

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS

	As of	
	December 31, 2023	December 31, 2022
	(in thousands except share and per share data)	
ASSETS		
Current assets:		
Cash	\$ 1,722	\$ 2,186
Trade accounts receivable, less allowance for doubtful accounts of \$225 for December 31, 2023 and \$139 for 2022	3,467	4,734
Inventories, net	10,031	8,839
Prepaid expenses and other current assets	1,088	866
Total current assets	16,308	16,625
Equipment and leasehold improvements, net	8,668	7,949
Operating leases, right of use	7,907	8,978
Other assets, net	4	6
Total assets	\$ 32,887	\$ 33,558
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit, related party	\$ 7,810	\$ 7,282
Current portion of debt, related parties	2,000	-
Current portion of operating lease obligations	1,297	-
Accounts payable	6,260	6,363
Current portion of deferred revenue	2,353	2,167
Accrued expenses	869	1,023
Total current liabilities	20,589	16,835
Long-term portion of finance lease obligations	-	-
Long-term portion of operating lease obligations	9,152	9,823
Long-term debt, related party	1,000	1,000
Long-term portion of deferred revenue	-	21
Asset retirement obligations	238	230
Total long-term liabilities	10,390	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 and 55,000,000 shares authorized; 49,627,254 and 49,320,680 shares issued and outstanding on December 31, 2023 and December 31, 2022, respectively	496	493
Additional paid-in capital	106,069	105,226
Accumulated deficit	(104,657)	(100,070)
Total stockholders' equity	1,908	5,649
Total liabilities and shareholders' equity	\$ 32,887	\$ 33,558

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
	(in thousands except share and per share data)			
Revenue:				
Product revenue	\$ 7,716	\$ 8,216	\$ 36,641	\$ 36,731
Other revenue	295	45	656	586
Net revenue	<u>8,011</u>	<u>8,261</u>	<u>37,297</u>	<u>37,317</u>
Operating expense:				
Cost of revenue	7,540	7,298	29,472	28,957
Gross profit	<u>471</u>	<u>963</u>	<u>7,825</u>	<u>8,360</u>
Research and development expense	785	727	3,837	3,037
Selling, general and administrative expense	1,583	2,088	7,534	7,581
Income/(loss) from operations	<u>(1,897)</u>	<u>(1,852)</u>	<u>(3,546)</u>	<u>(2,258)</u>
Interest expense	(225)	(150)	(838)	(382)
Other income, net	-	-	-	-
Income/(loss) before provision for income taxes	<u>(2,122)</u>	<u>(2,002)</u>	<u>(4,384)</u>	<u>(2,640)</u>
Provision for income taxes	-	(17)	-	(17)
Net income/(loss)	<u>\$ (2,122)</u>	<u>\$ (1,985)</u>	<u>\$ (4,384)</u>	<u>\$ (2,623)</u>
Net income per share-basic	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.09)</u>	<u>\$ (0.05)</u>
Weighted average number of basic shares outstanding	<u>49,627,254</u>	<u>49,260,295</u>	<u>49,556,305</u>	<u>49,117,000</u>
Net income per share-diluted	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.09)</u>	<u>\$ (0.05)</u>
Weighted average number of diluted shares outstanding	<u>49,627,254</u>	<u>49,260,295</u>	<u>49,556,305</u>	<u>49,117,000</u>

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS - EXPANDED SCHEDULE

	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
	(in thousands except share and per share data)			
Revenue:				
Product revenue, net	\$ 7,716	\$ 8,216	\$ 36,641	\$ 36,731
Other revenue	295	45	656	586
Net revenue	<u>8,011</u>	<u>8,261</u>	<u>37,297</u>	<u>37,317</u>
Operating expense:				
<i>Cost of revenue detail:</i>				
Depreciation	205	138	686	503
Non-Cash equity compensation	26	24	111	95
Other costs of revenue	7,309	7,136	28,675	28,359
Cost of revenue	<u>7,540</u>	<u>7,298</u>	<u>29,472</u>	<u>28,957</u>
Gross profit	471	963	7,825	8,360
<i>Research and development expense detail:</i>				
Depreciation	5	8	26	34
Non-Cash equity compensation	40	40	176	162
Other research and development expense	740	679	3,635	2,841
Research and development expense	<u>785</u>	<u>727</u>	<u>3,837</u>	<u>3,037</u>
<i>Selling, general and administrative expense detail:</i>				
Depreciation and amortization	8	8	30	30
Non-Cash equity compensation	114	106	488	366
Other selling, general and administrative expense	1,461	1,974	7,016	7,185
Selling, general and administrative expense	<u>1,583</u>	<u>2,088</u>	<u>7,534</u>	<u>7,581</u>
Income/(loss) from operations	(1,897)	(1,852)	(3,546)	(2,258)
Interest expense	(225)	(150)	(838)	(382)
Other income, net	-	-	-	-
Income/(loss) before provision for income taxes	(2,122)	(2,002)	(4,384)	(2,640)
Provision for income taxes	-	(17)	-	(17)
Net income/(loss)	<u>\$ (2,122)</u>	<u>\$ (1,985)</u>	<u>\$ (4,384)</u>	<u>\$ (2,623)</u>
Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):				
Addback Interest, net	225	150	838	382
Addback Depreciation/Amortization	218	154	742	567
Addback Non-Cash Equity Compensation	180	170	775	623
Addback Other Income, net	-	-	-	-
Addback Provision for Income Taxes	-	(17)	-	(17)
Adjusted EBITDA	<u>\$ (1,499)</u>	<u>\$ (1,528)</u>	<u>\$ (2,029)</u>	<u>\$ (1,068)</u>