

April 21, 2021

Fellow Shareholders,

META is well positioned for its next phase of growth. As a private company, we assembled a multinational team of subject matter experts, grew a substantial IP portfolio based on three core technologies, developed software, design tools and proprietary manufacturing processes, secured world-class OEM customer and partner relationships, and [commercially launched our first product](#). Since year-end 2019, we have continued progress in all these areas, strengthened our balance sheet, and broadened the relationships and opportunities we are pursuing.

In March 2020, [META became publicly traded in Canada](#). In December 2020, we announced a definitive agreement for a [business combination with a U.S., NASDAQ-listed company](#), which was subsequently [unanimously approved](#) by META security holders. The combined company will change its name to Metamaterial Inc. and focus on the current business of META. As of today, our balance sheet holds cash and equivalents of approximately \$16MM, and we estimate our working capital is sufficient to fund operations through Q2:2022. Since year-end 2020, META raised approximately \$18.1MM of additional financing and converted about \$13.5MM of liabilities into common shares.

In December 2020, META appointed [Kenneth L. Rice](#) as CFO and EVP, and [Dr. Jonathan Waldern](#) joined META as Chief Technology Officer. In March 2021, [Scott Richards](#) joined META as Chief Marketing Officer. In August 2020, we secured an approximately 53,000 square foot facility to house holography and lithography R&D labs and the next phase of volume manufacturing process development. In March 2021, we [signed an LOI](#) to amend the lease, expanding the facility to 68,000 square feet, to include a new customer center for training and technology transfer.


In November 2020, we signed a [three-year supply agreement](#) with Covestro Deutschland AG, which provides early access to new photo-sensitive holographic film materials. In February 2021, we acquired specialized lens casting production equipment and intellectual property of Swiss lens manufacturer, [Interglass](#). META will invest and develop metaFUSION™ smart eyewear embedding augmented reality (AR) functionality into cast corrective lenses.

Our Mission: META delivers previously unachievable performance, across a range of applications, by inventing, designing, developing, and manufacturing sustainable, highly functional smart materials. Our technology platform encompasses **three core technologies**, holography, lithography, and wireless sensing, and is **software and AI-driven**. This allows us to design and develop a library of solutions and functional prototypes much faster than traditional chemical synthesis. We enable leading global brands to deliver breakthrough products to their customers in consumer electronics, 5G communications, health and wellness, aerospace, automotive, and clean energy.

Application Examples:

- **metaFUSION™** – Smart eyewear for augmented reality (AR) designed to deliver high image quality across a wide field of view in a form factor that is comfortable, unobtrusive, and supports corrective lenses.
- **NANOWEB®** – META and Sekisui Chemical are collaborating to develop a transparent and flexible, passive radio wave reflective film to improve the performance and coverage of 5G and future 6G networks.
- **Molecular Biosensor** – META is developing a bio-photonic sensor with sensitivity and performance enhanced by nanomaterial to meet rising demand for point of care/point of use testing for Covid and other molecules.

Intellectual Property: In 2020, META was granted **15 new patents**. In 2021 to date, we were granted **three new patents** related to: laser glare eye protection for metaAIR® in the U.S., MRI (magnetic resonance imaging) in Europe, and solar enhancement in Korea. YTD, we have **filed 4 new patent families** and we **added 10 patent families** with the acquisition of assets and IP from Interglass. META currently has a total of **73 granted and 65 pending patent applications**, including 32 in the U.S. and 107 in 21 other countries around the world. META's portfolio comprises **43 patent families, 27 of which are granted**.



Route to Market: The breakthrough applications we are enabling require iterative development cycles and integration with the product plans of our customers. We expect our OEM relationships to proceed through phases: design verification/test samples, funded development and production of customized Beta lots, and pilot scale production, with high-volume applications leading to multiple revenue streams, product sales, licensing, and supply agreements. Customers in 2020 included: the Boeing Company, Bosch Sensortec, Breakthrough Starshot, CORNES Technologies, Creal SA, Elbit Systems, Lockheed Martin, Satair A/S, SOFWERX, SolAero, and Thermo Fisher Scientific.

In November 2020, we began introducing a range of standard products via a [new e-commerce store](#), starting with metaOPTIX™ holographic filters, in order to make our state-of-the-art technology accessible to a wider range of end users. [In March 2021](#), two new series of filters were added, bringing the total to 18 product variants in the metaOPTIX™ range. The metaAIR® laser glare protection family was expanded to include applications for law enforcement and sensors. For application development, NANOWEB® transparent conductive film will be available with tailored application designs with optimized transparency, haze, and conductivity for each industry use-case.

Key Performance Indicators (KPIs): Since inception, META has been awarded **more than 30 funded R&D projects** with **28 corporate partners**. In 2020:

- **We had 20 active programs**, of which 10 were in holography and 10 in lithography.
- In all of 2019, we **delivered on 14 projects**, 1 in holography and 13 in lithography.
- Our 2021 pipeline of customer opportunities includes **30 in holography, 18 in lithography, and 1 in wireless sensing**. Of these, 7 proposals are currently under evaluation or negotiation with global OEMs.

Financial Results: META is an early growth stage, platform company, moving toward volume production for applications in multiple end markets. In 2020, development revenue grew 29% Y/Y, to \$1,505K compared to \$1,164K in 2019. Development revenue for holography totaled \$1,091K in 2020, compared to \$835K in 2019. Product sales of metaAIR® laser glare protection eyewear accounted for \$2.6K vs. \$31.4K. Development revenue for lithography totaled \$414K in 2020, vs. \$324K in 2019. Wireless sensing development revenue was Nil in 2020 vs. \$4.8K in 2019. We expect development programs to account for the majority of our revenue over the next 12 months. We target continued growth in corporate development programs as a precursor to future product sales. Please visit the [Investors section](#) of our website for our complete financial statements and MD&A.

Conclusion: Since META began trading on the CSE a little over a year ago, much has been accomplished. We expect 2021 to be another pivotal year for our company, as we continue to expand our product range, broaden our customer base, invest in R&D, and scale up our roll-to-roll production to deliver on multiple applications. We are looking forward to soon becoming the first NASDAQ-listed metamaterials company, joining the world's premiere exchange for technology companies. This should improve our access to capital markets, raise awareness of META, help us to attract world class talent, and support a broad range of growth opportunities.

A final note, in everything we do, META is focused on sustainability. **Metamaterials make it possible to do more with less.** NANOWEB®, for example, is a more sustainable replacement for Indium Tin Oxide (ITO), and compared to conventional lenses, metaFUSION™ requires less material, a fraction of the energy, and consumes no water.

We very much appreciate your continued support.

Sincerely,



George Palikaras, Ph.D.,
President & CEO / Founder

About Metamaterial 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 achievements have been widely recognized, including being named a Global Cleantech 100 company. Learn more at www.metamaterial.com.

Forward Looking Information

This release includes forward-looking information within the meaning of Canadian securities laws regarding META and its business, which may include, but are not limited to, statements with respect to the business strategies and operational activities of META, future developments of META, the phases through which META's OEM relationships will proceed, META's future revenue streams, product sales, licensing, and supply agreements, the expansion of META's product range, the broadening of META's customer base, META's investment in R&D and scaling up of roll-to-roll production, META's investments and vertical solutions, the sufficiency of future working capital, the transactions contemplated by the LOI relating to META's lease and the use of space in the leased facility, the completion of the business combination, the timeline for the closing of the business combination, the name and focus of the resulting issuer and the resulting issuer's NASDAQ-listing and the benefits thereof. Often but not always, forward-looking information can be identified by the use of words such as "expect", "intends", "anticipated", "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "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 META and are based on assumptions and subject to risks and uncertainties. Although the management of META 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 companies, including risks regarding the ability and performance of NanoWeb, the ability of META to commercialize its prototypes, the ability of the Company to expand into other uses, receipt of shareholder approval by the shareholders of the [U.S., NASDAQ-listed company](#) and required third party and regulatory consents in connection with the business combination, the ability of META to complete the business combination and the resulting issuer's listing on the NASDAQ and the ability of META to complete the transactions contemplated by the LOI relating to META's lease on the terms currently contemplated by the LOI or at all. Although META 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 META 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.

The CSE has neither approved nor disapproved the contents of this letter.