

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands except share and per share data)

	June 2021 (Unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash	\$ 1,077	\$ 957
Trade accounts receivable, less allowance for doubtful accounts of \$9 for both June 30, 2021 and December 31, 2020	3,396	2,932
Inventories, net	5,621	4,340
Prepaid expenses and other current assets	720	606
Total current assets	10,814	8,835
Equipment and leasehold improvements, net	3,429	2,868
Operating leases, Right of Use	1,785	1,827
Other assets, net	9	10
	\$ 16,037	\$ 13,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit, bank	\$ -	\$ 500
Line of credit, related party	2,310	2,155
Current portion of long-term debt, related party	1,000	500
Current portion of finance lease obligations	158	177
Current portion of operating lease obligations	499	431
Accounts payable	2,623	2,126
Deferred revenue	441	411
Accrued expenses	954	484
Total current liabilities	7,985	6,784
Long-term portion of finance lease obligations	36	110
Long-term portion of operating lease obligations	1,523	1,651
Long-term convertible loan, related party	-	1,097
PPP Loan (SBA)	-	952
Asset retirement obligation	218	214
Total long-term liabilities	1,777	4,024
Contingent liabilities	-	-
Stockholders' equity:		
Preferred stock, \$.01 par value, 24,088 shares authorized and no shares issued and outstanding	-	-
Common stock, \$.01 par value, 55,000,000 shares authorized; 48,460,347 and 38,221,292 shares issued and outstanding on June 30, 2021 and December 31, 2020, respectively	485	382
Additional paid-in capital	104,206	102,117
Accumulated deficit	(98,416)	(99,767)
Total stockholders' equity	6,275	2,732
	\$ 16,037	\$ 13,540

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,	
	2021	2020	2021	2020
Revenue:				
Product revenue	\$ 7,025	\$ 4,141	\$ 14,075	\$ 8,102
Other revenue	89	194	111	272
Net revenue	<u>7,114</u>	<u>4,335</u>	<u>14,186</u>	<u>8,374</u>
Operating expense:				
Cost of revenue	<u>4,600</u>	<u>2,625</u>	<u>9,642</u>	<u>5,630</u>
Gross profit	2,514	1,710	4,544	2,744
Research and development expense	536	357	1,035	729
Selling, general and administrative expense	<u>1,018</u>	<u>699</u>	<u>2,052</u>	<u>1,404</u>
Income from operations	960	654	1,457	611
Interest expense	919	122	1,058	246
Other income, net	-	-	(952)	-
Income before provision for income taxes	41	532	1,351	365
Provision for income taxes	-	-	-	-
Net income	<u>\$ 41</u>	<u>\$ 532</u>	<u>\$ 1,351</u>	<u>\$ 365</u>
Net income per share-basic	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding - basic	<u>44,367,496</u>	<u>38,136,792</u>	<u>41,294,394</u>	<u>38,136,792</u>
Net income per share-diluted	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding - diluted	<u>46,362,496</u>	<u>38,201,792</u>	<u>43,078,394</u>	<u>38,186,792</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,	
	2021	2020	2021	2020
Revenue:				
Product revenue	\$ 7,025	\$ 4,141	\$ 14,075	\$ 8,102
Other revenue	89	194	111	272
Net revenue	<u>7,114</u>	<u>4,335</u>	<u>14,186</u>	<u>8,374</u>
Operating expense:				
<i>Cost of revenue detail:</i>				
Depreciation	94	74	180	145
Non-Cash equity compensation	6	9	11	19
Other costs of revenue	<u>4,500</u>	<u>2,542</u>	<u>9,451</u>	<u>5,466</u>
Cost of revenue	<u>4,600</u>	<u>2,625</u>	<u>9,642</u>	<u>5,630</u>
Gross profit	2,514	1,710	4,544	2,744
<i>Research and development expense detail:</i>				
Depreciation	9	10	18	21
Non-Cash equity compensation	16	14	29	29
Other research and development expense	<u>511</u>	<u>333</u>	<u>988</u>	<u>679</u>
Research and development expense	536	357	1,035	729
<i>Selling, general and administrative expense detail:</i>				
Depreciation and amortization	6	5	12	10
Non-Cash equity compensation	31	24	55	51
Other selling, general and administrative expense	<u>981</u>	<u>670</u>	<u>1,985</u>	<u>1,343</u>
Selling, general and administrative expense	<u>1,018</u>	<u>699</u>	<u>2,052</u>	<u>1,404</u>
Income from operations	960	654	1,457	611
Interest income	-	-	-	-
Interest expense	919	122	1,058	246
Other income, net	-	-	(952)	-
Income before provision for income taxes	41	532	1,351	365
Provision for income taxes	-	-	-	-
Net income	<u>\$ 41</u>	<u>\$ 532</u>	<u>\$ 1,351</u>	<u>\$ 365</u>
Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):				
Addback Interest, net	919	122	1,058	246
Addback Depreciation/Amortization	109	89	210	176
Addback Non-Cash Equity Compensation	53	47	95	99
Subtract Non-Cash Other Income	-	-	(952)	-
Adjusted EBITDA	<u>\$ 1,122</u>	<u>\$ 790</u>	<u>\$ 1,762</u>	<u>\$ 886</u>