

Meta Materials Announces Financial Results for the Third Quarter 2023

- Third quarter 2023 revenue up quarter over quarter, supported by stronger product mix and partnerships
- Operating expenses down 32% from the prior year comparable period
- \$8.3 million in purchase orders in late August/September will be reflected in fourth quarter 2023 and 2024 results
- Technologies introduced at end of third quarter (QUANTUM™ stripe, VLEPSIS® system) expected to gain traction in the fourth quarter and early 2024

HALIFAX, NS / ACCESSWIRE / November 13, 2023 / Meta Materials Inc. (the “Company” or “META”) (Nasdaq: MMAT), an advanced materials and nanotechnology company, today reported financial results for the third quarter ended September 30, 2023. In the third quarter of 2023, total revenue was \$2.2 million, favorably compared to \$2.0 million in the second quarter of 2023. Third quarter results modestly lagged the \$2.5 million in the third quarter of 2022.

“Incremental growth in revenues over consecutive quarters is a great start for META; these revenues don’t include the recent \$8.3 million in new purchase orders or the projected pre-orders for VLEPSIS® system and QUANTUM™ stripe, all of which may be reflected in fourth quarter 2023 and early 2024 results,” noted Uzi Sasson, CEO of META.

META also has signed joint development agreements with a number of confidential partners, with terms toward commercialization. In addition to Panasonic Industry and the G10 bank referenced in prior press releases, META has signed deals with a large automotive OEM and a global consumer electronics company. Letters of intent have been received for VLEPSIS technology, while another four partnerships (for META’s core products) are expected to sign in the fourth quarter of 2023.

META’s restructuring strategy, which focuses on cost cutting efforts and business realignment, has started to reap rewards. Total operating expenses in the third quarter of 2023 were \$16.3 million, which are 32% *lower* than the prior year comparable period that included \$23.9 million in operating expenses. “Importantly, we have cut expenses everywhere with the exception of research & development. We will not compromise on the integrity of our products, our technology or the hundreds of patents at our disposal,” noted Mr. Sasson. “Allocating capital to our three core business lines is intended to promote our products, partnerships and most importantly, sales.”

Stemming the tide of net losses, META reports a third quarter net loss of \$8.7 million or \$0.02 per share (including a one-time gain of \$6.8 million or \$0.01 per share on the sale of NBH notes), on 477.8 million weighted average shares vs. the third quarter 2022 loss of \$24.5 million, or \$0.07 per share, on 362.3 million weighted average shares. For comparison purposes, the net loss *decreased* 64% when compared to the prior year period (or a 38% *decrease* excluding the gain on sale of NBH notes).

As of September 30, 2023, cash and equivalents totaled approximately \$10.2 million, including \$1.0 million in restricted cash. The Company has no debt, except for approximately \$3.7 million in various interest-free, unsecured loans from ACOA (Atlantic Canada Opportunities Agency). At September 30, 2023, total stockholders’ equity was approximately \$93.3 million. As of November 7, 2023, common shares outstanding were 490,414,607.

“We still have work to do in 2023 and beyond, but third quarter results are pointing in the right direction. We have identified the building blocks necessary to make the business more efficient. We’ve overcome many difficult challenges: product innovation, assessing market metrics and advanced product development efforts,” noted Mr. Sasson. “Now we need to translate that into sales across our core product lines, while continuing cost cutting efforts. Our remaining issues are addressable, and they have known solutions. It may take a little time, but our goal is clear.”

The Q3 2023 financial statements and associated management discussion and analysis are available on the Investors section of our website as well as on [Nasdaq.com](https://www.nasdaq.com), or on the SEC EDGAR website at www.sec.gov.

About Meta Materials Inc.

Meta Materials Inc. (META) is an advanced materials and nanotechnology company. We develop new products and technologies using innovative sustainable science. Advanced materials can improve everyday products that surround us, making them smarter and more sustainable. META® technology platforms enable global brands to develop new products to improve performance for customers in aerospace and defense, consumer electronics, 5G communications, batteries, authentication, automotive and clean energy. Learn more at www.metamaterial.com.

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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, restructuring 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, 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 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, in the Company’s Form 10-K/A filed with the SEC on March 24, 2023, in the Company’s Form 10-Q filed with the SEC on November 13, 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.

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

	As of	As of
	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,189,994	\$ 10,090,858
Restricted cash	1,000,740	1,720,613
Accounts and other receivables	1,688,711	902,718
Notes receivable, net of allowance for credit loss	-	2,211,900
Inventory	122,306	468,027
Prepaid expenses and other current assets	3,979,055	7,202,099
Due from related parties	8,501	8,461
Total current assets	15,989,307	22,604,676
Intangible assets, net	51,256,980	56,313,317
Property, plant and equipment, net	46,015,506	42,674,699
Operating lease right-of-use ("ROU") assets	8,410,263	5,576,824
Long-term subscription receivables	82,645	-
Goodwill	-	281,748,466
Total assets	\$ 121,754,701	\$ 408,917,982
Liabilities and stockholders' equity		
Current liabilities		
Trade payables and accruals	10,700,047	16,694,211
Restructuring costs accrual	661,405	-
Current portion of long-term debt	709,015	483,226
Current portion of deferred revenues	1,481,487	730,501
Current portion of deferred government assistance	807,095	799,490
Current portion of funding obligation	961,538	-
Current portion of operating lease liabilities	1,391,757	967,126
Total current liabilities	16,712,344	19,674,554
Deferred revenues	433,717	479,808
Deferred government assistance	387,714	319,017
Deferred tax liability	1,832,221	3,253,985
Long-term operating lease liabilities	6,110,144	3,375,031
Long-term funding obligation	-	180,705
Long-term debt	2,948,254	3,070,729
Total liabilities	28,424,394	30,353,829
Stockholders' equity		
Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 485,339,440 shares issued and outstanding at September 30, 2023, and \$0.001 par value; 1,000,000,000 shares authorized, 362,247,867 shares issued and outstanding at December 31, 2022	463,516	340,425
Additional paid-in capital	628,002,196	590,962,866
Accumulated other comprehensive income (loss)	(4,555,010)	(5,242,810)
Accumulated deficit	(530,580,395)	(207,496,328)
Total stockholders' equity	93,330,307	378,564,153
Total liabilities and stockholders' equity	\$ 121,754,701	\$ 408,917,982

META MATERIALS INC.

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue				
Product sales	27,484	432,059	109,090	934,299
Development revenue	2,172,678	2,023,953	5,533,855	7,820,135
Total Revenue	2,200,162	2,456,012	5,642,945	8,754,434
Cost of sales (exclusive of items shown separately below)	750,969	514,312	2,096,615	1,921,845
Depreciation and amortization expense included in cost of sales	9,980	14,639	37,323	55,298
Stock-based compensation expense included in cost of sales	32,744	167,779	173,713	376,250
Gross Profit	1,406,469	1,759,282	3,335,294	6,401,041
Operating Expenses				
Selling & Marketing	835,405	874,315	3,922,990	2,842,165
General & Administrative	5,881,598	13,832,656	18,564,304	35,039,472
Research & Development	5,088,556	4,967,997	15,208,926	12,174,718
Depreciation and amortization expense	3,441,812	1,871,163	10,034,834	5,322,172
Stock-based compensation expense	278,539	2,389,749	(670,108)	10,250,149
Restructuring expense	809,002	-	2,278,151	-
Goodwill impairment	-	-	282,173,053	-
Total operating expenses	16,334,912	23,935,880	331,512,150	65,628,676
Loss from operations	(14,928,443)	(22,176,598)	(328,176,856)	(59,227,635)
Other income (expense)				
Interest expense, net	(125,482)	(134,205)	(243,002)	(440,694)
Realized gain (loss) on foreign exchange, net	78,602	35,691	(319,925)	44,964
Unrealized gain (loss) on foreign exchange, net	(1,526,356)	(2,259,324)	319,355	(3,091,919)
Gain on sale of notes receivable	6,750,195	-	6,750,195	-
Other income (expense), net	473,638	21,908	(844,487)	(1,324,528)
Total other income (expense), net	5,650,597	(2,335,930)	5,662,136	(4,812,177)
Loss before income taxes	(9,277,846)	(24,512,528)	(322,514,720)	(64,039,812)
Income tax (expense) recovery	540,843	37,208	1,455,653	147,193
Net loss	(8,737,003)	(24,475,320)	(321,059,067)	(63,892,619)
Other Comprehensive Income (loss) net of tax				
Unrealized foreign currency translation (loss) gain	(74,022)	(4,413,860)	687,800	(6,565,154)
Total Other Comprehensive Income	(74,022)	(4,413,860)	687,800	(6,565,154)
Comprehensive loss	(8,811,025)	(28,889,180)	(320,371,267)	(70,457,773)
Basic and diluted loss per share	(0.02)	(0.07)	(0.75)	(0.20)
Weighted average number of shares outstanding - basic and diluted	477,808,766	362,260,641	432,883,181	316,661,487

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

	Nine months ended September 30,	
	2023	2022
	\$	\$
Cash flows from operating activities:		
Net loss	(321,059,067)	(63,892,619)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash finance expense (income)	710,797	(12,433)
Non-cash interest expense	281,128	419,684
Non-cash interest income	(979,997)	-
Non-cash lease expense	1,443,293	1,212,415
Non-cash goodwill impairment	282,173,053	-
Deferred income tax	(1,455,653)	(147,193)
Depreciation and amortization expense	10,072,157	5,377,470
Inventory write off	339,838	-
Credit loss expense	1,799,977	-
Unrealized foreign currency exchange (gain) loss	(81,142)	2,843,223
Change in deferred revenue	702,782	(199,785)
Non-cash government assistance	-	(3,047)
Gain on sale of property, plant and equipment	-	(783)
Gain on sale of notes receivable	(6,750,195)	-
Stock-based compensation expense (recovery)	(496,397)	9,763,627
Non-cash consulting expense	-	862,771
Changes in operating assets and liabilities	(3,786,778)	(4,739,841)
Net cash used in operating activities	(37,086,204)	(48,516,511)
Cash flows from investing activities		
Purchases of property, plant and equipment	(7,962,480)	(11,975,134)
Proceeds from sale of property, plant and equipment	-	39,140
Proceeds from short-term investments	-	1,620,281
Proceeds from below-market capital government loan	256,240	-
Proceeds from collection of Next Bridge notes receivable	1,000,000	-
Proceeds from sale of Next Bridge notes receivable	6,083,333	-
Acquisition of business, net of cash acquired	-	(3,486,906)
Net cash used in investing activities	(622,907)	(13,802,619)
Cash flows from financing activities		
Proceeds from the issuance of common stock and warrants	38,891,964	50,000,000
Stock issuance costs paid on the issuance of common stock and warrants	(3,375,783)	(3,680,666)
Repayments of long-term debt	(293,450)	(467,767)
Proceeds from stock option and warrants exercises	803,088	507,367
Net cash provided by financing activities	36,025,819	46,358,934
Net decrease in cash, cash equivalents and restricted cash	(1,683,292)	(15,960,196)
Cash, cash equivalents and restricted cash at beginning of the period	11,811,471	47,434,472
Effects of exchange rate changes on cash, cash equivalents and restricted cash	62,555	(429,356)
Cash, cash equivalents and restricted cash at end of the period	10,190,734	31,044,920
Supplemental cash flow information		
Accrued purchases of property, equipment and patents	981,767	536,778
Right-of-use assets obtained in exchange for lease liabilities	1,434,186	142,378
Common stock issuance costs in accrued liabilities or accounts payable	1,025,000	-