



Source: Atomera Incorporated

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Atomera Incorporated Reports Third Quarter 2016 Results

LOS GATOS, CA--(Marketwired - Nov 8, 2016) - Atomera Incorporated ("Atomera" or the "Company") (NASDAQ: ATMR), a semiconductor materials and intellectual property licensing company focused on deploying its proprietary technology into the semiconductor industry, today announced financial results for the third quarter ended September 30, 2016.

Management Commentary

"We are very pleased with the progress made during the third quarter on the customer engagement and technology evaluation front with existing potential customers," commented Scott Bibaud, President and CEO. "In addition, the successful completion of our Initial Public Offering and strong cash position, enables us to execute against our business plan. We are starting to see early results in development speed improvement through use of our new specialty fab partner, and increased interest amongst new potential customers," added Mr. Bibaud.

Third Quarter and Year to Date Financial Results

Net loss for the third quarter ended September 30, 2016 was \$4.1 million, or \$0.55 per basic and diluted share, compared to a net loss of \$2.6 million, or \$1.61 per basic and diluted share in the second quarter of 2016 and a net loss of \$1.35 million in the third quarter of 2015, or \$1.09 per basic and diluted share. Net loss for the nine months ended September 30, 2016 was \$9.2 million, or \$2.58 per basic and diluted share, compared to a net loss in the nine months ended September 30, 2015 of \$5.4 million, or \$4.37 per basic and diluted share.

Adjusted EBITDA (a non-GAAP financial measure) in the third quarter of 2016 was a loss of \$1.75 million, compared to an adjusted EBITDA loss of \$1.80 million in the second quarter and an adjusted EBITDA loss of \$751,000 for the third quarter of 2015. Adjusted EBITDA for the nine months ended September 30, 2016 was a loss of \$5.4 million compared to an adjusted EBITDA net loss of \$3.6 million for the nine months ended September 30, 2015.

Initial Public Offering

On August 10, 2016, we announced the closing of our initial public offering ("IPO") of 3,680,000 shares of common stock at a public offering price of \$7.50 per share. The common stock included 480,000 shares sold as a result of the underwriter's exercise in full of its overallotment option. Gross proceeds to us from this offering were \$27,600,000 before deducting underwriting discounts, commissions and other offering expenses. In accordance with the terms of the Secured Notes, all principal plus accrued interest through August 10, 2016 (totaling approximately \$23.5 million) converted automatically upon consummation of the IPO into 6,264,659 shares of common stock thus extinguishing the debt associated with the Secured Notes.

Ticker Symbol Change

Effective Monday, November 14, 2016, Atomera will change its stock ticker symbol to ATOM.

2016 Third Quarter Conference Call and Webcast

Atomera will host a conference call to discuss its financial results and recent progress.

Date: Tuesday, November 8, 2016

Time: 1:30 p.m. PT (4:30 p.m. ET)

Phone: 844-263-8318 (domestic); +1 (213) 358-0960 (international)

Replay: 855-859-2056 (domestic); +1(404) 537-3406 (international) Call ID: 10221998; until November 15, 2016

Webcast: Accessible at www.atomera.com

Note about Non-GAAP Financial Measures

In addition to the unaudited results presented in accordance with generally accepted accounting principles, or GAAP, in this press release, Atomera presents adjusted EBITDA, which is a non-GAAP financial measure. Adjusted EBITDA is determined by taking net loss and eliminating the impacts of interest, taxes, depreciation, amortization, stock-based compensation, the change in fair value of derivative liabilities, and the gain on the extinguishment of debt. Our definition of adjusted EBITDA may not be comparable to the definitions of similarly-titled measures used by other companies. We believe that this non-GAAP financial measure, viewed in addition to and not in lieu of its reported GAAP results, provides useful information to investors by providing a more focused measure of operating results. This metric is used as part of the company's internal reporting to evaluate its operations and the performance of senior management. A table reconciling this measure to the comparable GAAP measure is available in the accompanying financial tables below.

About Atomera Incorporated

Atomera Incorporated has developed Mears Silicon Technology™ ("MST®"), which increases performance and power efficiency in semiconductor transistors. MST® can be implemented using equipment already deployed in semiconductor manufacturing facilities and is complementary to other nano-scaling technologies already in the semiconductor industry roadmap.

Safe Harbor

This press release contains forward-looking statements concerning Atomera Incorporated, including statements regarding the prospects for the semiconductor industry generally and the ability of our MST® technology to significantly improve semiconductor performance. Those forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially. Among those factors are: (1) the fact that we have not yet commenced revenue producing operations or entered into a definitive agreement with regard to the licensing or commercialization of our MST technology, thus subjecting us to all of the risks inherent in a pre-revenue enterprise; (2) risks related to our ability to raise sufficient capital, as and when needed, to pursue the further development, licensing and commercialization of our MST® technology; (3) our ability to protect our proprietary technology, trade secrets and know-how and (4) those other risks disclosed in the section "Risk Factors" included in our final prospectus dated August 5, 2016 filed with the SEC on August 8, 2016. We caution readers not to place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim any obligation, to update or revise such statements to reflect new circumstances or unanticipated events as they occur.

(in thousands)

	September 30, 2016 <u>(Unaudited)</u>	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,189	\$ 3,197
Restricted investment	-	15
Prepaid expenses and other current assets	155	48
Total current assets	<u>28,344</u>	<u>3,260</u>
Property and equipment, net	30	15
Deferred offering costs	-	145
Security deposit	37	-
Total assets	<u>\$ 28,411</u>	<u>\$ 3,420</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable	\$ 277	\$ 301
Accrued expenses	106	131
Accrued payroll related expenses	95	14
Senior secured convertible promissory notes payable, net	-	16,095
Total liabilities	<u>478</u>	<u>16,541</u>
Commitments and contingencies		
Stockholders' equity (deficiency):		
Preferred stock, \$0.001 par value, authorized 2,500 shares; none issued and outstanding at September 30, 2016 and December 31, 2015	-	-
Common stock, \$0.001 par value, authorized 47,500 shares; 12,025 shares issued and outstanding at September 30, 2016 and 1,617 issued and outstanding as of December 31, 2015	12	2
Additional paid-in capital	120,489	70,452
Subscription receivable	-	(188)
Accumulated deficit	(92,568)	(83,387)
Total stockholders' equity (deficiency)	<u>27,933</u>	<u>(13,121)</u>
Total liabilities and stockholders' equity (deficiency)	<u>\$ 28,411</u>	<u>\$ 3,420</u>

Atomera Incorporated
Condensed Statements of Operations
(Unaudited)
(in thousands, except per share amounts)

	Three Months ended September 30,		Nine Months ended September 30,	
	2016	2015	2016	2015
Operating expenses:				
Research and development	\$ 940	\$ 434	\$ 2,753	\$ 1,530
General and administrative	1,607	342	3,361	2,481
Selling and marketing	225	7	435	18
Total operating expenses	<u>\$ 2,772</u>	<u>\$ 783</u>	<u>\$ 6,549</u>	<u>\$ 4,029</u>
Loss from operations	(2,772)	(783)	(6,549)	(4,029)
Other income/(expense):				
Interest income	6	2	8	5
Interest expense	(1,330)	(568)	(2,640)	(1,363)
Total other expense, net	<u>(1,324)</u>	<u>(566)</u>	<u>(2,632)</u>	<u>(1,358)</u>
Net loss:	<u>\$ (4,096)</u>	<u>\$ (1,349)</u>	<u>\$ (9,181)</u>	<u>\$ (5,387)</u>
Net loss per common share, basic and diluted	<u>\$ (0.55)</u>	<u>\$ (1.09)</u>	<u>\$ (2.58)</u>	<u>\$ (4.37)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>7,382</u>	<u>1,233</u>	<u>3,553</u>	<u>1,233</u>

Atomera Incorporated
Reconciliation to Non-GAAP Adjusted EBITDA
(Unaudited)
(in thousands)

	Three Months ended September 30,		Nine Months ended September 30,	
	2016	2015	2016	2015
Net loss (GAAP):	\$ (4,096)	\$ (1,349)	\$ (9,181)	\$ (5,387)
Add (subtract) the following items:				
Interest income	(6)	(2)	(8)	(5)
Interest expense	1,330	568	2,640	1,363
Depreciation and amortization	4	2	10	7
Stock-based compensation	1,020	30	1,124	374
Adjusted EBITDA (non-GAAP)	<u>\$ (1,748)</u>	<u>\$ (751)</u>	<u>\$ (5,415)</u>	<u>\$ (3,648)</u>

**Three Months ended
June 30,**

	<u>2016</u>	<u>2015</u>
Net loss (GAAP):	\$ (2,597)	\$ (1,577)
Add (subtract) the following items:		
Interest income	(2)	(1)
Interest expense	748	562
Depreciation and amortization	4	2
Stock-based compensation	47	31
Adjusted EBITDA (non-GAAP)	<u>\$ (1,800)</u>	<u>\$ (983)</u>

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