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Mike Bishop

PRESENTATION

Mike Bishop

Hello, everyone, and welcome to Atomera's Fourth Quarter Fiscal Year 2021 Update Call. I would like to remind everyone that this call and webinar are being recorded, and a replay will be available on Atomera's IR 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 format with participants in a listen-only mode. We will open the call 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 & 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, 2022. 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 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*

Thanks, Mike. Good afternoon, and welcome to Atomera's update call for Q4 2021. We've had a very eventful 3 months capped by our recent announcements of an integration license with a foundry and progress on our JDA. If you've been following us for any length of time, you know that large semiconductor companies are not fast-moving, especially in a period of capacity constraints, which makes the momentum we're building even more impressive.

I would first like to discuss these accomplishments and provide some additional insights into the latest changes in the semiconductor market and how it impacts Atomera before turning the call to Frank to briefly review the numbers and outlook.

A week ago, we announced our fifth license agreement, an integration license with a foundry partner. This builds on the license agreements with AKM and STMicro, plus another unnamed partner and, of course, the JDA. Given the customary nondisclosure, we provided as much information as we are allowed to in the press release. Let me say, however, that we are very happy to be working with this foundry partner because they're very well known in the industry for bringing innovative technologies to market. We started our engagement with them some time ago, so they are already a Phase 3 customer.

Over the last year, they have used our MSTcad modeling software to unveil some compelling new uses of MST that may enhance some of their specialty processes. Once that advantage was made clear to them through our modeling software, they immediately took steps to start running MST on device wafers. Electrical results, which validate the modeling run by this new licensee, would be a breakthrough in performance that I think they would be extremely enthusiastic about taking into production.

We also hit a significant milestone in our JDA partnership with a large semiconductor manufacturer. Very recently, we were informed that we have passed all the technical specifications required to complete the JDA. While some documentation is required before the JDA is officially completed, our customer is satisfied that Atomera's technology meets their challenging requirements which validates the manufacturability and the effectiveness of using MST in a world-class fab. At this point, our focus for this customer will turn towards engaging with different business units or application areas within the company to have MST integrated into their devices and hopefully take into production.

As I have said in the past, if a business unit wants to use MST, the next step is for us to do integration work on those specific applications. While it is hard for us to predict the required time frame, these are the opportunities that we've been looking forward to over the last year. The completion of the JDA is a revenue-bearing event, so Frank will have more to say on that in our financial section.

As you can see from our engagement chart, we do remain flat with a number of customers last quarter. But during Q4, we have seen a significant uptick in the amount of activity by those customers inside Phase 3, and we believe this will continue over the next year as availability of R&D wafers and a focus on innovation returns to the industry.

We have heard feedback asking for more details of the activities within Phase 3 of our customer pipeline. Although we've considered several ways to do this, given the highly competitive nature of our industry, small disclosures by us about the details of our work can be extrapolated by knowledgeable players into competitive intelligence. I can tell you that within Phases 3 and 4, we have projects representing at least 6 different application areas. In some of those, we're engaged with many different customers working on very similar solutions. In others, the focus is on quite different specifications within a single broad application area and in some applications that may be only 1 or 2 customers. In each of these engagements, confidentiality is vital to our customers.

Our engineering team has got their hands full servicing the customer interest coming into Atomera these days. In the past, we've noticed an increase in interest by other semiconductor companies when new licensees are announced, and we think this trend is very helpful for Atomera to build our customer base in the long term.

In November, Atomera announced the availability of MST SP technology, which was our first design package ready for customers to adopt as a full transistor solution. We accomplished this by developing MST SP on our own wafers in our partner development fab so we can freely share all the designs and resulting data we generated. The detailed announcement and promotional materials were very comprehensive and gave us something we haven't had before: the ability to market our technology to potential customers without actually meeting them face-to-face. Although quite technical, the information was picked up by many different publications. As an example, I would point you to an EE Times article on January 26 called Quantum-Engineered Material Boosts Transistor Performance, which is available in the News section of our website. We hope this type of article will extend the reach of MST in the fabless semiconductor designers worldwide.

Market reaction to the launch has been quite good. We are seeing excellent incoming interest on this technology. We are hopeful that MST SP, which is targeted at 5-volt devices, will gain strong traction, will be introduced into new fab capacity being added at legacy nodes and will become a new standard for the industry. The economic benefit of this technology is very compelling for all members of the value chain, and we will continue to deliver that message until we get customers into production.

We also continue to see strong interest in MST focused at RF SOI, which is a technology fundamental to the success of the 5G cellular market. Atomera has a large body of simulation results in diffusion blocking data to prove that our technology will have significant performance benefits for RF SOI devices, which has led us to having multiple engagements underway in this area.

Earlier, I spoke about how our newest licensee used MSTcad to model a big improvement in device performance using our technology. This is an example of how MSTcad is becoming a more and more important tool for Atomera, especially in the earlier parts of customer engagements when

they're trying to understand how best to integrate MST into their products. MSTcad is a tool that sits on top of the market-leading industry TCAD tools made by Synopsys. So it's vital that we work closely with them as a partner.

Synopsys believes in Atomera because they understand the complex physics behind our film and how it can impact devices. In March, Synopsys will be sponsoring a webinar for their worldwide TCAD user base to learn about Atomera's technology and how MSTcad can be used to optimize transistors. We're very excited to leverage the marketing strength of Synopsys to bring our technology to a much wider audience.

During our last earnings call, we announced that we had reached formal acceptance of our new 300-millimeter EPI tool and had commenced MST deposition on wafers. I'm pleased to say that in the last 3 months, our EPI tools have been utilized for multiple customer wafer runs and the operations of these tools is meeting all of our expectations.

Now I'd like to provide some thoughts on the overall semiconductor manufacturing environment. Industry analysts seem to have a wide-ranging set of estimates for when capacity constraints in the semiconductor industry will start to dissipate, generally falling sometime from Q3 of this year into 2023. As you know, Atomera has been affected by these fab constraints in a few different ways. Essentially, when customers can't run wafers or add tools, they do not prioritize development that requires those resources.

I'm pleased to report that Atomera is currently engaged in a large number of different R&D runs with customers in Phase 3 of our pipeline. And we believe that this indicates the development pendulum is starting to swing away from dealing with supply issues and back to new technology development. As you can imagine, this is a very beneficial trend for us. We also believe it's a strong vote of confidence in Atomera's technology when companies with very limited R&D wafer capability are allocating it to development using MST technology.

We continue to see very strong CapEx growth by almost all players in the semiconductor industry. Inevitably, the most advanced nodes are getting a lot of that CapEx, but legacy nodes are now starting to get long overdue attention with capital directed towards building new factories or expanding production in existing fabs to correct long-term capacity issues.

Today's Intel announcement of the Tower acquisition is a good example of this type of investment. We believe this allocation of capital provides a very strong opportunity for Atomera since MST can uniquely enhance older nodes that have run out of other options. Our MST SP product is a great example of how our technology can be used to improve both performance and die size and, therefore, capacity in a legacy fab. We are at the beginning of an unprecedented period of CapEx growth in the semiconductor industry and, with that growth, come exceptional opportunities for Atomera.

I think you can agree that the last 3 months have been very productive for Atomera. Our company achieved several important milestones, including publicly announcing MST SP, reaching 300 patents granted and pending, inclusion in Forbes' list of Best American Small Companies for 2022 and, more recently, announcing a new license with a foundry and fulfillment of the technical milestones specified in our JDA. We are clearly entering 2022 with strong momentum, which is something we hope to carry forward through the remainder of the year.

Now Frank will 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 fourth quarter and full year 2022 results. This slide shows our summary financials.

Our GAAP net loss for the year ended December 31, 2021, was $15.7 million or $0.70 per share compared to a net loss of $14.9 million or $0.79 per share in 2020. Revenue increased by $338,000 from $62,000 in 2020 to $400,000 in 2021. GAAP operating expenses were $15.9 million in 2021, which was an increase of $960,000 from $15.0 million in 2020. Non-GAAP net loss for 2021 was $12.5 million and reflected $12.9 million in non-GAAP operating expenses. In 2020, our non-GAAP net loss was $11.7 million, the same as our non-GAAP operating expenses for that year.

Stock compensation expense, which is the largest component of non-GAAP costs, was $3 million in both years. Our press release and this slide contain a reconciliation between our GAAP and non-GAAP results.

In the fourth quarter of 2021, our GAAP net loss was $4.2 million or $0.18 per share compared to a net loss of $3.9 million or $0.19 per share in Q4 of 2020, reflecting higher operating expenses. Sequentially, the Q4 net loss in 2021 was approximately flat compared to Q3. On a non-GAAP basis, our Q4 2021 net loss was $3.4 million compared to a loss of $3 million in Q4 2020. The $3.4 million in non-GAAP net loss in Q4 was unchanged sequentially from Q3 2021.

Focusing now on the components of operating expenses. Our full year research and development expenses in 2021 were $8.8 million, an increase of $355,000 from $8.4 million in 2020. This increase was mainly due to the new EPI tool lease, which we started making payments on in August of 2021. General and administrative expenses increased to $6.2 million in 2021 from $5.6 million in 2020, mainly reflecting higher insurance and payroll costs. Sales and marketing expenses in 2021 were $986,000 compared to $921,000 in the prior year. Our cash balance at December 31, 2021, was $28.7 million compared to $37.9 million at the end of 2020. The $9.2 million decline over the year reflects $12.4 million of cash used in operating activities, offset by $3.3 million of cash received from financing activities. As of December 31, 2021, we had 23.2 million shares outstanding.

Last year, we recognized $400,000 manufacturing license revenue when we transferred our MST recipe to our JDA partner. The JDA also included technical objectives which, if achieved, would result in incremental revenue of $300,000 to us. As Scott mentioned, we have now completed those technical objectives and revenue recognition depends on receiving final documentation, which is likely to happen in Q2 of 2022, though it could happen in Q1, depending on our partner's internal process. Likewise, timing of revenue recognition under the new integration license is dependent on delivery of wafers and other factors. So our estimate is that revenue for Q1 will be between $0 and $25,000 and that the remaining JDA revenue will be recognized in Q2 of 2022.

Our non-GAAP operating expenses for 2021 were $12.9 million. At this time last year, my guidance for 2021 OpEx was a range of $14 million to $14.5 million, which was based on 2 assumptions that played out differently from what we have been expecting back then. First, we had assumed that we would accept the tool and start making lease payments on it in Q1 of 2021. As the year progressed, we provided updates on delays related to the tool and, ultimately, we only reached final acceptance in August. Secondly, we did not grow our headcount at the rate we originally anticipated. But now the lease payments of $150,000 per month are part of our baseline R&D expenses, and we are actively hiring, primarily in engineering. Based on these assumptions, we expect that our 2022 non-GAAP operating expenses will be in the range of $15.25 million to $15.75 million.

Earlier today, we filed a universal shelf registration statement on Form S-3 with the SEC. We had put up a similar shelf registration in 2019, and those facilities have a term of 3 years.

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. The successes Atomera is experiencing as we enter into 2022 are based on the solid and impressive work our team accomplished in 2021. Early in the year, we announced our JDA and the execution of our first manufacturing license. In parallel, we were busy creating strong positions in several specific technology areas, which we announced to customers over the year, including RF SOI, high-k metal gate, advanced nodes and, finally, our public release on MST SP. We solidified our development and customer support capabilities with MSTcad and our new world-class EPI facility, which gives us the ability to get customers through the integration process and to market more quickly than ever before.

Atomera's quantum-engineered technology is cementing its reputation over a broad swath of the semiconductor industry, and we hope to continue expanding it. We believe customers will take advantage of the upcoming industry investment cycle to incorporate Atomera's technology and expand their competitive advantage in the market.

Inside Atomera, both our management and engineering teams are optimistic. You can count on us to continue this momentum throughout the year to establish Atomera as a technology licensing leader in the semiconductor industry, and I will look forward to sharing those successes with you in the future. Mike, we'll now take questions.

QUESTIONS AND ANSWERS

Mike Bishop

Okay. Thank you, Scott. (Operator Instructions) So right now, our first question comes from Richard Shannon of Craig-Hallum.

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

All right. There we go. A lot of good stuff to ask about here. Let's see here. Let's start with the JDA where you said you met all of the technical requirements. So I guess I'd love to understand and characterize what happens next year. Obviously, we've got a constrained environment here from a test point of view with these business units you talk about. How fast could we move with any particular business unit towards a more complete agreement and getting to production there? And what do you think is more realistic in this environment?

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

Yes. Thanks, Richard. I'm pleased to share a little more details on the JDA. So when we entered into the JDA, the way it was structured, central engineering group had said they're going to evaluate our technology for a number of things, importantly, for manufacturability and for how well it actually performed in doing the things that we have been saying it could do. And so they wrote some specifications, and they said, "When you guys pass those specifications, then we can start sharing your technology with different business units." And so what's happened now is that we've actually officially passed those specifications. Now we did not officially complete the JDA, which is a paperwork thing, but the important thing is our technology has been proven to do what we said it would do.

Now we'll engage with different business units, at least I hope we will, that's our intent. We're starting to talk to some about integrating MST. And when they do that, we'll start going through a normal integration process like we do with many customers where we help them figure out how to put our technology into their designs, and then they will probably run wafers to see what the impact is.

The time frame for doing that is always hard to predict. But I can say, in the case of this JDA, the customer has got MST installed in their factory. So it should be much faster for them to perform integration than it would be for a customer that's flying wafers around the world to get MST deposited by us and then sending them back. That can put months of delays into the process. So it could be fast if they moved very quickly. Yet, like I said, the integration phase is very difficult to predict. But once it got into the next phase, which would be where it was in production qualification, we think that takes 9 to 12 months and then could get into production from there.

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

So with this JDA customer having MST installed, how many cycles can they do a year? I mean can they do 3 or 4 or even more nonoverlapping cycles? Or is it not that optimistic?

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

They can do cycles very quickly. It's hard to say, Richard, because, as you know, like in older process nodes, it might take just a couple of months to run through a full cycle. In the newest process nodes, that can take a very long time. And so we're not exactly sure where they will be using this and, hopefully, they'll be using it in multiple different areas.

But just to give you an idea about how much time they would save, when sending us the wafers, normally someone, it probably takes 2 months to take the wafers out of your fab, package them up, send them to us. We do all of our testing and make sure everything's nice and clean. We do MST depositions, package it all up, send it back to them. They have to do a whole bunch of testing to make sure everything is clean and not

contaminated and then find time to slot it into their production line. That whole process I just talked about can take 2 months, sometimes even 3 months. But since MST is installed in their factory, it can literally take half an hour or less for them to deposit MST and continue moving it down the line. So it can save a lot of time.

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

Okay. Fair enough then. Scott, I may have missed this, but I know on the last call, you talked about kind of expanding JDA pipeline. Can you characterize the pace in the last quarter?

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

Yes, Richard, you're right. I didn't talk about that on the call so you didn't miss it. I'll continue to say the same thing. We still have a number of JDA customers that we are continuing to talk to, and we are hopeful that those will turn into actual JDA agreement sometime over the course of this year.

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

Okay. Let's jump over to the foundry license you announced last week. I know you haven't given much detail other than announcing it's a foundry. I think you said in your prepared remarks, it is a customer that has been in Phase 3 for a while. Did I catch that correctly?

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

That's correct, yes.

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

Okay. Can you characterize how long you've been engaged with them in any way to help us think about this?

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

Yes. I would say we've been engaged with them for a few years now. And we've done some experiments, so kind of more of a proof of concept experiments. And so now, as I talked about in the script, they did a bunch of work on our MSTcad tools focused on one particular applications area they got very excited about. We are talking to them about multiple different applications areas as well.

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

Okay. And this is your first foundry license that I recall, please correct me if I'm wrong there, but maybe you can talk about the broader foundry environment and receptivity that you're hearing, especially as you've announced this foundry customer.

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

Yes. It is the first time we've said that we've had a license with a foundry. And so yes, let me address that a little bit. Foundries are interesting. Obviously, if our technology is adopted by a foundry and made a standard process, it opens the door to fabless design companies around the world designing chips that can be used in our process, and that's quite exciting to us. What we found in the past is that some foundries are resistant to making a lot of changes to their own processes unless there's an end customer that's bringing in the demand for that. And so whereas if you

can get a foundry to adopt your technology, it's a massive opportunity. But sometimes, it's harder to get them to adopt it, unless you bring a lead customer with you who's very interested in your technology and kind of says, "Please take the stuff on."

One of the reasons why when we talked about our MST SP public announcement and the rollout we did in November, that's so exciting, because it's starting to go out to fabless designers so they can learn what they would get from MST SP. And then they can go to their foundry partners and tell them you need to adopt Atomera's MST technology so we can get these benefits.

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

Okay. Are you trying to draw a line between MST SP and this foundry license, Scott? Or are you just noting that general opportunity?

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

No, I'm not making any connection whatsoever between the 2.

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

Okay. Fair enough. My last question, I'll jump out of line here, Scott, and I may not have caught your comments directly here, but I think you said you're pleased to report that you've done a large number of R&D runs with a lot of companies in Phase 3. I think it's towards the end of your prepared remarks. Can you help us understand kind of the scale of improvement either in terms of number of wafer runs or customers doing this or just more detail behind that comment?

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

Yes. So in this period of the capacity constraints, probably for 1.5 years now, we continue to work with customers and we'd be working with them on MSTcad and planning and other things, but their ability to start wafers has been quite constrained. So maybe they would say, "We have this great idea we'd like to explore. But for the time being, we just can't run wafers to do it, so we'll have to do it through other engineering analysis." Suddenly, in the last 3 months, 3 or 4 months, I'd say, we started to see that shift across a number of different customers where they're suddenly saying, "Okay, we can run wafers now. We want to run wafers quickly." So as I mentioned, our EPI tools, all of our EPI tools, are being well utilized now, many of them for customer runs on R&D line. So we view this as a little bit of a barometer of the industry, as I said in my remarks, not only having a little bit more room to be able to run R&D wafers but also starting to really get more serious thinking about product innovation instead of just trying to solve capacity issues.

Mike Bishop

Thank you, Richard. Now I will aggregate some questions coming in from the audience. (Operator Instructions) So the first question that I have rolling in is, can you give us an update on the prior licensees? We mentioned in the press release that we've got 5 now licenses that we've announced. And just the question is, can you provide an update on some of the prior ones and how the progress is going there?

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

Yes. So obviously, we can never give kind of detailed results on our licensees, but I can say that we continue to work actively with all of our existing licensees and planning and running wafers with them with one exception. And that, I have talked to you guys about before, is our Japanese licensee AKM. A little more than a year ago, they had a fire in their factory and they're still recovering from that. And so their R&D efforts have really been put on hold for the time being. We do have an agreement with that customer that when they're recovered, then they'll start those EPIs back up

with us, and so we'll start going again. Otherwise, we continue working very strongly with all of our existing licensees and hopefully moving closer to production all the time.

Mike Bishop

And another question here is, do you see traction more coming from legacy semi? Or are you seeing traction from fabless semiconductor companies as well?

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

I would say we're seeing a mix. Our sales efforts have been focused around IDMs and foundries in the past. So I would say the majority of the work we're doing is there, but we're starting to see more and more work going on with the fabless semiconductor companies. And it's a focus that we're going to try to expand. One thing to just understand is that the universe of interesting IDMs and foundries is probably 50 or less companies. And so we do have a good ability to reach out there with our direct sales team and be able to address them. The universe of fabless companies is in the hundreds, 300, 400 different companies. And so it's a little more challenging. And that's one of the reasons why we're trying to use broad-reach methods like public relations and articles and journals and things like that. So we'll combine that with our direct sales force efforts as well.

Mike Bishop

All right. And then, Frank, a question for you about the SEC form that we filed. Can you give us a little bit more detail on the shelf registration and if there's any plans?

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

Yes. I'm happy to do that. So we had a shelf registration statement that we filed in 2019. And under the SEC rules, the S-3 registration statement has a life of 3 years. So I consider it just good practice to always have an available shelf registration statement to take advantage of opportunities if we see them. So it was just a question of renewing that facility right now.

Mike Bishop

Okay. And a high-level question here, at what point is a JDA classified as Phase 5? And what does that look like and mean?

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

Yes. Regardless of whether it's a JDA or a licensee, Phase 5 is when a customer enters process qualification. And that's a pretty well-defined term in the semiconductor industry. If you have a new manufacturing process that you're going to take to production, you have to run it through a series of tests to test all the many corners of production variation you might be receiving with your tools. That takes a while to do. In our experience, it takes from 9 to 12 months. And it's a relatively expensive process. So if a semiconductor company enters into process qualification, they're almost always going to take that process to production.

Obviously, one of the most important steps for our customers to take before they go to production is to enter into process qualification, whether they're a straight licensee or a JDA partner of ours. So as they enter into process qualification and get serious about selling the product, we need to be finalizing negotiation of our distribution license with them, which would give them the rights to sell products using our technology and would also define the royalty rates that we'll be receiving with them. So if we were able to close one of those distribution licenses, obviously, that would be very big news, and we'll be letting you know about it as soon as possible.

Mike Bishop

Okay. Great. Thanks. And then a question about the new licensee, given that it's a foundry, did one of their customers lead you to the foundry? Or did you approach the foundry directly? And adding on that, do you have to do separate license agreements with the end customer through the foundry?

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

Okay. So first, on this particular foundry, we engaged with directly, as I mentioned a few years ago, and have been exploring a number of different areas with them. Although we also have spoken with some of their customers. But if the question is who was responsible for kind of initially getting us in there, I would say it was direct to the foundry.

And the last part of the question, Mike?

Mike Bishop

It was whether there's a separate license agreement with the end customer.

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

That's a great question. There's actually some technical structures where there would be a license with both the fabless customer and with the foundry that they use. But in most cases, the vast majority of fabless semiconductor makers use a process that's owned by the foundry. And in that case, the foundry would have a license with us to manufacture and sell their own foundry process. In the case where a fabless customer might have a proprietary process, their own proprietary process running at a foundry, then they would be a licensee with us and so is the foundry.

Mike Bishop

Okay. And our last question talks about MSTcad, if you've seen an uptick of activity with MSTcad and what metrics do you use to determine, whether the MSTcad is impactful and hit the penetration into the market.

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

Yes. MSTcad, we definitely have seen a lot more customers come in. MSTcad is definitely not like a generally off-the-shelf product. It's extremely technical. And we made it and continue to make it easier to use, but it does require a lot of handholding by our team to help them get the technology properly integrated into their TCAD stack and to interpret the results. And we're constantly improving that and making new releases that improve the usability of it. But I can tell you that our engineering team is supporting more and more customers, and I don't think, at this time, it would be possible for customers to be playing with MSTcad without working with us. So yes, we have pretty good metrics on how many customers are using it and what they're using it for, and we're very pleased with its uptick.

Mike Bishop

Great. And Scott, feel free to proceed with any closing comments you may have.

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

All right. Mike, thanks. And thank you all for attending today's presentation. it's really been good to be able to share with you some of the information on our recent efforts and to give you a feeling of the enthusiasm we are experiencing inside Atomera. Please continue to look for our news, articles and blog posts to keep you up-to-date on our progress. You can sign up for them along with investor alerts on our website, atomera.com. We look forward to seeing some of you during our scheduled marketing activities. Should you have additional questions, please contact Mike Bishop who'll be happy to follow up. Thank you again for your support, and we look forward to our next update call.

Mike Bishop

Thanks, Scott. And at this time, this concludes the webinar for today. Have a good evening.

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

Thank you.

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

Thank you.
