

Meta Materials Announces Q2 FY 2022 Results

HALIFAX, NS / ACCESSWIRE / August 9, 2022 / Meta Materials Inc. (the “Company” or “META[®]”) (NASDAQ: MMAT, FSE: MMAT), a developer of high-performance functional materials and nanocomposites, today announced second quarter FY 2022 results. Please visit the Investors section of our website to view the [Q2 2022 Shareholder Letter](#). The Company will host a webcast on Wednesday, August 10, 2022, at 8:00 AM EDT.

The Q2 2022 financial statements and associated management discussion and analysis for the quarter ended June 30, 2022 are available on the Investors section of our website as well as on [Nasdaq.com](#), or on the SEC EDGAR website at [www.sec.gov](#).

In Q2:22, total revenue grew 432% Y/Y, to \$3,323,727, compared to \$624,320 in Q2:21, and 12% Q/Q, vs. \$2,974,695 in Q1:22. For H1:22, total revenue increased by 416% Y/Y, to \$6,298,422, vs. \$1,220,623 in H1:21. The Q2:22 net loss was \$20,982,758, or 7c per share on 301,488,660 weighted average shares, compared to the Q2:21 net loss of \$5,883,303, or 3c per share on 197,911,144 weighted average shares, and the Q1:22 net loss of \$18,434,541, or \$0.06 per share on 285,224,469 weighted average shares. For H1:22, the net loss was \$39,417,299, or 13c per share on 293,481,943 weighted average shares, compared to a H1:21 net loss of \$50,041,822 (which included a \$40,540,091 non-cash loss on financial instruments), or 27c per share on 183,485,933 weighted average shares.

Net cash used in operating activities during the quarter ended June 30, 2022, was \$10,257,419, compared to \$18,745,199 cash used in Q1:22. In Q2:22, capital expenditures for purchases of property, plant and equipment were \$7,224,499, and the Company invested \$3,486,906 in the Optodot acquisition. As of June 30, 2022, cash and cash equivalents totaled approximately \$55.3 million, including about \$0.5 million in restricted cash. The Company has no debt, except for approximately \$3.2 million in various interest-free loans from ACOA (Atlantic Canada Opportunities Agency), and common shares outstanding were 360,810,014.

Webcast Details:

Date: August 10, 2022

Time: 8:00 AM EDT / 5:00 AM PDT

To register, please use the link below:

https://audience.mysequire.com/webinar-view?webinar_id=7e8db3a3-f099-4f15-99aa-57ddd8527639

About Meta Materials Inc.

META[®] delivers previously unachievable performance, across a range of applications, by inventing, designing, developing, and manufacturing sustainable, highly functional materials. Our extensive technology platform enables leading global brands to deliver breakthrough products to their customers in consumer electronics, 5G communications, health and wellness, aerospace, automotive, and clean energy. Our nano-optic technology provides anti-counterfeiting security features for government documents and currencies and authentication for brands. Our achievements have been widely recognized, including being named a Lux Research Innovator of the Year in 2021. Learn more at [www.metamaterial.com](#).



META MATERIALS INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

	As of	As of
	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 53,576,437	\$ 46,645,704
Restricted cash	463,909	788,768
Short-term investments	1,253,782	2,875,638
Grants receivable	48,882	175,780
Accounts receivable	1,703,732	1,665,700
Inventory	294,852	265,718
Prepaid expenses and other current assets	4,102,783	3,451,367
Assets held for sale	71,700,000	75,500,000
Due from related parties	9,527	10,657
Total current assets	133,153,904	131,379,332
Intangible assets, net	54,145,467	28,971,824
Property, plant and equipment, net	33,707,147	27,018,114
Operating lease right-of-use assets	5,839,481	6,278,547
Goodwill	281,529,180	240,376,634
Total assets	\$ 508,375,179	\$ 434,024,451
Liabilities and stockholders' equity (deficit)		
Current liabilities		
Trade and other payables	11,454,381	13,335,470
Current portion of long-term debt	976,393	491,278
Current portion of deferred revenues	675,591	779,732
Current portion of deferred government assistance	832,946	846,612
Preferred stock liability	71,700,000	75,500,000
Current portion of operating lease liabilities	836,683	663,861
Asset retirement obligations	21,937	21,937
Total current liabilities	86,497,931	91,638,890
Deferred revenues	554,739	637,008
Deferred government assistance	-	3,038
Deferred tax liability	210,207	324,479
Long-term operating lease liabilities	3,445,167	3,706,774
Funding obligation	291,034	268,976
Long-term debt	2,250,969	2,737,171
Total liabilities	93,250,047	99,316,336
Stockholders' equity (deficit)		
Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 360,810,014 shares issued and outstanding at March 31, 2022, and \$0.001 par value; unlimited shares authorized, 284,573,316 shares issued and outstanding at December 31, 2021	338,987	262,751
Additional paid-in capital	585,045,778	463,136,404
Accumulated other comprehensive income (loss)	(2,448,230)	(296,936)
Accumulated deficit	(167,811,403)	(128,394,104)
Total stockholders' equity	415,125,132	334,708,115
Total liabilities and stockholders' equity	\$ 508,375,179	\$ 434,024,451

META MATERIALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2021	2020
Revenue				
Product sales	334,113	1,953	502,240	24,000
Development revenue	2,989,614	622,367	5,796,182	1,196,623
Total Revenue	3,323,727	624,320	6,298,422	1,220,623
Cost of goods sold	877,951	706	1,656,663	1,106
Gross Profit	2,445,776	623,614	4,641,759	1,219,517
Operating Expenses				
Selling & Marketing	1,127,079	298,871	2,163,065	695,465
General & Administrative	14,469,879	3,847,278	29,067,792	6,440,162
Research & Development	6,490,800	1,633,653	10,461,939	3,412,909
Total operating expenses	22,087,758	5,779,802	41,692,796	10,548,536
Loss from operations	(19,641,982)	(5,156,188)	(37,051,037)	(9,329,019)
Other income (expense)				
Interest expense, net	(142,055)	(427,809)	(306,489)	(878,717)
Loss on foreign exchange, net	(971,713)	(163,941)	(823,322)	(330,385)
Loss on financial instruments, net	-	(535,170)	-	(40,540,091)
Other (loss) income, net	(336,993)	341,958	(1,346,436)	933,864
Total other expense, net	(1,450,761)	(784,962)	(2,476,247)	(40,815,329)
Loss before income taxes	(21,092,743)	(5,941,150)	(39,527,284)	(50,144,348)
Income tax recovery	109,985	57,847	109,985	102,526
Net loss	(20,982,758)	(5,883,303)	(39,417,299)	(50,041,822)
Other Comprehensive Income net of tax				
Foreign currency translation (loss) gain	(3,056,676)	87,087	(2,151,294)	108,648
Fair value gain on changes of own credit risk	-	9,011	-	680,178
Total Other Comprehensive (Loss) Income	(3,056,676)	96,098	(2,151,294)	788,826
Comprehensive loss	(24,039,434)	(5,787,205)	(41,568,593)	(49,252,996)
Basic and diluted loss per share	(0.07)	(0.03)	(0.13)	(0.27)
Weighted average number of shares outstanding - basic and diluted	301,488,660	197,911,144	293,481,943	183,485,933

META MATERIALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended	
	June 30, 2022	June 30, 2021
	\$	\$
Cash flows from operating activities:		
Net loss	(39,417,299)	(50,041,822)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash finance income	(12,920)	-
Non-cash interest expense	273,554	742,174
Non-cash lease expense	488,299	160,437
Deferred income tax	(109,985)	(102,526)
Depreciation and amortization	3,494,163	1,173,884
Unrealized foreign currency exchange loss	913,101	230,837
Loss on financial instruments, net	-	40,540,091
	(165,466)	18,302
Non-cash government assistance	(3,047)	(472,499)
Loss on debt settlement	-	19,253
Gain on sale of property, plant and equipment	(783)	
Stock-based compensation	7,623,207	651,718
Non-cash consulting expense	445,664	713,919
Changes in operating assets and liabilities	(2,531,889)	758,381
Net cash used in operating activities	(29,003,401)	(5,607,851)
Cash flows from investing activities		
Purchases of intangible assets	-	(274,579)
Purchases of property, plant and equipment	(8,971,435)	(3,040,296)
Proceeds from sale of property, plant and equipment	39,140	
Proceeds from short-term investments	1,620,281	
Acquisition of business, net of cash acquired	(3,486,906)	
Proceeds from reverse takeover	-	146,954,733
Net cash provided by (used in) investing activities	(10,798,920)	143,639,858
Cash flows from financing activities		
Proceeds from the issuance of common stock and warrants	50,000,000	
Costs paid on the issuance of common stock and warrants	(3,680,666)	
Proceeds from long-term debt	-	1,127,151
Repayments of long-term debt	(182,295)	(53,331)
Proceeds from government grants	-	223,384
Proceeds from unsecured promissory notes	-	13,963,386
Proceeds from stock option exercises	305,320	113,155
Proceeds from warrants exercises	169,574	93,993
Proceeds from broker warrants exercises		16,255
Net cash provided by financing activities	46,611,933	15,483,993
Net (decrease) increase in cash, cash equivalents and restricted cash	6,809,612	153,516,000
Cash, cash equivalents and restricted cash at beginning of the period	47,434,472	1,395,683
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(203,738)	156,367
Cash, cash equivalents and restricted cash at end of the period	54,040,346	155,063,050
Supplemental cash flow information		
Accrued purchases of property, equipment, and patents	1,604,903	297,345
Right-of-use assets obtained in exchange for lease liabilities	142,378	1,730,743
Right-of-use assets and prepaid expenses recognized in exchange for common stock		2,149,381
Settlement of liabilities in common stock	-	52,063,432
Interest paid on debt	-	64,528

Forward Looking Information

This press release includes forward-looking information or statements within the meaning of Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, regarding the Company, which may include, but are not limited to, statements with respect to the business strategies, product development, expansion plans and operational activities of the Company . Often but not always, forward-looking information can be identified by the use of words such as “pursuing”, “potential”, “predicts”, “projects”, “seeks”, “plans”, “expect”, “intends”, “anticipated”, “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “should”, “would” or “will” be taken, occur or be achieved. Such statements are based on the current expectations and views of future events of the management of the Company and are based on assumptions and subject to risks and uncertainties. Although the management of the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the Company, the capabilities of our facilities and the expansion thereof, research and development projects of the Company, the market potential of the products of the Company , the market position of the Company, the need to raise more capital and the ability to do so, the scalability of the Company’s production ability, capacity for new customer engagements, material selection programs timeframes, the ability to reduce production costs, enhance metamaterials manufacturing capabilities and extend market reach into new applications and industries, the ability to accelerate commercialization plans, the possibility of new customer contracts, the continued engagement of our employees, the technology industry, market strategic and operational activities, and management’s ability to manage and to operate the business. More details about these and other risks that may impact the Company’s businesses are described under the heading “Forward-Looking Information” and under the heading “Risk Factors” in the Company’s Form 10-K filed with the SEC on March 1, 2022, with an SEC filing date of March 2, in the Company’s Form 10-Q filed with the SEC on August 9, 2022, and in subsequent filings made by Meta Materials with the SEC, which are available on SEC’s website at www.sec.gov. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements or information. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except to the extent required by law.

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