

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash	\$ 2,925	\$ 1,722
Trade accounts receivable, less allowance for doubtful accounts of \$446 for September 30, 2024 and \$225 for December 31, 2023	8,732	3,467
Inventories, net	15,043	10,031
Prepaid expenses and other current assets	3,061	1,082
Total current assets	29,761	16,302
Equipment and leasehold improvements, net	10,230	8,668
Operating leases, right of use	8,054	7,907
Other assets, net	2	4
	\$ 48,047	\$ 32,881
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit - accounts receivable, related party	-	2,810
Current portion of long term debt - inventory, related party	5,200	-
Current portion of long term debt, related party	1,000	-
Current portion of long term debt, related party	-	2,000
Current portion of operating lease obligations	1,091	1,297
Accounts payable	6,562	6,260
Current portion of deferred revenue	6,228	2,353
Accrued expenses	3,207	869
Total current liabilities	23,288	15,589
Long-term portion of operating lease obligations	9,346	9,152
Long-term debt - inventory, related party	-	5,000
Long-term debt, related party	-	1,000
Asset retirement obligation	244	238
Total long-term liabilities	9,590	15,390
Stockholders' 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; 69,949,646 and 49,627,254 shares issued and outstanding on September 30, 2024 and December 31, 2023, respectively	699	496
Additional paid-in capital	114,339	106,069
Accumulated deficit	(99,869)	(104,663)
Total stockholders' equity	15,169	1,902
Total liabilities and shareholders' equity	\$ 48,047	\$ 32,881

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue:				
Product revenue	\$ 16,785	\$ 7,746	\$ 39,479	\$ 28,925
Other revenue	81	212	301	361
Net revenue	<u>16,866</u>	<u>7,958</u>	<u>39,780</u>	<u>29,286</u>
Cost of revenue	<u>10,764</u>	<u>6,428</u>	<u>26,358</u>	<u>21,932</u>
Gross profit	6,102	1,530	13,422	7,354
Operating expense:				
Research and development expense	970	1,057	2,746	3,052
Selling, general and administrative expense	<u>1,934</u>	<u>1,695</u>	<u>5,321</u>	<u>5,951</u>
Income from operations	3,198	(1,222)	5,355	(1,649)
Interest income	-	-	-	-
Interest expense	153	214	562	613
Other income, net	-	-	-	-
Income before provision for income taxes	3,045	(1,436)	4,793	(2,262)
Provision for income taxes	-	-	-	-
Net income (loss)	<u>\$ 3,045</u>	<u>\$ (1,436)</u>	<u>\$ 4,793</u>	<u>\$ (2,262)</u>
Net income (loss) per share-basic	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	<u>\$ 0.08</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding - basic	<u>69,873,394</u>	<u>49,598,591</u>	<u>59,778,119</u>	<u>49,532,395</u>
Net income (loss) per share-diluted	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	<u>\$ 0.08</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding - diluted	<u>71,935,394</u>	<u>49,598,581</u>	<u>61,725,119</u>	<u>49,532,395</u>

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS - EXPANDED SCHEDULE
(Unaudited Consolidated Condensed)
(in thousands except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue:				
Product revenue	\$ 16,785	\$ 7,746	\$ 39,479	\$ 28,925
Other revenue	81	212	301	361
Net revenue	16,866	7,958	39,780	29,286
<i>Cost of revenue detail:</i>				
Depreciation	219	159	663	481
Non-Cash equity compensation	26	27	80	85
Other costs of revenue	10,519	6,242	25,615	21,366
Cost of revenue	10,764	6,428	26,358	21,932
Gross profit	6,102	1,530	13,422	7,354
Operating expense:				
<i>Research and development expense detail:</i>				
Depreciation	6	7	17	21
Non-Cash equity compensation	34	47	99	136
Other research and development expense	930	1,003	2,630	2,895
Research and development expense	970	1,057	2,746	3,052
<i>Selling, general and administrative expense detail:</i>				
Depreciation and amortization	6	8	20	22
Non-Cash equity compensation	100	136	298	374
Other selling, general and administrative expense	1,828	1,551	5,003	5,555
Selling, general and administrative expense	1,934	1,695	5,321	5,951
Income from operations	3,198	(1,222)	5,355	(1,649)
Interest expense	153	214	562	613
Other income, net	-	-	-	-
Income before provision for income taxes	3,045	(1,436)	4,793	(2,262)
Provision for income taxes	-	-	-	-
Net income (loss)	\$ 3,045	\$ (1,436)	\$ 4,793	\$ (2,262)
Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):				
Addback Interest, net	153	214	562	613
Addback Depreciation/Amortization	231	174	700	524
Addback Non-Cash Equity Compensation	160	210	477	595
Subtract Non-Cash Other Income	-	-	-	-
Adjusted EBITDA	\$ 3,589	\$ (838)	\$ 6,532	\$ (530)