

Meta Materials Announces Q4 and FY 2022 Results

HALIFAX, NS / ACCESSWIRE / March 23, 2023 / Meta Materials Inc. (the "Company" or "META[®]") (NASDAQ: MMAT, FSE: MMAT), a developer of high-performance functional materials and nanocomposites, today announced fourth quarter and FY 2022 results.

The complete Q4 and FY 2022 financial statements, updated risk factors, going concern discussion, summary of progress made on identifying and addressing remaining material weaknesses in META's internal controls and associated management discussion and analysis for the quarter and year ended December 31, 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 Q4:22, total revenue was \$1.4MM, compared to \$2.3MM in Q4:21. FY 2022 revenue grew 150%, to \$10.2MM, compared to \$4.1MM in FY 2021. Total operating expenses were \$24.8MM, vs. \$18.9MM in Q4:21. FY 2022 operating expenses totaled \$90.4MM, vs. \$41.5MM in FY 2021. The Q4:22 net loss was \$15.2MM, or 4c per share on 362.5 million weighted average shares and including a one-time gain of \$4.0MM resulting from the deconsolidation of the Next Bridge Hydrocarbons, Inc. assets and liabilities and the recording of the net estimated collectible value of notes receivable of \$2.2MM due from Next Bridge Hydrocarbons, Inc., compared to the Q4:21 net loss of \$29.5MM, or 13c per share on 232.9 million weighted average shares. The FY 2022 net loss was \$79.1MM or \$0.24 per share on 328.3 million weighted average shares and including a one-time gain of \$4.0MM resulting from the deconsolidation of the Next Bridge Hydrocarbons, Inc. assets and liabilities and the recording of the net estimated collectible value of notes receivable of \$2.2MM due from Next Bridge Hydrocarbons, Inc. compared to a FY 2021 net loss of \$91.0MM, or \$0.39 per share on 232.9 million weighted average shares.

On December 31, 2022, cash and cash equivalents totaled \$11.8MM, including \$1.7MM in restricted cash. In Q4:22, net cash used in operations totaled \$13.7MM, and non-cash expenses were \$7.8MM, including \$3.9MM in depreciation and amortization and \$3.4MM in stock-based compensation. In Q4:22, changes in working capital contributed \$4.4MM and capital expenditures were \$7.6MM. In FY 2022, net cash used in operations totaled \$62.2MM.

META has identified factors that raise substantial doubt about the Company's ability to continue to operate as a going concern and to achieve compliance with NASDAQ continued listing requirements. META anticipates that it needs to implement expense reduction measures under its control and immediately raise additional capital to expand the commercialization of its products, fund its operations, further its research and development activities and ensure that it can continue to operate as a going concern. META may pursue sources of additional capital through various financing transactions or arrangements, including the sale/leaseback of certain properties, joint venturing of projects, debt financing, equity financing, or other means. Meta may not be successful in identifying suitable financing transactions in the time period required or at all, and it may not obtain the capital it requires by other means.

Future capital requirements may vary materially from period to period and will depend on many factors, including the timing and extent of spending on research and development efforts, and capital expenditures. On November 9, 2022, META filed a registration statement (the "Prospectus") no. 333-268282 on form S-3 allowing it to issue securities with aggregate offering price not to exceed \$250 million. The Prospectus was declared effective by the SEC on November 18, 2022.

On February 10, 2023, META entered into a sales agreement (the "ATM Agreement") with an investment bank with the establishment of an "at-the-market" offering program under which the Company may sell up to an aggregate of \$100 million of shares of common stock (the "ATM Shares") from time to time. The sales agents are entitled to compensation at a fixed commission rate of 3.0% of the gross proceeds of each sale of shares of our common stock.

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, components and systems. 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.

Media Inquiries

Rob Stone
Vice President, Corporate Development and Communications
Meta Materials Inc.
media@metamaterial.com

Investor Contact

Mark Komonoski
Senior Vice President
Integrus Communications
Phone: 1-877-255-8483
Email: ir@metamaterial.com

META MATERIALS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of	As of
	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 10,090,858	\$ 46,645,704
Restricted cash	1,720,613	788,768
Short-term investments	-	2,875,638
Grants receivable	-	175,780
Accounts and other receivables	902,718	1,665,700
Notes receivable	2,211,900	-
Inventory	468,027	265,718
Prepaid expenses and other current assets	7,202,099	3,451,367
Assets held for sale	-	75,500,000
Due from related parties	8,461	10,657
Total current assets	22,604,676	131,379,332
Intangible assets, net	56,313,317	28,971,824
Property, plant and equipment, net	42,674,699	27,018,114
Operating lease right-of-use assets	5,576,824	6,278,547
Goodwill	281,748,466	240,376,634
Total assets	\$ 408,917,982	\$ 434,024,451
Liabilities and stockholders' equity		
Current liabilities		
Trade and other payables	16,694,211	13,335,470
Current portion of long-term debt	483,226	491,278
Current portion of deferred revenues	730,501	779,732
Current portion of deferred government assistance	799,490	846,612
Preferred stock liability	-	75,500,000
Current portion of operating lease liabilities	967,126	663,861
Asset retirement obligations	-	21,937
Total current liabilities	19,674,554	91,638,890
Deferred revenues	479,808	637,008
Deferred government assistance	319,017	3,038
Deferred tax liability	3,253,985	324,479
Long-term operating lease liabilities	3,375,031	3,706,774
Funding obligation	180,705	268,976
Long-term debt	3,070,729	2,737,171
Total liabilities	30,353,829	99,316,336
Stockholders' equity		
Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 362,247,867 shares issued and outstanding at December 31, 2022, and \$0.001 par value; unlimited shares authorized, 284,573,316 shares issued and outstanding at December 31, 2021	340,425	262,751
Additional paid-in capital	590,962,866	463,136,404
Accumulated other comprehensive income (loss)	(5,242,810)	(296,936)
Accumulated deficit	(207,496,328)	(128,394,104)
Total stockholders' equity	378,564,153	334,708,115
Total liabilities and stockholders' equity	\$ 408,917,982	\$ 434,024,451

META MATERIALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three months ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Revenue				
Product sales	277,447	86,484	1,211,746	407,915
Development revenue	1,168,286	2,202,798	8,988,421	3,674,602
Total Revenue	1,445,733	2,289,282	10,200,167	4,082,517
Cost of goods sold	682,797	529,764	3,036,190	675,973
Gross Profit	762,936	1,759,518	7,163,977	3,406,544
Operating Expenses				
Selling & Marketing	3,053,932	1,144,885	6,244,883	2,267,354
General & Administrative	15,801,181	13,483,954	61,543,282	29,699,602
Research & Development	5,944,871	4,266,606	22,640,495	9,497,427
Total operating expenses	24,799,984	18,895,445	90,428,660	41,464,383
Loss from operations	(24,037,048)	(17,135,927)	(83,264,683)	(38,057,839)
Other income (expense)				
Interest expense, net	266,460	(12,612)	(174,234)	(1,106,445)
Loss on foreign exchange, net	992,508	564,660	(2,054,447)	(205,882)
Gain on deconsolidation of wholly-owned subsidiary	3,990,737	-	3,990,737	
Loss on financial instruments, net	-		-	(40,540,091)
Other (loss) income, net	(2,109,229)	(13,612,192)	(3,433,757)	(11,939,067)
Total other expense, net	3,140,476	(13,060,144)	(1,671,701)	(53,791,485)
Loss before income taxes	(20,896,572)	(30,196,071)	(84,936,384)	(91,849,324)
Income tax recovery	5,686,967	665,880	5,834,160	852,063
Net loss	(15,209,605)	(29,530,191)	(79,102,224)	(90,997,261)
Other Comprehensive Income net of tax				
Foreign currency translation (loss) gain	1,619,280	(303,902)	(4,945,874)	(321,663)
Fair value gain on changes of own credit risk	-	-	-	680,611
Total Other Comprehensive (Loss) Income	1,619,280	(303,902)	(4,945,874)	358,948
Comprehensive loss	(13,590,325)	(29,834,093)	(84,048,098)	(90,638,313)
Basic and diluted loss per share	(0.04)	(0.13)	(0.24)	(0.39)
Weighted average number of shares outstanding - basic and diluted	362,531,231	232,898,398	328,350,452	232,898,398

META MATERIALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2022	2021
	\$	\$
Cash flows from operating activities:		
Net loss	(79,102,224)	(90,997,261)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash finance income	(135,524)	(471,689)
Non-cash interest expense	403,317	902,940
Non-cash lease expense	1,608,992	439,791
Deferred income tax	(5,834,160)	(852,063)
Depreciation and amortization	9,272,074	3,491,493
Impairment of assets	108,004	237,013
Unrealized foreign currency exchange loss	2,050,029	407,352
Loss on financial instruments, net	-	40,540,091
Gain on deconsolidation of wholly-owned subsidiary	(3,990,737)	
Change in deferred revenue	(129,679)	(679,541)
Non-cash government assistance	(3,047)	(544,932)
Gain on sale of assets	(783)	-
Loss on debt settlement	-	19,253
Stock-based compensation	13,184,396	1,576,849
Non-cash consulting expense	677,638	6,513,378
Changes in operating assets and liabilities	(353,090)	4,652,415
Net cash used in operating activities	(62,244,794)	(34,764,911)
Cash flows from investing activities		
Purchases of intangible assets	-	(1,133,894)
Purchases of property, plant and equipment	(19,587,511)	(11,655,417)
Proceeds from sale of property, plant and equipment	39,140	-
Proceeds from (Purchases of) short-term investments	2,811,152	(2,889,852)
Proceeds from below-market capital government loan	1,071,862	-
Acquisition of business, net of cash acquired	(3,486,906)	(66,131,025)
Loan advance pursuant to deconsolidation	(319,987)	-
Proceeds from reverse takeover	-	146,954,733
Net cash provided by (used in) investing activities	(19,472,250)	65,144,545
Cash flows from financing activities		
Proceeds from long-term debt	-	1,127,151
Proceeds from the issuance of common stock and warrants	50,000,000	-
Stock issuance costs paid on the issuance of common stock and warrants	(3,680,666)	-
Repayments of long-term debt	(552,579)	(1,090,047)
Proceeds from government grants	-	223,384
Proceeds from unsecured promissory notes	-	13,963,386
Proceeds from stock option exercises	448,711	1,293,263
Repurchases of common stock for income tax withheld upon settlement of restricted stock units	(18,027)	-
Proceeds from warrant exercises	169,574	138,726
Net cash provided by financing activities	46,367,013	15,655,863
Net (decrease) increase in cash, cash equivalents and restricted cash	(35,350,031)	46,035,497
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	(272,970)	3,292
Cash, cash equivalents and restricted cash at end of the period	11,811,471	47,434,472
Supplemental cash flow information		
Accrued purchases of property, equipment, and patents	2,270,887	1,692,969
Right-of-use assets obtained in exchange for lease liabilities	288,499	3,590,148
Right-of-use assets and prepaid expenses recognized in exchange for common stock		2,149,381
Settlement of liabilities in common stock	-	51,992,451
Beneficial conversion feature on convertible 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 reduction in expenses, the ability of the Company to meet its capital needs, 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 23, 2023, 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.