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Mike Bishop

PRESENTATION

Mike Bishop

Hello, everyone, and welcome to Atomera's Third Quarter Fiscal Year 2023 Update Call. I'd like to remind everyone that this call and webinar are being recorded, and a replay will be available on Atomera's website for 1 year. I'm Mike Bishop with the company's Investor Relations.

As in prior quarters, we are using Zoom, and we will follow a similar presentation format with participants in a listen-only mode. We will open with prepared remarks from Scott Bibaud, Atomera's President and CEO; and Frank Laurencio, Atomera's CFO. Then we will open the call to questions.

If you are joining by telephone, you may follow a slide presentation to accompany our remarks on the Events and Presentations section of our Investor Relations page on our website.

Before we begin, I would like to remind everyone that during today's call, we will make forward-looking statements. These forward-looking statements, whether in prepared remarks or during the Q&A session, are subject to inherent risks and uncertainties. These risks and uncertainties are detailed in the Risk Factors section of our filings with the Securities and Exchange Commission, specifically in the company's annual report on Form 10-K filed with the SEC on February 15, 2023, and its quarterly report on Form 10-Q filed today with the SEC.

Except as otherwise required by federal securities laws, Atomera disclaims any obligation to update or make revisions to such forward-looking statements contained herein or elsewhere to reflect changes in expectations with regards to those events, conditions and circumstances.

Also please note that during this call, we will be discussing non-GAAP financial measures as defined by SEC Regulation G. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are included in today's press release, which is also posted on our website.

Now I would like to turn the call over to our President and CEO, Scott Bibaud. Go ahead, Scott.

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Good afternoon, everyone, and welcome to Atomera's Third Quarter 2023 Update Call. During this past quarter, we've made great progress on a number of different fronts, both in customer and technology areas, and I'd like to bring you up to date on some of those activities.

Our standard customer pipeline does not do justice to how active we've been with customers over the last 3 months. It seems that our business development, our technology teams are on the road almost every week to service the growing number of opportunities and applications that MST can address. Much of that is happening with our Phase 3 customers, so it's hard to show the progress on this chart, but I'll give you more details as we go along.

One thing we had hoped to show on today's call is that our Phase 4 customers had grown by 1 to reflect the installation of MST on a tool in MST -- in ST's factory. Unfortunately, up to today, it has not happened, but we do expect it to happen very soon and have been working diligently with ST on other parts of the development process.

In past calls, I've discussed the path to production with ST, but I'd like to expand on the details here. Since completion of the license agreement in April, ST's engineering team, with some assistance from us, has been developing their new manufacturing process, which will include MST. This effort is primarily happening via computer simulations and our MSTcad is an indispensable component of that effort. After the installation of MST onto their epi tools, ST will build wafers using MST and test the results, which is called silicon validation. Using this methodology, ST will create a fully optimized manufacturing method. And when it is complete, they will freeze it, creating a process development kit or PDK. From that point forward, when a new chip design is started by an ST development engineer, the chip will be based on the transistor characteristics provided in the new PDK, which will include MST.

Wafer-level qualification, which is the process of finalizing their manufacturing flow across corner conditions to ensure it meet specifications will be happening in parallel with ST's new chip designs. When process qualification is complete, any finalized chip designs will enter production and start generating royalties. All their subsequent chip designs will be based on this new PDK and will add to the royalty stream, so the revenue potential will just continue to grow.

As we've spoken about before, it's difficult for us to forecast the volume of these designs because they will be executed for many different applications and market sectors. When we first announced this transaction, we estimated ST would go to commercialization in 1.5 years to 2 years. Despite the longer-than-anticipated time to complete equipment modifications, we still believe that timing holds true. It is important to recognize the significance of this milestone to our company. It validates not only our technology, but also our business model, and we are as impatient to see it completed as I'm sure you are.

Now that we've covered ST, let me provide updates on other customers. I'm pleased to report that experiments with our JDA 1 customer have shown excellent technical results that we believe solve a significant problem they are facing. The specific issues we have been -- we have addressed are targeted at one of their largest BUs. At this point, our focus has shifted to finding a business solution that will work well for both of us. But given the strength of our technical offering, I am confident we will find a commercial structure for them to adopt MST.

Likewise, with our JDA 2 customer, recent silicon test results, combined with MSTcad simulations have led us to start a new round of experiments to hopefully reach a performance level triggering the license agreements contemplated as part of the JDA package. It will take several months for those results to come out, but we hope with a lower level of fab utilization the industry is experiencing these days, we will get fast throughput.

We are also seeing interest in our higher voltage technology offerings, MST-SP and SPX. There is no doubt that our ST license announcement has stimulated interest in these technologies across the industry. Recently, our MSTcad was adopted by a very large analog and power manufacturer, which we believe is an excellent first step towards licensing our overall MST technology to them for production. We continue to see good momentum for both MST-SP and SPX.

More good news in the RF department. Our MST solution for RF-SOI has been evolving over the last year due to new MST film formulations and integration techniques, which we have demonstrated to customers using simulations from MSTcad. During the last 3 months, we've gotten new silicon test results that validate the improvements predicted by MSTcad, improvements that are not possible without MST and are badly needed by designers of RF front ends for cellular products. We believe this solution will be something that all RF-SOI designers will want to use once they understand the benefits. And we're confident of this because the first few customers we've explained it to have been quite excited to get started. I'm hopeful this will lead to several new licenses and partnerships in the future.

Similarly, in the advanced nodes market, our offering has gotten significantly stronger in the last 3 months. The key to advancing in this market is through ecosystems and partnerships since the technology is so complex and expensive to prove out in silicon. We are working to establish and nurture those types of relationships today. Two weeks ago, we announced that Atomera was part of the Southwest Advanced Prototyping Hub, led by Arizona State University, which has recently received funding through the CHIPS and Sciences Act.

Atomera helped to drive for establishment of this hub because we believe that America needs an ecosystem of the most advanced development teams who can work together to redefine what's possible in the semiconductor industry. This has always been Atomera's focus, and we are gratified at the greater spotlight and resources that this funding will bring. And as a smaller company, we will gain great leverage from this partnership. We have no doubt that being part of this new ecosystem will assist us in implementing our technology at the biggest semiconductor makers who are interested in investing in advanced nodes today.

Finally, you may have noticed that we added a new segment into our technology focus areas, MST for DRAM. During this past quarter, we published a comprehensive white paper on our website, giving some details of the physics around how MST can be combined with [sensor] circuit designs to make DRAM devices smaller and lower power. In short, MST will be able to bring improvements to DRAM devices that are on a scale with the benefits we are bringing to our other technology-focused segments.

This memory work is Atomera's first direct foray into technologies that will enable the artificial intelligence revolution. It is clear that AI uses far more memory than traditional processors, which means the cost and power savings that American bring to these devices will be critical. Further, because AI accesses memory in different ways, it demands different latency and bandwidth, all of which are going to drive big changes in the memory requirements of the future. Atomera intends to be a leading innovator in this space to take advantage of the opportunity that AI will provide for growth in the semiconductor market.

As you can see from the wide set of exciting customer engagements, our business scope is expanding along with our potential. I do believe that the ST announcement has helped us get over a hurdle with many customers, which helps to explain this momentum. But more importantly, it is due to the efforts of our brilliant team of engineers and scientists who are constantly bringing cutting-edge solutions to the semiconductor industry. Inside Atomera, we are very optimistic about the bright future our company has in front of us, and we hope to prove that by announcing more license and production deals in the near future.

Frank will now review our financials.

Francis B. Laurencio - *Atomera Incorporated - Chief Financial & Accounting Officer and Corporate Secretary*

Thank you, Scott. At the close of the market today, we issued a press release announcing our results for the third quarter of 2023.

This slide shows our summary financials. Our GAAP net loss for the 3 months ended September 30, 2023, was \$5 million or \$0.20 per share, compared to a net loss of \$4.6 million, which was also \$0.20 per share in the third quarter of 2022. In Q2 of 2023, our GAAP net loss was \$5.2 million or \$0.21 per share. GAAP operating expenses were \$5.4 million in Q3 2023, which was an increase of approximately \$696,000 from \$4.7 million in Q2 2022.

The biggest driver of the year-on-year operating expense increase was a \$562,000 increase in R&D expenses. \$287,000 of which was due to higher prices for wafer processing and engineering services at our contract foundry, TSI semiconductors.

General and administrative expenses increased by approximately \$116,000, and sales and marketing increased by less than \$20,000. Other income net in Q3 2023 increased by \$261,000 as compared to Q2 2022, mainly reflecting higher interest income on an Arizona -- from an Arizona refundable R&D tax credit.

Sequentially, our GAAP operating expenses were flat at \$5.4 million in both Q3 and Q2 2023. A \$113,000 increase in R&D expenses, which was also due to TSI costs, was offset by declines in G&A and sales and marketing expenses. Non-GAAP net loss was flat sequentially at \$4.3 million in Q3 and Q2 of 2023, and it compares to a loss of \$3.7 million in Q3 of 2022. The differences between GAAP and non-GAAP operating expenses in all periods we're presenting are primarily due to noncash stock compensation expenses, which were \$1 million in both Q3 and Q2 of this year, and \$889,000 in Q3 of 2022.

Our balance of cash, cash equivalents and short-term investments on September 30, 2023, was \$20.4 million, compared to \$23.8 million on June 30, 2023. During Q3, we used \$3.5 million of cash in operating activities, and we sold approximately 24,000 shares under our ATM facility at an average price of \$9.17 per share. As of September 30, 2023, we had 25.8 million shares outstanding.

Moving now to our guidance. We still expect that our non-GAAP operating expenses for 2023 will be in the range of \$16.25 million to \$16.75 million, and it should come in close to the midpoint of that range.

On the last call, I cautioned that higher prices and number of wafers run at TSI had caused our outsourced R&D expense to run above our annual plan. However, we now expect that our work at TSI during Q4, as well as in Q1 of next year, will primarily consist of finishing wafer lots that we have in progress or are just starting.

As we discussed on our Q1 call, Bosch announced that they plan to acquire TSI and convert it to silicon carbide production by 2026. The acquisition closed at the end of August, and in October, Bosch informed us and the rest of TSI's customers that they will cease supporting current customers in February 2024. Atomera is now in the process of finding a replacement.

As Scott mentioned, we expect that STMicro will install MST in Q4, so our Q4 revenue should be in the range of \$300,000 to \$350,000, which would consist mostly of ST's first milestone payment for the installation of MST. After validation of film quality in ST's tool, there will be a second and final installation-related milestone payment. As we progress toward that second milestone, and toward a much more substantial upfront fees for moving to commercial production, we will provide updated revenue guidance as appropriate.

With that, I will turn the call back over to Scott for a few summary remarks before we open the call up to questions. Scott?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Thanks, Frank. Once again, this quarter, Atomera has advanced our technology with customers across many different market segments. We believe the momentum we are carrying right now will help us to assemble a large and diversified set of customers and markets, building a strong and growing royalty stream. That is our goal and I look forward to sharing our journey with you as we seek to build a semiconductor technology licensing powerhouse.

Mike, we will now take questions.

QUESTIONS AND ANSWERS

Mike Bishop

(Operator Instructions) Our first question comes from Richard Shannon of Craig-Hallum.

Richard Cutts Shannon - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

Let's start with the topic of STMicro here. I guess, just wanted to clarify here. Obviously, we understand some of the delay mechanisms here, but you also believe that there's going to be no delay in the ultimate 18- to 24-month time frame to get them to, I think, your words are production, correct me if I'm wrong there, Scott. But can you help us understand why you don't think there's any delay here?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Well, regardless of when they installed the tool, they were going to have to do a bunch of development work, creating the new PDK, using simulation technology. I think, even if it had been in place, they probably would do quite a bit of that before they went to silicon validation. So by my estimate, I don't think we're behind, as long as it gets installed soon, which we do believe it's going to happen.

Richard Cutts Shannon - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

Let's jump over to the topic of your first JDA customer. I think you said, shown some great results. I saw the big problem here targeted one of their largest business units. By my notes here, said you're focused on it. Business or a solution to work on with that business, maybe you can help us a little bit understand what's going on there.

Scott A. Bibaud - *Atomeria Incorporated - President, CEO & Director*

Yes. So I think in the past, when we've talked about our JDA customer, we talked about how we were working with the central engineering organization. They were evaluating our technology and then would recommend it out to the different business units. And obviously, over the last few years, we've gone from very general test requirements that they had to prove that our film was the type of quality that you take to production, down to more and more specific application solutions to problems they're facing. The one that we've been working on over the past several months is a very challenging problem that their biggest business unit has been facing, and we believe we've delivered something really compelling to them.

Now, in our -- we had created a JDA in the past, and we have set -- put in place all the business terms for the JDA, but still haven't gotten to the business terms about being able to do a full license that would take them to production. And we're trying to work with them right now to figure out how can we find something that works for both them and us so that we could get a contract they'd feel comfortable and we'd feel comfortable, and then start working to implement this in the business unit.

Richard Cutts Shannon - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

So this sounds like a business-related dynamic with the JDA 1 customer, not anything technological in nature then. Is that fair?

Scott A. Bibaud - *Atomeria Incorporated - President, CEO & Director*

Yes. Right now, I would say that's where we are. We're on business. When we get done with the business and we start doing more detailed technical work, of course, we'll be back into the technical side. But right now, I think we're improving what we need to get to real solid business discussions.

Richard Cutts Shannon - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

Fair enough. Sounds like some good progress there. Let's jump over to another question here. I think we've -- since you announced STMicro, I think about 6 months ago, we've continued to ask a question about the halo effect that they may have on another analog peers. I mean one of your comments here, I think, you said that MSTcad was adopted by a large analog and power manufacturer, if you think is a first step to license technology. A, would you believe -- do you see this as the STMicro halo effect having some impact on this particular customer? And what does this mean about entering into one of the phases in your status that you talk about every quarter?

Scott A. Bibaud - *Atomeria Incorporated - President, CEO & Director*

So first of all, we are out talking to customers all the time about MST-SP and SPX, which are technologies we've developed ourselves using MST. And they show really impressive results. That should be enough for a customer to decide to use them. But the fact that we can say, we've also done a license agreement with ST, really, we think, helps to push it over the -- kind of over the top.

Now what impact does that have on our customer pipeline that we showed you. Yes, the fact is that the -- we can be working with customers in Phase 1 with MSTcad. We also can be working with customers in Phase 2 or Phase 3. Obviously, we think MSTcad is going to be something that people use from the beginning until when they get into volume production. For this particular customer, actually, we had been working with them

on some other technology, and they're already in Phase 3. So like I said, we believe we've made really good progress with them this quarter, but you can't really see it by looking at our pipeline chart.

Richard Cutts Shannon - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

I know that doesn't always capture that dynamic, but thanks for that detail, Scott.

I know you discussed this and there was an interesting line in your press release this morning about the benefits of MST in both DRAM and advanced nodes. And maybe I'll allow you to answer the question, either or both in aggregate, if you think that's appropriate. But becoming increasingly clear to the industry, maybe you can give us some sense here. It seems like you're getting some recognition in industry conferences or recognition from the white papers or whatever you're writing. What makes you say this is become increasingly clear to the industry?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. I mean just definitely, it's through technical conferences that we're getting invited to these different organizations like the Southwest Regional Development Hub that we're being -- we actually are kind of a founding member of, plus just the tool manufacturers and the customers themselves. They know about our technology, they ask us about it. And so we can definitely see from where we were a few years ago that we were working on this technology, but we didn't have as deep engagements with either the customers or with the ecosystem partners. Now we really see that whole thing coming together. And I did talk about how important we think it is for ecosystems to be used because the big semiconductor guys, they don't directly cooperate with each other, but they all use the ecosystem to come up with ways that they can make their next-generation products more successful.

Richard Cutts Shannon - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

One last question for me and I will jump out of line. Obviously, the macro is looking not very good as we've seen through a number of reports in the [semi] industry and broader over the last couple of weeks here. Are you seeing any sense of this from your customers, whether in later stages or the latest stages of the phase that you talked about, or even at the end of the cycle. Are you seeing any of that slowdown? Or alternatively, with utilization is much lower than they have been in quite some time to just open up new opportunities that make it even more exciting and could even accelerate in this environment?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. So our view on the market right now, we think the market has -- this year has been a very rough year in terms of growth going negative and a lot of capacity being available out there. We always talk about a period when there's low capacity utilization is great for us because our customers can just quickly throw some wafers into the line and they're not disrupting anything. And that's definitely true. We're starting to see signs that for next year things will start to come back and maybe growth will pick up, but we're not seeing signs that we're going to get anywhere near the type of really strong growth and high capacity utilization that we had back in 2020 and 2021. And so I think generally, I would say we think that we're going back to kind of a normal level of activity in the industry, and that should give us an ability to really do good development with people without being impeded by it.

Mike Bishop

Our next question comes from Cody Acree of Benchmark.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

Maybe, Scott, if you can just talk about ST a bit. And I know that there's only so much you can share. But if you can talk about where you're seeing your MST applied within STMicro to the extent that you can, to give us some level of interaction or in the market targeting?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. So I think -- of course, we can't say too much, but I can tell you that this technology has been adopted by their smart power products team. And so the new PDK that I spoke about would be one that would be designed at analog and power type of semiconductors. Now, analog and power, we believe spans multiple divisions with us, within ST. Their AMS division is one that would be using it quite a bit. They also have a division called automotive that would use it quite a bit. And -- but it's very hard for us to say at this point the size of the penetration that they have into those different areas. But we do know that their smart power product line is extremely successful used throughout the industry. And one of the areas that ST has been investing in over the past few years, including building a new fab to support it.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

And Scott, is that lack of visibility? Is that a lack of information you could share with us, as to your engagement with ST? Or is that a lack of really full clarity to you as to where your technology is going to be applied?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. I would say it's a little bit of both, Cody, because they don't report publicly about smart power products. What they report is as market segments, not technology segments, which is very common in the semiconductor industry, right? Your development teams work on technology segments and your marketing teams kind of work on market segments. And what they are reporting on market segments, so what we're likely to see is very strong crossover of this technology into multiple different market segments.

So as I was talking about earlier in my comments, we expect to see chip design starting that would be targeted at multiple different markets with multiple different requirements. So for example, higher voltage products may be for the automotive industry or 5-volt type of products for battery powered and consumer electronics or just analog sensors that might be used in the industrial space. But we -- what we don't know now -- so we're not violating confidentiality and because we just don't know, but we don't know where those designs will be coming from and what the potential volume of them will be.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

And I guess, how much more would you be involved? Will you be asked to be involved when it does get to be a productization stage?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. I think we may get less involved, frankly, at that point. Our big involvement is going to be right now, during the development phase, and then helping them to get the MST working as efficiently as possible as they go through their production line. But once they have a released PDK, for the most part, our support requirements, I expect to die down to very low. We may, and what I'd like to do is that we keep involvement with their design team so they understand all the benefits that they can get by using the MST. But I still think, for the most part, their engineers will understand it once they see it in the PDK, and they'll be able to do that without our help.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

And let me switch gears a bit to the RF-SOI progress that you discussed in your script. Can you just help us to understand your engagements? Is this more on an IDM basis? Or is this through foundry partners?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

It's both. We have very wide engagement on RF-SOI for most of the foundry providers and several of the IDMs as well. And the good news is there's not 100 players in this space. There are a handful, and we know who they are and we're presenting to them. So I do feel like, we've got good traction with the majority of the folks who will be out there producing products with RF-SOI.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

And I guess, from an MST standpoint, is there a potential for you to be incorporated in a current design process that they're working on today, that's delivering the products, delivering to customers. Or would it take or complete the bottom-up, reengineer, representation, requalification, recertification design wins, what [we get]?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. So Cody and -- redesigning any existing chip and requalifying it in almost any market is a challenge. My understanding of this base, which I did work in for quite a long time, is that it's more cellular in consumer electronics based. And so the design cycles are -- happen every year or even more frequently. And so if you come out with a new technology, you probably wouldn't redesign an older chip and try to requalify, you would design a new chip to take full advantage of all the new things that you've got going on and get that qualified to go in new phones or new consumer electronics products or something. And so I think that's more what we're looking at for the RF-SOI space.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

And then, Frank, I guess, if you can just talk about your liquidity position, \$20 million in cash, \$3.5 million a quarter burn. What are your options or your level of liquidity? And where are you comfortable with your cash balance?

Francis B. Laurencio - *Atomera Incorporated - Chief Financial & Accounting Officer and Corporate Secretary*

Yes. Cody, there's no change, really. We've -- I think we've addressed this in earlier calls. And this is about a level that we feel comfortable with. We certainly don't want to go significantly lower, but we were very light in terms of any capital raising in Q3. We're active in the market only on just a couple of days. And so that reflects, really, our confidence in what lies ahead. Obviously, at \$3.5 million, actually, our non-GAAP operating expense for the year at about \$16.5 million implies about \$4 million a quarter in terms of non-cash -- sorry, cash -- gross cash usage. And so going sort of too far below that 1 year is not something that we ever like to do.

Cody Grant Acree - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

Is there a baseline of stock price that you wouldn't want to be engaged in your ATM?

Francis B. Laurencio - *Atomera Incorporated - Chief Financial & Accounting Officer and Corporate Secretary*

No, we're never going to give that kind of guidance. I mean, obviously, we control what we can control, and there are sometimes things that happen in the market that will affect our stock price that are disconnected from the fundamentals in the business. But look, we often get asked about the

timing of making significant announcements, and we have on occasion and certainly, this is true with STMicro, open to a lot of speculation of why did this come right at the earnings call, and we signed the deal the day before the earnings call.

So we announced -- if we announced a transaction next week, that was a material event for the company, we would announce it then. And so I think that's been our disclosure practice, and it's not in any way kind of intentional. It's -- we'll get that information out there. And to the extent that, that is something that affects the stock price, well, that's a good thing. We can certainly control execution. But a lot of things that have happened in the market over the last 6 or 9 months, I think, have been very much across the industry and the stock market.

Mike Bishop

And just a couple of questions coming in on the Q&A chat. So first one is regarding STMicro. And the question is, how many epi tools in the initial installation of MST at STMicro?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes, it would be very typical for someone to install in just 1 tool for the development process. You can run a lot of wafers through 1 tool. They're not going to be pressed on capacity to be able to do those wafer level qualification or the silicon validation test that I talked about, that should be fine. As they go to production, then it will really depend on the ramp rate for what volume they need. But in all likelihood, they'll have to add a lot more machines as they get to higher volumes. But we -- yes, we don't have much insight into that right now. We do know that the first installation is on a single tool.

Mike Bishop

And a question about JDA 1 and timing. So -- and I think folks are judging if ST takes this long, what would timing for JDA 1 should they choose to go to production? What is it about? As long do you anticipate as it's taking STMicro? Or what are your thoughts on that?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

That's difficult to call because it depends where they slot in the technology in their development cycle. This is -- they're obviously working on their next-generation process. And so this would go into whatever that is defined as being -- and I don't know how far down the road they are with it yet. So if they're pretty far down the road and they slot this in, then it would be sooner. I think it would be fair to say though, all of them have to go through a similar type of process that we showed on STMicro where they have to do silicon validation, get to a final PDK and wafer level qualification and then take that to production. So it will be in a similar type of time frame.

Mike Bishop

And there was a question about JDA 2, and that is, you mentioned that there were new experiments being run. Does that indicate a shift to a new product area or a different focus? Or if it's the same area, why would you need additional runs or experiments?

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Yes. So JDA 2 is on a specific technology. We talked about that a while ago, and the technology has not changed. It's still the same focus area. Obviously, we had been working. We thought we were showing them some good improvements in that technology, but it obviously wasn't good enough to trigger the milestones that we had asked about -- that we had set forth in our initial JDA documents, which said if we can hit certain performance levels, then they would move forward with a full license and start the process of taking it to production. They never hit that. But we've

been able to show them, based on very recent test results we got with them, that there's a really great potential to hitting -- meeting or exceeding those targets. And so that's why we started the next round of experiments with them.

Mike Bishop

At this point in time, Scott, I'll turn it back to you for closing comments.

Scott A. Bibaud - *Atomera Incorporated - President, CEO & Director*

Well, I want to thank you all for attending today's presentation. I'm happy to share with you some of our recent progress in our potential in new technology areas. Please continue to look for our news, articles and blog posts, which are available along with investor alerts on our website, atomera.com.

We are planning to attend the Craig-Hallum Alpha Select Conference in a few weeks in New York City and the Benchmark Discovery Conference in December, and we look forward to seeing many of you at those events. Should you have additional questions, please contact Mike Bishop, we'll be happy to follow up. Thank you again for your support, and we look forward to our next update call.

Mike Bishop

Thank you. This concludes the Atomera Third Quarter Update Call.

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