

**NANOPHASE TECHNOLOGIES CORPORATION**

**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited Consolidated Condensed)**

(in thousands except share and per share data)

	<b>March 31,</b>	<b>December 31,</b>
<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash	\$ 897	\$ 657
Trade accounts receivable, less allowance for doubtful accounts of \$80 for March 31, 2022 and \$60 for December 31, 2021	5,274	3,937
Inventories, net	8,559	6,095
Prepaid expenses and other current assets	1,005	910
Total current assets	15,735	11,599
Equipment and leasehold improvements, net	4,997	4,712
Operating leases, right of use	11,718	12,075
Other assets, net	7	8
Total assets	\$ 32,457	\$ 28,394
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Line of credit, related party	3,709	1,351
Current portion of finance lease obligations	70	105
Current portion of operating lease obligations	890	589
Accounts payable	4,953	3,566
Current portion of deferred revenue	848	783
Accrued expenses	961	946
Total current liabilities	11,431	7,340
Long-term portion of finance lease obligations	4	6
Long-term portion of operating lease obligations	11,389	11,700
Long-term debt, related party	1,000	1,000
Long-term portion of deferred revenue	661	661
Asset retirement obligations	224	222
Total long-term liabilities	13,278	13,589
<b>Contingent liabilities</b>		
<b>Stockholders' equity:</b>		
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; 49,026,741 and 48,893,573 shares issued and outstanding on March 31, 2022 and December 31, 2021, respectively	490	489
Additional paid-in capital	104,643	104,423
Accumulated deficit	(97,385)	(97,447)
Total stockholders' equity	7,748	7,465
<b>Total liabilities and shareholders' equity</b>	<b>\$ 32,457</b>	<b>\$ 28,394</b>

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited Consolidated Condensed)

(in thousands except share and per share data)

	Three months ended March 31,	
	2022	2021
<b>Revenue:</b>		
Product revenue	\$ 8,046	\$ 7,050
Other revenue	110	22
Total revenue	<u>8,156</u>	<u>7,072</u>
Cost of revenue	<u>5,988</u>	<u>5,042</u>
Gross profit	2,168	2,030
<b>Operating expense:</b>		
Research and development expense	666	499
Selling, general and administrative expense	<u>1,397</u>	<u>1,034</u>
Income from operations	<u>105</u>	<u>497</u>
Interest expense	43	139
Other income, net	<u>-</u>	<u>(952)</u>
Income before provision for income taxes	62	1,310
Provision for income taxes	<u>-</u>	<u>-</u>
Net income	<u>\$ 62</u>	<u>\$ 1,310</u>
Net income per share-basic	<u>\$ -</u>	<u>\$ 0.03</u>
Weighted average number of basic shares outstanding	<u>48,984,312</u>	<u>38,221,292</u>
Net income per share-diluted	<u>\$ -</u>	<u>\$ 0.03</u>
Weighted average number of diluted shares outstanding	<u>51,064,312</u>	<u>39,811,292</u>

NANOPHASE TECHNOLOGIES CORPORATION

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

(in thousands except share and per share data)

	March 31,	
	2022	2021
<b>Revenue:</b>		
Product revenue, net	\$ 8,046	\$ 7,050
Other revenue	110	22
Total revenue	8,156	7,072
<b>Operating expense:</b>		
<i>Cost of revenue detail:</i>		
Depreciation	119	86
Non-Cash equity compensation	25	5
Other costs of revenue	5,844	4,951
Cost of revenue	5,988	5,042
Gross profit	2,168	2,030
<i>Research and development expense detail:</i>		
Depreciation	9	9
Non-Cash equity compensation	41	13
Other research and development expense	616	477
Research and development expense	666	499
<i>Selling, general and administrative expense detail:</i>		
Depreciation and amortization	7	6
Non-Cash equity compensation	81	24
Other selling, general and administrative expense	1,309	1,004
Selling, general and administrative expense	1,397	1,034
Income from operations	105	497
Interest expense	43	139
Other income, net	-	(952)
Income before provision for income taxes	62	1,310
Provision for income taxes	-	-
Net income	\$ 62	\$ 1,310
<b>Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):</b>		
Addback Interest, net	43	139
Addback Depreciation/Amortization	135	101
Addback Non-Cash Equity Compensation	147	42
Addback Other Income, net	-	(952)
Addback Provision for Income Taxes	-	-
Adjusted EBITDA	\$ 387	\$ 640