

Nanotech Announces Mailing of Management Information Circular for Proposed Arrangement with Meta Materials Inc.

VANCOUVER, British Columbia – August 30, 2021 – Nanotech Security Corp. (TSXV: NTS) (OTCQX: NTSFF) ("Nanotech" or the "Company"), a leader in the development of secure and visually memorable nano-optic security features used in the government and banknote and brand protection markets, announces it has filed and mailed its management information circular (the "**Information Circular**") and related meeting and proxy materials (collectively, the "**Meeting Materials**") for the special meeting of the securityholders of the Company (the "**Securityholders**") to be held virtually on Tuesday, September 28, 2021 at 11:00 a.m. (Vancouver time) (the "**Meeting**").

The purpose of the Meeting is to consider and, if thought advisable, to pass a special resolution, with or without variation (the "**Arrangement Resolution**"), approving the previously announced transaction pursuant to which Meta Materials Inc. ("**META**") will indirectly acquire all of the issued and outstanding common shares of the Company (the "**Common Shares**") by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**Arrangement**"). The Information Circular contains a detailed description of the Arrangement and other information relating to the Company and META.

On August 25, 2021, the Company obtained an interim order of the Supreme Court of British Columbia (the "**Court**"), which, among other things, authorizes the calling and holding of the Meeting, stipulates the dissent rights granted to the shareholders of the Company (the "**Shareholders**"), and specifies certain other matters relating to the conduct of the Meeting. The granting of the interim order is a condition precedent to the completion of the Arrangement in addition to a final order of the Court concluding as to the substantive and procedural fairness and reasonableness of the Arrangement at a hearing to be held following the Meeting, in the event the Securityholders approve the Arrangement. In accordance with the interim order, the Meeting Materials have been mailed to the Securityholders and are also available on the Company's website at <https://www.nanosecurity.ca/shareholder-meeting-materials/> and under the Company's profile on SEDAR at www.sedar.com.

The board of directors of the Company (the "Board") has determined that the Arrangement is in the best interests of the Company and fair to Shareholders, and unanimously recommends that the Securityholders vote in favour of the Arrangement Resolution at the Meeting.

Subject to receipt of all Court, Securityholder and stock exchange approvals, the satisfaction of customary conditions precedent in transactions of this nature and the satisfaction of certain other specified conditions set out in the arrangement agreement dated August 4, 2021 between the Company, META and 1315115 BC Inc. (the "**Arrangement Agreement**"). The Arrangement is expected to be completed in early October 2021 shortly following the Meeting and the granting of the final order.

Participation and Voting at the Meeting

The Company remains mindful of the well-being of Securityholders and other stakeholders of the Company amid the ongoing concerns regarding the COVID-19 pandemic, and accordingly, the Meeting will be held exclusively as a virtual (by electronic means) meeting. Securityholders will not be able to attend the Meeting in person. The Meeting will be held via live audio webcast available online using the Summit Virtual meeting platform at <https://meetnow.global/M7SQHHW> on Tuesday, September 28, 2021 at 11:00 a.m. (Vancouver time). A detailed summary of the information Securityholders will need to attend the Meeting online is provided in the Information Circular.

At the Meeting, Securityholders will be asked to consider and, if thought advisable, approve, with or without variation, the Arrangement Resolution. To become effective, the Arrangement Resolution must be approved by the affirmative votes of Securityholders present virtually or represented by proxy and entitled to vote at the Meeting, as follows: (i) by not less than 66 2/3% of the votes cast by the Shareholders; (ii) by not less than 66 2/3% of the votes cast by the Shareholders, and by the holders of Nanotech stock options and holders of Nanotech restricted share units on an as-converted to Common Shares basis, all voting together as a single class; and (iii) by not less than 50% of the votes cast by the Shareholders, excluding the votes attaching to any Common Shares held by interested parties required to be excluded pursuant to Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.

Your vote is important regardless of the number of voting securities you own. All Securityholders are encouraged to vote in advance of the Meeting via proxy or voting instruction form before the deadline of 11:00 a.m. (Vancouver time) on Friday, September 24, 2021.

Reasons for the Arrangement

In the evaluation of the Arrangement, a special committee of independent Nanotech directors (the “**Special Committee**”) considered a number of factors including:

- **Recognizes Fundamental Value of Nanotech.** The Arrangement, which represents an aggregate transaction value of approximately \$90.8 million, recognizes the fundamental and strategic value of Nanotech’s unique portfolio of products for currency authentication and brand protection.
- **Attractive Premium.** Each Shareholder will receive cash consideration of \$1.25 per Common Share, representing a premium of 67% to the closing price of \$0.75 per Common Share on the TSX Venture Exchange (“**TSXV**”) on August 4, 2021 (the trading day preceding the announcement of the Arrangement), and a 101% premium to the volume weighted average price of \$0.62 per Common Share on the TSXV for the 30 trading days ended on August 4, 2021.
- **Attractive Value Relative to Alternatives.** The consideration of \$1.25 per Common Share offered to Shareholders under the Arrangement is more favourable (and can be achieved with less risk) than the value that might have been realized through pursuing other alternatives reasonably available to the Company. These included:
 - **Executing on its Current Strategic Plan.** A detailed assessment was undertaken of the current and anticipated future opportunities and risks associated with the Company’s business operations, strategy, assets, current and projected financial condition, prospects for development of the Company’s projects (including required expenditures) and consideration of various standalone operating scenarios including potential partnerships and remaining as a standalone publicly traded company.
 - **Sale to a Potential Competing Bidder.** The Special Committee and the Board are of the view that there was significant uncertainty associated with identifying and attracting another potential buyer and realizing an alternative transaction on more attractive terms.
- **Form of Consideration Provides Certainty and Immediate Value.** The consideration to be paid pursuant to the Arrangement is all cash, which provides certainty of value to Securityholders, and allows Securityholders to immediately realize a fair value for their investment.
- **Ability of META to Complete the Arrangement.** META is a U.S. public company whose common shares are listed for trading on the NASDAQ under the symbol “MMAT”. Recently, META successfully completed another cross-border business combination and raised significant capital in the public markets. The Arrangement is not subject to a financing condition and META requires no shareholder or regulatory approval to complete the Arrangement. The Special Committee and Board believe that META has the financial capability to consummate the Arrangement and there is limited counterparty risk.
- **Fairness Opinion.** A fairness opinion was obtained from financial advisor Echelon Wealth Partners Inc., (“**Echelon**”) which states that, as of the date of such fairness opinion and subject to the assumptions, limitations and qualifications stated therein, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view to the Shareholders. The terms of the engagement letter provide that Echelon will receive certain fees for its advisory services, including the fairness opinion, no part of which is contingent on the Arrangement being completed. The full text of the fairness opinion is attached as Appendix F to the Information Circular.

The foregoing reasons for the Arrangement, among others, are set out in the Information Circular. For greater certainty, the foregoing summary is not intended to be exhaustive and is qualified in its entirety by the detailed discussion and description in the Information Circular.

Securityholder Questions and Assistance

Securityholders that have any questions or require assistance with voting or delivery of their form of proxy or voting instruction form should contact Nanotech’s proxy solicitation agent, D.F. King Canada by telephone at 1-800-332-6309 (North American Toll-Free Number) or 1-800-217-0538 (Outside North America Toll- Free Number), or by email at inquiries@dfking.com.

FORWARD-LOOKING STATEMENTS

Certain of the statements and information in this news release constitute "forward-looking information" within the meaning of applicable Canadian provincial securities laws. All statements, other than statements of historical fact, are forward-looking information. Forward-looking information is frequently, but not always, identified by words such as "expects", "expected", "anticipates", "believes", "prospects", "efforts", "intends", "estimates", "predicts", "potential", "targeted", "plans", "possible" and similar expressions, or statements that events, conditions, or results "will", "may", "could" or "should" occur or be achieved. Forward-looking information in this news release relates to, among other things, the anticipated timing for the Meeting, statements in respect of anticipated developments in the Arrangement, benefits of the Arrangement, the Company's ability to meet all conditions precedent set forth in the Arrangement Agreement prior to the outside date set forth therein, the Company's ability to secure the required Court approvals in connection with the Arrangement, the approval of the Arrangement by Company securityholders at the Meeting, the anticipated timing of closing of the Arrangement, the adequacy of META's financial resources, and other events or conditions that may occur in the future.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: risks related to the completion of the Arrangement, including the failure to obtain securityholder or Court approvals in connection with the Arrangement; uncertainties relating to the loss of a key customer, as well as risks relating to the COVID-19 pandemic.

The forward-looking information contained in this news release is based on the beliefs, expectations, and opinions of management on the date the statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. These forward-looking statements are made as of the date of this news release and the Company does not intend, nor does it assume any obligation to update or revise them, whether as a result of new information, changes in assumptions, future events or otherwise, except to the extent required by applicable law.

Additional information about Nanotech and the risks facing its business can be found on the Company's website www.nanosecurity.ca as well as with the Company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities, which are available online at www.sedar.com or the OTCMarkets disclosure filings website www.otcmarkets.com.

About Nanotech

With billions of security features in circulation, Nanotech's products include secure and memorable security labels, stripes, patches, and colour-shifting foils for currency authentication and brand protection.

KolourOptik® is a patented visual technology that is exclusive to the government and banknote market and combines sub-wavelength nanostructures and microstructures to create modern overt security features with a unique and customizable optical effect. KolourOptik pure plasmonic colour pixels produce full colour, 3D depth, and movement used in security stripes and threads that are nearly impossible to replicate.

LiveOptik™ is a patented visual technology that utilizes innovative nano-optics one tenth the size of traditional holographic structures to create next generation overt security features customized to our customers' unique requirements. LiveOptik delivers multi-colour, 3D depth, movement, and image switches for secure brand protection stripes, threads, and labels that are nearly impossible to replicate.

Additional information about Nanotech can be found at the Company's website www.nanosecurity.ca, the Canadian disclosure filings website www.sedar.com or the OTCMarkets disclosure filings website www.otcmarkets.com.

About Meta Materials Inc.

META® delivers previously unachievable performance, across a range of applications, by inventing, designing, developing, and manufacturing sustainable, highly functional materials. Its 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. Meta's achievements have been



widely recognized, including being named a Global Cleantech 100 company. Learn more at www.metamaterial.com.

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