurchase of the 5.5% Convertible Senior Notes, the Company amended and extended the maturity of the Common Stock Forward to June 1, 2025. The number of shares of common stock that the Company will ultimately repurchase under the Common Stock Forward is subject to customary anti-dilution adjustments. The Common Stock Forward is subject to early settlement or settlement with alternative consideration in the event of certain corporate transactions.

The net cost incurred in connection with the Common Stock Forward of $27.5 million was recorded as an increase in treasury stock in the unaudited interim condensed consolidated balance sheets. The related shares were accounted for as a repurchase of common stock.

The book value of the 5.5% Notes Capped Call and Common Stock Forward are not remeasured.

During the fourth quarter of 2020, the Common Stock Forward was partially settled and, as a result, the Company received 4.4 million shares of its common stock. During the first quarter of 2021, 5.9 million shares settled and were received by the Company, with an additional 2.2 million that settled and were received by the company in April 2021.

12. Stockholders' Equity

Preferred Stock

The Company has authorized 5.0 million shares of preferred stock, par value $0.01 per share. The Company's certificate of incorporation provides that shares of preferred stock may be issued from time to time in one or more series. The Company's Board of Directors is authorized to fix the voting rights, if any, designations, powers, preferences, qualifications, limitations and restrictions thereof, applicable to the shares of each series.

The Company has authorized Series A Junior Participating Cumulative Preferred Stock, par value $0.01 per share. As of March 31, 2021 and December 31, 2020, there were no shares of Series A Junior Participating Cumulative Preferred Stock issued and outstanding.

Common Stock and Warrants

The Company has one class of common stock, par value $.01 per share. Each share of the Company's common stock is entitled to one vote on all matters submitted to stockholders.

In February 2021, the Company completed the previously announced sale of its common stock in connection with a strategic partnership with SK Holdings to accelerate the use of hydrogen as an alternative energy source in Asian markets. The Company sold 54,966,188 shares of its common stock to a subsidiary of SK Holdings at a purchase price of $29.2893 per share, or an aggregate purchase price of approximately $1.6 billion.

In January and February 2021, the Company issued and sold in a registered equity offering an aggregate of 32.2 million shares of its common stock at a purchase price of $65.00 per share for net proceeds of approximately $1.8 billion.

In November 2020, the Company issued and sold in a registered equity offering an aggregate of 43,700,000 shares of its common stock at a purchase price of $22.25 per share for net proceeds of approximately $927.3 million.

In August 2020, the Company issued and sold in a registered equity offering an aggregate of 35,276,250 shares of its common stock at a purchase price of $10.25 per share for net proceeds of approximately $344.4 million.

There were 566,385,952 and 458,051,920 shares of common stock outstanding as of March 31, 2021 and December 31, 2020, respectively.

During 2017, warrants to purchase up to 110,573,392 shares of common stock were issued in connection with transaction agreements with Amazon and Walmart, as discussed in Note 13, "Warrant Transaction Agreements." At both March 31, 2021 and December 31, 2020, a total of 68,380,913 warrants had vested. Warrants were exercised with respect to 5,819,652 shares during the fourth quarter of 2020. Warrants were exercised with respect to an additional 16,489,014 shares during the three months ended March 31, 2021. These warrants are measured at fair value at the time of grant or modification and are classified as equity instruments on the unaudited interim condensed consolidated balance sheets.

At Market Issuance Sales Agreement

On April 13, 2020, the Company entered into the at Market Issuance Sales agreement with B. Riley Financial ("B. Riley") as sales agent, pursuant to which the Company may offer and sell, from time to time through B. Riley, shares of Company common stock having an aggregate offering price of up to $75.0 million. As of the date of this filing, the Company has not issued any shares of common stock pursuant to the at Market Issuance Sales agreement.