

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	March 31, 2023	December 31, 2022
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ASSETS

Current assets:

Cash	\$ 1,094	\$ 2,186
Trade accounts receivable, less allowance for doubtful accounts of \$298 for March 31, 2023 and \$139 for December 31, 2022	4,380	4,734
Inventories, net	8,118	8,839
Prepaid expenses and other current assets	933	866
Total current assets	14,525	16,625

Equipment and leasehold improvements, net	8,235	7,949
Operating leases, right of use	8,714	8,978
Other assets, net	4	6
Total assets	\$ 31,478	\$ 33,558

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Line of credit, related party	6,892	7,282
Accounts payable	6,032	6,363
Current portion of long-term debt, related parties	1,000	-
Current portion of deferred revenue	1,807	2,167
Accrued expenses	1,132	1,023
Total current liabilities	16,863	16,835

Long-term portion of operating lease obligations	9,751	9,823
Long-term debt, related party	-	1,000
Long-term portion of deferred revenue	35	21
Asset retirement obligations	232	230
Total long-term liabilities	10,018	11,074

Contingent liabilities

Stockholders' equity:

Preferred stock, \$.01 par value, 24,088 shares authorized and no shares issued and outstanding	-	-
Common stock, \$.01 par value, 60,000,000 shares authorized; 49,520,571 and 49,320,680 shares issued and outstanding on March 31, 2023 and December 31, 2021, respectively	495	493
Additional paid-in capital	105,534	105,226
Accumulated deficit	(101,432)	(100,070)
Total stockholders' equity	4,597	5,649
Total liabilities and shareholders' equity	\$ 31,478	\$ 33,558

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	Three months ended	
	March 31,	
	2023	2022
Revenue:		
Product revenue	\$ 9,336	\$ 8,046
Other revenue	121	110
Total revenue	<u>9,457</u>	<u>8,156</u>
Cost of revenue	<u>7,308</u>	<u>5,988</u>
Gross profit	<u>2,149</u>	<u>2,168</u>
Operating expense:		
Research and development expense	1,003	666
Selling, general and administrative expense	<u>2,150</u>	<u>1,397</u>
Income from operations	<u>(1,004)</u>	<u>105</u>
Interest expense	155	43
Other income, net	<u>-</u>	<u>-</u>
Income before provision for income taxes	<u>(1,159)</u>	<u>62</u>
Provision for income taxes	<u>-</u>	<u>-</u>
Net income	<u>\$ (1,159)</u>	<u>\$ 62</u>
Net income per share-basic	<u>\$ (0.02)</u>	<u>\$ -</u>
Weighted average number of basic shares outstanding	<u>49,429,407</u>	<u>48,984,312</u>
Net income per share-diluted	<u>\$ (0.02)</u>	<u>\$ -</u>
Weighted average number of diluted shares outstanding	<u>49,429,407</u>	<u>51,064,312</u>

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS - EXPANDED SCHEDULE

(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	March 31,	
	2023	2022
Revenue:		
Product revenue, net	\$ 9,336	\$ 8,046
Other revenue	121	110
Total revenue	9,457	8,156
Operating expense:		
<i>Cost of revenue detail:</i>		
Depreciation	159	119
Non-Cash equity compensation	27	25
Other costs of revenue	7,122	5,844
Cost of revenue	7,308	5,988
Gross profit	2,149	2,168
<i>Research and development expense detail:</i>		
Depreciation	7	9
Non-Cash equity compensation	47	41
Other research and development expense	949	616
Research and development expense	1,003	666
<i>Selling, general and administrative expense detail:</i>		
Depreciation and amortization	7	7
Non-Cash equity compensation	136	81
Other selling, general and administrative expense	2,007	1,309
Selling, general and administrative expense	2,150	1,397
Income from operations	(1,004)	105
Interest expense	155	43
Other income, net	-	-
Income before provision for income taxes	(1,159)	62
Provision for income taxes	-	-
Net income	\$ (1,159)	\$ 62

Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):

Addback Interest, net	155	43
Addback Depreciation/Amortization	173	135
Addback Non-Cash Equity Compensation	210	147
Addback Other Income, net	-	-
Addback Provision for Income Taxes	-	-
Adjusted EBITDA	\$ (621)	\$ 387