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Mike Bishop

PRESENTATION

Mike Bishop

Okay. I think we're ready to begin. Hello, everyone, and welcome to Atomera's Fourth Quarter and Fiscal Year 2020 Earnings Webinar. I'd like to remind everyone that this call and webinar are being recorded, and a replay will be available from Atomera's IR website for 1 year. I'm Mike Bishop with the company's Investor Relations.

We are obviously changing things up a bit this quarter, using Zoom, but we will follow a similar format as prior quarters 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. We will then 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 risks and 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 prospectus supplement filed with the SEC on September 2, 2020. 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, and welcome all of you to our Q4 update and 2020 review using our new Zoom format. As you know, we've had some very notable progress over the last 3 months, and I'm excited to share more details with you. Our work is ongoing in the context of an industry-wide turnaround that has been remarkable from this past spring time when semiconductor companies pulled back out of caution to an environment today that is exceeding all expectations. In periods like this, where manufacturing lead times increased due to capacity constraints, we sometimes see customers limit or restrict access to R&D runs since production lots become so precious. But as of today, we do not see that in our customer base. Instead, we continue starting customer and R&D wafer runs and holding regular detailed technical meetings at the same pace as before the pandemic. We now believe visit to customer facilities will start happening again later this year, but for now, they remain restricted.

With so many industry players reporting strong financial results and outlooks, we believe customers will be working even harder to find ways to enhance their products, which will provide a positive tailwind to Atomera. Although restrictions on travel during the pandemic have affected

Atomera's ability to add new customers to our pipeline, as you can see, our customer base continues to be large and broad-based. Our highest priority, therefore, is to move existing customers through the phases towards production while adding new ones as a secondary objective. We do believe that MSTcad will be an effective tool to add new customers even without face-to-face meetings. Our recent release of MSTcad has gotten a good response from the industry with several companies starting to look into the modeling capabilities. Today, we have 25 engagements with 19 customers, several of whom have multiple engagements underway. We are also in discussions with new prospects that are not currently in our pipeline.

Our licensees continue to move forward towards commercialization with MST, and we have several other Phase 3 customers who we hope will move in that direction soon. That being said, Atomera works at very large companies in an industry that can move quite slowly, even when excited about a new technology. We have consistently said in the past that Phase 3 is very unpredictable, which makes it impossible to provide guidance on when the next deal, be it a JDA or a standard license, will occur. In January, we were able to announce a newly completed JDA with a major semiconductor company who is one of our existing Phase 3 customers. This is evidence of Atomera delivering on a critical step towards commercializing MST. This JDA will result in the first customer moving to Phase 4 since our agreement includes a manufacturing license, which gives our customer the right to install our process and deposit MST on wafers in their own fab.

As you can see, our pipeline does not yet show them in Phase 4 because they have not met our strict criteria yet. For a customer to enter into Phase 4, we must have delivered to them our MST IP transfer package, which is typically done when the customers' tool is properly configured and we have received payment. At that point, we will update the status on our customer engagement chart.

Atomera believes that working with some customers in a joint development format is one of the most efficient methods of achieving breakthrough results for 3 reasons. First, in some of our engagements, the team that's evaluating our results can review -- can view our efforts as competitive to their own. In a JDA, our 2 engineering teams work together to achieve mutually beneficial goals, which is far more productive.

Second, joint development efforts are concentrated in a small, centralized engineering team, which will become the customer's resident experts on MST technology. We believe these highly capable teams will do more than just adopt MST, they will customize it and add modifications on top of our license technology, creating a unique competitive advantage for themselves. We support these efforts wholeheartedly and believe it will make MST and our customers more successful in the long run.

And finally, as business units consider adopting MST, they will look to these residents experts who will act as natural internal resources for Atomera's technology. We hope this will allow MST to proliferate more quickly to the customer's organization.

Now let me explain how this JDA fits into the big picture. In a non-JDA customer, Phase 4 would typically take about 3 to 6 months to complete, followed by Phase 5, which we expect to take 9 to 12 months. Customers do not typically enter into Phase 5, unless they are sure they will go into production since it is expensive and requires a lot of resources. In a JDA, we expect customers to be in Phase 4 longer, but when completed, business units adopting MST should be able to move more quickly through Phase 3 and directly into Phase 5. Each business unit that adopts MST for a distinct process technology represents a separate revenue opportunity as each must enter into manufacturing and distribution licenses with us, potentially opening up multiple royalty streams if they go into production.

Our first JDA is a major milestone in the history of Atomera. Negotiations have been moving slowly all year, but picked up considerably in November, and the final contract was signed at the end of December. It is gratifying to be working with a company which has such a great reputation for innovation. After evaluation of our technology over the last couple of years, they saw enough potential to take it to the next level, and we are excited to show them everything MST can do.

Beyond the business opportunity with this customer, the JDA announcement was important in other ways. It signals to other industry leaders that they should be working with us, and it proves that at least for certain type of customers, a JDA is perhaps the best way to engage with Atomera. We do expect each JDA to be unique, but our first one has established a structure of IP protection, license grants and fees that will form a baseline for future negotiations with other companies.

In December, we were able to announce the general release of our MSTcad V1.0 modeling software. Our customers use this tool extensively to model chip performance given planned changes in design and construction of a wafer. Obviously, adding the ability to model MST is invaluable to our customers and will help accelerate adoption of the technology. I'd like to take a minute and explain how.

In Phase 3, we confront the most complex part of integrating MST into a customer's process design, which is understanding the integration of MST with the manufacturing steps surrounding our material. As an example, let's just look at a single step, the implant of dopants into a transistor. Multiple different species of dopants, such as boron, phosphorus and other elements, can be implanted before or after deposition of MST at different energy levels, angles, in different regions of the transistor and then are activated using a wide variety of temperatures, times and annealing methods. For this one step alone, there are thousands of permutations that could be used with different levels of effectiveness. Experienced integration engineers can make their best guess on a set of combinations and design experiments to test them, although they are always limited in the number of combinations that they can try.

MST allows us to assess the different options much more accurately prior to running silicon and narrow the set of experiments to only those most likely to succeed, which can reduce the number of experimental wafers in the development cycles. We believe this will help to accelerate our time to successful results with customers.

Customer reaction to MSTcad release has been positive, and we believe as we introduce it to more companies, it will allow for a lower cost option of evaluation of MST prior to running wafers. This should have the effect of speeding customers into our funnel and increasing our market reach. Since our last call, we've also made good progress, both internally and with customers on both MST SP and RF SOI. Our improved ability to combine MSTcad modeling with internal wafer runs has helped us bring both technologies closer to production worthiness.

Today, we are witnessing growth of a new market in the rollout of 5G cellular. MST SP is targeted primarily at products that are battery-operated, and RF SOI brings new design options for 5G front ends. As the large manufacturers of 5G cellular devices seek out ways to achieve competitive advantage, Atomera's MST will be one of the options that can provide them with a leg up. This is the type of market transition which allows new technologies like ours to get a foothold and start expanding.

EPI deposition work by Atomera engineers in our new facility has been underway for the last few months, allowing us to get a running start qualifying MST on our new EPI tool. We are very excited to take full possession of this instrument so we can accelerate our customer work on both 300- and 200-millimeter wafers with a fully state-of-the-art setup. A single tool that supports both 200- and 300-millimeter wafers is certainly not industry standard. While that gives us unprecedented flexibility to meet our development activities, it has also put up some challenges in the installation since many of the fixtures needed to be custom-made. Typically, we expect a 200- or 300-millimeter EPI tool to take approximately 3 months to be qualified to produce MST wafers. This one has taken much longer since it will support both wafer sizes. At present, we're down to the last few punch list items before our compliance to specification test can be signed off and acceptance approved by Atomera. At that point, we will take full possession of the tool, start paying on a lease and commence work on customer wafers. We expect that to happen soon.

Regardless of the installation delay, we continue to be excited about the opportunities the 300-millimeter tool will open to Atomera. Today, greater than 65% of the semiconductor industry revenue is driven by 300-millimeter wafers. Since the advanced nodes use this larger size, we will gain access to the higher ASP, and therefore, higher royalty segment of the market.

It's worth taking a moment now to review some of our accomplishments in 2020, a year most of us otherwise would rather forget. After getting off to a strong start with some great technical results on MST SP, RF SOI, matching and other areas in Q1, we were hit with a pandemic-induced slowdown. Our engineers had to vacate the office, but they certainly didn't stop work on customer and R&D activities, continuing to generate breakthrough results that help to achieve successes we will reap going forward. The first and most important of which is the execution of our JDA with a market leader in the semiconductor space.

Across a wide variety of technical areas, we made strong progress, but we also took the pandemic as an opportunity to build company infrastructure to position ourselves for long-term success. First, we acquired and have almost completed a 300-millimeter EPI deposition facility, which will give us reliable access to a resource we've badly needed since the founding of our company. Our engineering team delivered on MSTcad, an incredibly

complex tool, which opens up MST to many more players and will accelerate our time to market. We dramatically improved access and information on the company through a new website, which both potential customers and investors seem to greatly appreciate.

Innovation is critical to Atomera, and one way to gauge innovation is to look at our patent portfolio metrics, which we had great success growing in 2020. Our patent count is now up to 269 granted and pending, which is a 17% increase year-over-year. Even more impressive is that we are up 46% over the last 2 years, which show how we continue to build the value of our company in core MST patents, along with the devices and next-generation architectures MST enables. Since our technology is discoverable in end customer chips, our patents can be defended, making them more valuable. And since we also licensed know-how, which has no expiration date, our licenses will have plenty of running room. The bedrock of any great licensing business is its patent portfolio, and I think you can agree that Atomera has taken strong steps to solidify that foundation.

Finally, I would point to the closing of our ATM funding facility in January, which has given us the strongest balance sheet in the history of our company, enabling us to aggressively execute to grow our business.

All of these pieces have come together at an advantageous time. Our customers are growing rapidly, are flushed with cash, looking for competitive advantage, and we are ready to help them. Our team is confident that 2021 will be a breakout year for Atomera. The tools are in place, and our technology position is solid. With hard work, continued innovation and a strong focus on execution, we are now truly well situated to create an amazing future for Atomera.

Now I will turn the call over to Frank to review our financials.

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

Thank you, Scott. At the close of market today, we issued a press release announcing our fourth quarter and full year 2020 results. This slide shows our summary financials, and I will now review them in more detail.

Our GAAP net loss for the year ended December 31, 2020, was $14.9 million, which is $0.79 per share compared to a net loss of $13.3 million or $0.84 per share in 2019. The larger net loss in 2020 was due to higher GAAP operating expenses and lower revenue. On a per share basis, net loss declined as a result of an increase in weighted average shares outstanding to 18.8 million shares in 2020 from 15.9 million in 2019. Revenue in 2020 was $62,000 compared to 2019 revenue of $533,000. GAAP operating expenses in 2020 were $15 million, an increase of $1.1 million from 2019 operating expenses of $13.9 million. This increase was primarily due to increases of $676,000 in research and development, $421,000 in general and administrative expenses, while sales and marketing expenses were flat.

Our press release in this slide contain a reconciliation between our GAAP and non-GAAP results. As has generally been the case for us, the biggest difference between GAAP and non-GAAP expenses is stock compensation, which is a noncash item. Our stock compensation expenses were $3 million in 2020 and $2.9 million in 2019. Non-GAAP adjusted EBITDA in 2020 was a loss of $11.7 million compared to a loss of $10.7 million in 2019. Since stock compensation expense did not change significantly between the periods, the factors affecting GAAP and non-GAAP expenses are basically the same, and my discussion of operating expenses is based on the non-GAAP numbers.

Non-GAAP R&D expense was $7.3 million in 2020 compared to $6.9 million in 2019, an increase of approximately $367,000. This was primarily due to an increase of $509,000 in payroll and related expense based on adding 3 headcount in engineering, offset in part by a $216,000 decline in travel expenses due to COVID. Non-GAAP G&A expense increased by approximately $500,000 to $3.7 million in 2020 from $3.2 million in 2019, primarily due to higher legal expenses, which mainly related to filing new patents and maintaining our patent portfolio. Lastly, non-GAAP sales and marketing expenses were basically unchanged at $769,000 in 2020 compared to $820,000 in 2019.

Turning now to our quarterly results. GAAP net loss in the fourth quarter of 2020 was $3.9 million compared to $3 million net loss in Q4 of 2019. The higher net loss was primarily due to an increase of $662,000 in GAAP operating expenses as well as a decline in revenue from $138,000 in Q4 2019 to 0 in Q4 2020. GAAP net loss per share was $0.19 in Q4 2020 compared to a loss of $0.18 per share in Q4 2019, reflecting our higher net loss,

partly offset by the higher share count. Non-GAAP adjusted EBITDA in Q4 2020 was $3.0 million compared to $2.4 million in Q4 2019, also reflecting higher operating expense and lower revenue.

Cash balance at December 31, 2020, was $37.9 million compared to $14.9 million at the end of 2019. Cash use in 2020 reflects $12.1 million used in operating activities and the receipt of $35.3 million from financing activities. Cash refinancing includes net proceeds of $24 million from our at-the-market or ATM equity program that commenced on September 2, 2020, $9.4 million of net proceeds from our public offering in May 2020 and $1.9 million of proceeds from exercises of warrants and options. On January 5, 2021, we announced the completion of the ATM program, which resulted in the sale of 2.2 million shares with net proceeds to us of $24.2 million after commissions and expenses. As of December 31, 2020, we had 22.4 million shares outstanding.

As Scott mentioned in his remarks, our JDA includes the grant of a manufacturing license and will generate revenue for Atomera. Consistent with past practice, we are only providing revenue guidance for this quarter. We anticipate that our Q1 revenue will be $400,000 based on payments under the JDA. However, the recognition of this revenue will depend on future events and therefore could slip from Q1 into Q2. The JDA includes other milestones that could result in additional revenue in later periods, but we're not in a position to forecast the timing or likelihood of those milestones.

During 2020, our operating expenses were lower than we had forecast at the start of the year, mainly due to delays in reaching acceptance of the new 300-millimeter EPI deposition tool. Although we]not have yet reached that final acceptance step, which triggers the commencement of lease payments, we are very close.

Our guidance is non-GAAP operating expense in 2020 -- in 2021 will increase to a range of $14 million to $14.5 million. The main drivers of this increase will be 300-millimeter tool costs, higher engineering headcount and higher G&A expense as we become subject to additional reporting obligations.

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. I'm happy to have this platform to share with you how well positioned Atomera is going into 2021. We are very excited about starting work with our JDA customer and proving ourselves with MST SP, RF SOI and other technologies. Our new MSTcad and world-class EPI deposition tool give us the ability to get customers through the integration process and to market more quickly than ever before. Atomera's quantum-engineered technology is becoming more well-known over a wider set of players in the industry, and we hope to continue building on this success.

Inside Atomera, both our management and engineering teams are optimistic. Count on us to keep generating outcomes like those achieved up to today, and I look forward to sharing the results of those efforts with you in the future.

Mike, we will now take questions.

QUESTIONS AND ANSWERS

Mike Bishop

Okay. Thanks, Scott. At this point, we'll move on to questions. (Operator Instructions)

In the meantime, our first question comes from Cody Acree of Loop Capital.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

Congrats on the progress. I know that 2020 is a difficult year for everyone, but it does feel like this year is better positioned.

I guess, Scott, when you talked of the semi industry shortages not having really an impact to date, I guess is it proper read of that is that maybe your customers are not as close to signing the license and so there wasn't as much to put off? Because it sounds like the final steps are more intensive and it could be that the shortages are not close to entering the production line where capacity is so constrained.

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

I don't think that is the right way to think about it, Cody. So whenever we get into this type of situation, and we've been in a few times before in the company's history, where the engineering team are working with the customer is excited and wants to do another set of wafer runs, then they kick it to the factory and the fab managers say, "Sorry, I just can't let you put any R&D wafers in," or they tell the engineering team, "In this month, you can only put through, say, 50 wafers, and you have to choose the most important ones." So we're always watching for that in this type of market environment.

The good news is, so far, our customers who have tried to start new wafer runs have been able to successfully get them into the fab, which means either that the fab is still making room for lots of R&D runs or more likely that they view our technology as one of the more compelling things they want to continue working on in this time of kind of shortage.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

And I guess when we speak of shortages, specifically maybe in the automotive market, I know you haven't given us much color as to what your licensees are focusing on, but I think you started with a heavy emphasis on analog and that's where we're seeing a significant amount of shortages. Are there things that you can do to help your customers to speed time to market? Or is it just too late for this cycle? If they're not signed up and ready to go, it's too late to impact?

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

Well, I would say looking at the long-term growth prospects for the semiconductor industry, although we're going through a very big growth spurt right here, it still looks like growth will continue very strongly for the next several years. And one of the things that's being experienced by the automotive industry, as you said, they're having shortages on these analog products among others. But really, I think one of the big things holding them back are the analog solutions. They tend to be manufactured on older production nodes that are using 200-millimeter wafers.

Now the challenge there is that people built these factories for 200-millimeter wafers decades ago, and they don't -- they can't expand them anymore very easily. And even if they could build a new fab, they have a hard time getting a supply of the processing tools that are needed to make 200-millimeter wafers because it just not made anymore. Everybody is using 300-millimeter.

So one of the things that MST can do is we can actually take a product designed on a 200-millimeter wafer, and we can help them improve the performance to a point where they could shrink the devices, maybe get something like a 20% or 25% shrink opportunity. What that means is that every single wafer would be able to make 25% more capacity. So for a manufacturer, that means it could get 25% more capacity out of a fab without having to add a whole bunch of new equipment and so forth.

So yes, I would say this is something that it's not going to probably help the manufacturers in the very near term. But long term, I think it's going to be a continuing problem, and our technology really provides a good solution for it.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

On that end, are there customers in your pipeline that you believe are far enough along in the process that they could move to implementation quick enough that they could actually impact their production capacity shrinks, no short-term deal?

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

Yes I think it would be hard to do it on a really short-term deal, but in medium term, definitely possible.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

Okay. Okay. The 4 licensees you have and notwithstanding the JDA here, you've talked about that, I think, can you just talk about the progress you've seen in the other 3 or maybe your customers as a whole? You haven't given us a lot of color after you signed them up. What's happening within those?

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

Yes. I mean it's a bit challenging what I -- because the progress they're making, they certainly don't want to make public. One of our customer -- 1 of our 3 licensees, I think I mentioned before, had a fire -- AKM had a fire in one of their facilities, and that has slowed them down. They still are committed to our technology and are working with us, but they're in a bit of a scramble trying to move production facilities and other things.

For the other 2, work continues very strongly, and we have regular meetings with them. And hopefully, we're moving to the point where we'll get to next step with them soon.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

And then just 2 quick ones. What was the delays that are still holding up the EPI tool acceptance? We've been dealing with delays for a few quarters now. So it sounds like you're getting close. But can you maybe talk to the delays?

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

Yes. I mean it's really a bit of a challenge so -- and I don't want people to extrapolate on this, what would happen in the production facility. We're talking about a very, very complex lab setup that would have the EPI tool as well as all of the associated supporting equipment that will go with that, including cleaning benches and advanced metrology tools and other kind of wafer handling equipment, all of it, like almost every factory in the world is either set up for 200 millimeter or 300 millimeter. So there are very well-established supply chains for equipment that goes into the 300-millimeter tools -- fabs that clean wafers, for example, and measure them and other things and for 200. But now what we're trying to do in this lab is build a single lab that can do that on a single tube that supports both 200 and 300 millimeter.

So we've had to -- the suppliers have had to make some custom tools, a lot of custom software to make kind of the robotics work properly and everything. And we have had a number of setbacks in getting to the absolute final acceptance level that we wanted to get to before we can take possession of the tool.

So bad news is we haven't taken possession, which will give us total control over it. The good news is, ever since November, we have actually had our engineers in there working on the new tool. It might not be perfect, but we've been able to run wafers and do a lot of bring up of the tool so that when we do finally take possession, we'll be far down the road towards full qualification.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

Great. And do you expect that full qualification in the first quarter?

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

I would say it will be soon, and I'm a little gun-shy about predicting because I predict a few times now. But really, like I said in my prepared remarks, we're in the final punch list. I would hope that, that would happen this quarter, but I wouldn't -- I mean there's a chance it can move to next quarter.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

Okay. Lastly, then. You had given us quite a bit of color in 2020 ahead of the JDA signing that you had a customer that you were optimistic of, and it was moving along, and you couldn't tell us much, but we could sense your excitement about this customer. Is there anybody moving up into that position in your mind as to the next possibility?

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

Yes, Cody, I appreciate the question. I think it's something that we have a very hard time predicting. I would say that I have a number of customers who are very happy with where we are in our technology, and we hope we can move them to the point where they would execute with JDA or a license, but we're just not forecasting when that would happen at this time.

Mike Bishop

Thanks, Cody. Our next question comes from Richard Shannon of Craig-Hallum. Richard, if you're there, go ahead.

All right. Maybe we'll come back to Richard. I think his line is muted.

So for the time being, we do have a lot of questions on the Q&A. One of the questions comes from [Dan Meyers], and he asks, is your technology suitable for logic, DRAM and NAND? And if not applicable to those, can you please discuss TAM very broadly with respect to those 3 categories?

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

Yes. Short answer is we know our technology is applicable to logic. I may have spoken in the past about how we've done some work to show that we believe we can deliver a 30% improvement in switching speed at 28-nanometer node that some -- we hired a third-party to do some simulation work on that for us on top of some silicon work that we have done ourselves, and we're actively out trying to talk to the industry about that result.

Yes. So switching speed improvement is logic. So it definitely shows an improvement in logic. We also have had a focus on DRAM for the last few years that we know that we can bring some significant performance improvements in DRAM.

NAND is something that we haven't investigated that deeply. I think what typically -- we don't like to claim that we have advantage on some unique circuits until we have experience that we actually -- we've done the work to make that claim. And I would say that on flash memory, we haven't done that much work, although there have been -- we do have a few employees who used to work in flash companies, and they believe that there would be some advantages we were going there as well.

Mike Bishop

All right. And then, again, a lot of questions on the JDA. Can you update us on the pipeline or when you expect a Phase 4 or the next JDA? And Cody touched on this a little bit already, but maybe answer [Stuart Miller's] question.

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

On the Phase 4, in my remarks, I mentioned, we'll show a Phase 4 when we deliver our IP to this first JDA customer. I think it corresponds closely with Frank's comments on revenue. We expect -- we probably expect it to happen this quarter, but it will happen near the quarter edge. So it could go into next quarter, but not very far away.

And on other JDAs and licenses, yes, as I said earlier, I don't think we can make a comment on the forecast for those at this point.

Mike Bishop

All right. And maybe this one from [Peter McCarron] for Frank. What revenue did you say you can expect from the JDA?

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

Yes. The guidance that we gave is -- for Q1 is $400,000 and that there are subsequent milestones in the JDA that could result in additional revenue beyond that in future quarters.

Mike Bishop

Okay. All right. Okay. I think at this point in time, unless Richard has come back, which I don't think he has, I think at this point in time, we'll turn the call to Scott for closing remarks.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

Mike, it's Cody.

Mike Bishop

Okay. Go ahead.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

Could I just sneak one in here then?

Mike Bishop

Sure.

Cody Grant Acree - Loop Capital Markets LLC, Research Division - MD

For Frank, I guess, with the balance sheet that you have, that's a much different position than you've been in the last few years. So now that you have the balance sheet, what are your plans for usage of cash?

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

Yes. So I alluded a little bit to this in talking about guidance, but we have plans to add additional headcount in R&D. We will be more comfortably funding the increased expense from the 300-millimeter tool. And we currently expect that with the 5 years passing from the IPO, we leave what's called emerging company -- emerging growth company status, and so our G&A expense will be higher as we have additional reporting and compliance obligations.

And as our patent portfolio continues to grow, not only do we invest in seeking new patents in the U.S. and in the major countries where we would expect our technology to be used, but we also have to maintain the existing portfolio, and so those expenses grow over time. But more than anything, I think we feel much more positive having closed on the JDA, and so we're ready to pounce on opportunities to add additional talent to the engineering team and to make sure that all the right TCAD modeling resources are available to make sure that we can follow up on the success of getting that JDA done. And if the MSTcad proliferation requires us to spend more money in that area, then we're also going to be able to do that.

Mike Bishop

Okay. So at this point in time, I'll turn the call over to Scott for closing remarks.

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

All right. Well, I just want to thank you all for attending today's presentation. We're very pleased to be able to share with you the results of the last quarter and year, along with a sense of the excitement that we feel 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. Should you have additional questions, please contact Mike Bishop, and we'll be happy to follow up. We look forward to seeing some of you during our scheduled marketing activities.

Thank you again for your support, and we look forward to our next update call.

Mike Bishop

Again, thank you all for participating on today's call. At this time, this conference has concluded.
