

Meta Materials Announces Q3 FY 2022 Results

HALIFAX, NS / ACCESSWIRE / November 9, 2022 / Meta Materials Inc. (the “Company” or “META[®]”) (NASDAQ: MMAT, FSE: MMAT), a developer of high-performance smart materials and nanocomposites, today announced third quarter FY 2022 results. Please visit the Investors section of our website to view the [Q3 2022 Shareholder Letter](#). The Company will host a webcast on Thursday, November 10, 2022, at 8:00 AM EST.

The Q3 2022 financial statements and associated management discussion and analysis for the quarter ended September 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 Q3:22, total revenue grew 329% Y/Y, to \$2,456,012, compared to \$572,612 in Q3:21. For the nine months ended September 30, 2022, total revenue grew 388%, to \$8,754,434, compared to \$1,793,235 in the first nine months of FY 2021. The Q3:22 net loss was \$24,475,320, or 7c per share on 362,260,641 weighted average shares, compared to the Q3:21 net loss of \$11,425,248, or 4c per share on 280,080,786 weighted average shares. For the first nine months of FY 2022, the net loss was \$63,892,619, or 20c per share on 316,661,487 weighted average shares, compared to a net loss in the first nine months of FY 2021 of \$61,467,070 (which included a \$40,540,091 non-cash loss on financial instruments), or 28c per share on 216,135,190 weighted average shares.

Net cash used in operating activities during the quarter ended September 30, 2022 was \$19,513,100, and net cash used in operating activities during the nine months YTD was \$48,516,511. In Q3:22, capital expenditures for purchases of property, plant and equipment were \$3,003,699. As of September 30, 2022, cash and equivalents totaled approximately \$32.2 million, including about \$0.4 million in restricted cash. The Company has no debt, except for approximately \$2.9 million in various interest-free, unsecured loans from ACOA (Atlantic Canada Opportunities Agency). As of November 9, 2022, common shares outstanding were 361,930,468.

Webcast Details:

Date: November 10, 2022

Time: 8:00 AM EST / 5:00 AM PST

To register, please use the link below:

https://audience.mysequire.com/webinar-view?webinar_id=a00e56cc-e589-4119-a7fb-a33db87c6498

About Meta Materials Inc.

META[®] delivers previously unachievable performance, across a range of applications, by inventing, designing, developing, and manufacturing sustainable, high-performance, 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 metamaterial 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 |
|--|---------------------------|--------------------------|
| | September 30, 2022 | December 31, 2021 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 30,608,797 | \$ 46,645,704 |
| Restricted cash | 436,123 | 788,768 |
| Short-term investments | 1,178,685 | 2,875,638 |
| Grants receivable | 26,062 | 175,780 |
| Accounts receivable | 1,977,676 | 1,665,700 |
| Inventory | 274,090 | 265,718 |
| Prepaid expenses and other current assets | 6,466,469 | 3,451,367 |
| Assets held for sale | 71,700,000 | 75,500,000 |
| Due from related parties | 8,552 | 10,657 |
| Total current assets | 112,676,454 | 131,379,332 |
| Intangible assets, net | 51,025,428 | 28,971,824 |
| Property, plant and equipment, net | 34,534,045 | 27,018,114 |
| Operating lease right-of-use assets | 5,366,070 | 6,278,547 |
| Goodwill | 279,052,357 | 240,376,634 |
| Total assets | \$ 482,654,354 | \$ 434,024,451 |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Trade and other payables | 12,818,253 | 13,335,470 |
| Current portion of long-term debt | 742,782 | 491,278 |
| Current portion of deferred revenues | 623,895 | 779,732 |
| Current portion of deferred government assistance | 783,055 | 846,612 |
| Preferred stock liability | 71,700,000 | 75,500,000 |
| Current portion of operating lease liabilities | 864,519 | 663,861 |
| Asset retirement obligations | 21,937 | 21,937 |
| Total current liabilities | 87,554,441 | 91,638,890 |
| Deferred revenues | 503,690 | 637,008 |
| Deferred government assistance | - | 3,038 |
| Deferred tax liability | 161,662 | 324,479 |
| Long-term operating lease liabilities | 3,177,910 | 3,706,774 |
| Funding obligation | 292,749 | 268,976 |
| Long-term debt | 2,137,948 | 2,737,171 |
| Total liabilities | 93,828,400 | 99,316,336 |
| Stockholders' equity | | |
| Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 361,377,856 shares issued and outstanding at September 30, 2022, and \$0.001 par value; unlimited shares authorized, 284,573,316 shares issued and outstanding at December 31, 2021 | 339,555 | 262,751 |
| Additional paid-in capital | 587,635,212 | 463,136,404 |
| Accumulated other comprehensive income (loss) | (6,862,090) | (296,936) |
| Accumulated deficit | (192,286,723) | (128,394,104) |
| Total stockholders' equity | 388,825,954 | 334,708,115 |
| Total liabilities and stockholders' equity | \$ 482,654,354 | \$ 434,024,451 |

META MATERIALS INC.

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

| | Three months ended | | Nine months ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | |
| Product sales | 432,059 | 297,431 | 934,299 | 321,431 |
| Development revenue | 2,023,953 | 275,181 | 7,820,135 | 1,471,804 |
| Total Revenue | 2,456,012 | 572,612 | 8,754,434 | 1,793,235 |
| Cost of goods sold | 696,730 | 145,103 | 2,353,393 | 146,209 |
| Gross Profit | 1,759,282 | 427,509 | 6,401,041 | 1,647,026 |
| Operating Expenses | | | | |
| Selling & Marketing | 1,027,886 | 427,004 | 3,190,951 | 1,122,469 |
| General & Administrative | 16,674,309 | 9,776,850 | 45,743,892 | 16,217,012 |
| Research & Development | 6,233,685 | 1,816,547 | 16,693,833 | 5,229,456 |
| Total operating expenses | 23,935,880 | 12,020,401 | 65,628,676 | 22,568,937 |
| Loss from operations | (22,176,598) | (11,592,892) | (59,227,635) | (20,921,911) |
| Other income (expense) | | | | |
| Interest expense, net | (134,205) | (215,116) | (440,694) | (1,093,833) |
| Loss on foreign exchange, net | (2,223,633) | (440,157) | (3,046,955) | (770,542) |
| Loss on financial instruments, net | - | - | - | (40,540,091) |
| Other (loss) income, net | 21,908 | 739,260 | (1,324,528) | 1,673,124 |
| Total other expense, net | (2,335,930) | 83,987 | (4,812,177) | (40,731,342) |
| Loss before income taxes | (24,512,528) | (11,508,905) | (64,039,812) | (61,653,253) |
| Income tax recovery | 37,208 | 83,657 | 147,193 | 186,183 |
| Net loss | (24,475,320) | (11,425,248) | (63,892,619) | (61,467,070) |
| Other Comprehensive Income net of tax | | | | |
| Foreign currency translation (loss) gain | (4,413,860) | (125,976) | (6,565,154) | (17,328) |
| Fair value gain on changes of own credit risk | - | - | - | 680,178 |
| Total Other Comprehensive (Loss) Income | (4,413,860) | (125,976) | (6,565,154) | 662,850 |
| Comprehensive loss | (28,889,180) | (11,551,224) | (70,457,773) | (60,804,220) |
| Basic and diluted loss per share | (0.07) | (0.04) | (0.20) | (0.28) |
| Weighted average number of shares outstanding - basic and diluted | 362,260,641 | 280,080,786 | 316,661,487 | 216,135,190 |

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

| | Nine months ended | |
|--|---------------------|---------------------|
| | September 30, 2022 | September 30, 2021 |
| | \$ | \$ |
| Cash flows from operating activities: | | |
| Net loss | (63,892,619) | (61,467,070) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Non-cash finance income | (12,433) | - |
| Non-cash interest expense | 419,684 | 904,749 |
| Non-cash lease expense | 1,212,415 | 256,785 |
| Deferred income tax | (147,193) | (186,183) |
| Depreciation and amortization | 5,377,470 | 1,798,607 |
| Unrealized foreign currency exchange loss | 2,843,223 | 279,805 |
| Loss on financial instruments, net | - | 40,540,091 |
| | (199,785) | (239,057) |
| Non-cash government assistance | (3,047) | (508,730) |
| Loss on debt settlement | - | 19,253 |
| Gain on sale of property, plant and equipment | (783) | |
| Stock-based compensation | 9,763,627 | 855,989 |
| Non-cash consulting expense | 862,771 | 3,926,628 |
| Changes in operating assets and liabilities | (4,739,841) | (1,764,867) |
| Net cash used in operating activities | (48,516,511) | (15,584,000) |
| Cash flows from investing activities | | |
| Purchases of intangible assets | - | (838,664) |
| Purchases of property, plant and equipment | (11,975,134) | (5,552,268) |
| 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 | (13,802,619) | 140,563,801 |
| 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 | (467,767) | (938,496) |
| Proceeds from government grants | - | 223,384 |
| Proceeds from unsecured promissory notes | - | 13,963,386 |
| Proceeds from stock option exercises | 337,793 | 374,652 |
| Proceeds from warrants exercises | 169,574 | 93,993 |
| Proceeds from broker warrants exercises | | 16,255 |
| Net cash provided by financing activities | 46,358,934 | 14,860,325 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (15,960,196) | 139,840,126 |
| 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 | (429,356) | (17,940) |
| Cash, cash equivalents and restricted cash at end of the period | 31,044,920 | 141,217,869 |
| Supplemental cash flow information | | |
| Accrued purchases of property, equipment, and patents | 536,778 | 799,305 |
| Right-of-use assets obtained in exchange for lease liabilities | 142,378 | 892,003 |
| 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 ability of the Company to continue to meet the Nasdaq requirements to maintain a Nasdaq listing, 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 total available market and 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 November 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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