

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

ASSETS	June 2024 (Unaudited)	December 31, 2023
Current assets:		
Cash	\$ 2,358	\$ 1,722
Trade accounts receivable, less allowance for credit losses of \$307 for June 30, 2024 and \$225 for December 31, 2023	5,932	3,467
Inventories, net	13,874	10,031
Prepaid expenses and other current assets	2,096	1,082
Total current assets	24,260	16,302
Equipment and leasehold improvements, net	9,261	8,668
Operating leases, right of use	7,326	7,907
Other assets, net	2	4
	\$ 40,849	\$ 32,881
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit - accounts receivable, related party	2,272	2,810
Current portion of long term debt, related party	-	2,000
Current portion of operating lease obligations	1,043	1,297
Accounts payable	5,577	6,260
Current portion of deferred revenue	3,077	2,353
Accrued expenses	1,800	869
Total current liabilities	13,769	15,589
Long-term portion of operating lease obligations	8,714	9,152
Long-term debt - inventory, related party	5,200	5,000
Long-term debt, related party	1,000	1,000
Asset retirement obligation	242	238
Total long-term liabilities	15,156	15,390
Shareholders' equity:		
Preferred stock, \$.01 par value, 24,088 shares authorized and no shares issued and outstanding	-	-
Common stock, \$.01 par value, 95,000,000 and 60,000,000 shares authorized; 69,860,984 and 49,627,254 shares issued and outstanding on June 30, 2024 and December 31, 2023, respectively	698	496
Additional paid-in capital	114,140	106,069
Accumulated deficit	(102,914)	(104,663)
Total stockholders' equity	11,924	1,902
Total liabilities and shareholders' equity	\$ 40,849	\$ 32,881

NANOPHASE TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue:				
Product revenue	\$ 12,923	\$ 11,844	\$ 22,694	\$ 21,180
Other revenue	123	28	220	149
Net revenue	<u>13,046</u>	<u>11,872</u>	<u>22,914</u>	<u>21,329</u>
Cost of revenue	9,306	8,197	15,594	15,505
Gross profit	<u>3,740</u>	<u>3,675</u>	<u>7,320</u>	<u>5,824</u>
Operating expense:				
Research and development expense	864	991	1,776	1,994
Selling, general and administrative expense	1,829	2,105	3,388	4,255
Income from operations	<u>1,047</u>	<u>579</u>	<u>2,156</u>	<u>(425)</u>
Interest expense	191	246	409	400
Other income, net	-	-	-	-
Income before provision for income taxes	<u>856</u>	<u>333</u>	<u>1,747</u>	<u>(825)</u>
Provision for income taxes	-	-	-	-
Net income (loss)	<u>\$ 856</u>	<u>\$ 333</u>	<u>\$ 1,747</u>	<u>\$ (825)</u>
Net income (loss) per share-basic	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding - basic	<u>56,674,170</u>	<u>49,567,338</u>	<u>54,675,011</u>	<u>49,498,755</u>
Net income per share-diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding - diluted	<u>58,709,170</u>	<u>50,136,338</u>	<u>56,662,011</u>	<u>49,498,755</u>

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS - EXPANDED SCHEDULE
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue:				
Product revenue	\$ 12,923	\$ 11,844	\$ 22,694	\$ 21,180
Other revenue	123	28	220	149
Net revenue	<u>13,046</u>	<u>11,872</u>	<u>22,914</u>	<u>21,329</u>
Operating expense:				
<i>Cost of revenue detail:</i>				
Depreciation	222	158	444	316
Non-Cash equity compensation	28	28	54	55
Other costs of revenue	9,056	8,011	15,096	15,134
Cost of revenue	<u>9,306</u>	<u>8,197</u>	<u>15,594</u>	<u>15,505</u>
Gross profit	3,740	3,675	7,320	5,824
<i>Research and development expense detail:</i>				
Depreciation	5	7	11	14
Non-Cash equity compensation	32	45	65	92
Other research and development expense	827	939	1,700	1,888
Research and development expense	<u>864</u>	<u>991</u>	<u>1,776</u>	<u>1,994</u>
<i>Selling, general and administrative expense detail:</i>				
Depreciation and amortization	7	8	14	15
Non-Cash equity compensation	97	123	198	258
Other selling, general and administrative expense	1,725	1,974	3,176	3,982
Selling, general and administrative expense	<u>1,829</u>	<u>2,105</u>	<u>3,388</u>	<u>4,255</u>
Income from operations	1,047	579	2,156	(425)
Interest expense	191	246	409	400
Other income, net	-	-	-	-
Income before provision for income taxes	856	333	1,747	(825)
Provision for income taxes	-	-	-	-
Net (loss) income	<u>\$ 856</u>	<u>\$ 333</u>	<u>\$ 1,747</u>	<u>\$ (825)</u>
Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):				
Addback Interest, net	191	246	409	116
Addback Depreciation/Amortization	234	134	469	269
Addback Non-Cash Equity Compensation	157	135	317	302
Subtract Non-Cash Other Income	-	-	-	-
Adjusted EBITDA	<u>\$ 1,438</u>	<u>\$ 848</u>	<u>\$ 2,942</u>	<u>\$ (138)</u>