

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS
(Unaudited Consolidated Condensed)

ASSETS	March 31, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	\$ 631,769	\$ 1,345,492
Trade accounts receivable, less allowance for doubtful accounts of \$9,000 on March 31, 2019 and on December 31, 2018	2,105,280	828,417
Inventories, net	2,227,954	2,242,228
Prepaid expenses and other current assets	409,059	273,235
Total current assets	5,374,062	4,689,372
Equipment and leasehold improvements, net	2,055,219	1,864,881
Operating lease right-of-use assets	2,121,860	-
Other assets, net	14,313	14,928
	\$ 9,565,454	\$ 6,569,181
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit, related party	\$ 1,447,910	\$ 832,272
Line of credit, bank	500,000	-
Current portion of finance lease obligations	222,750	218,203
Current portion of operating lease obligations	330,559	-
Accounts payable	1,781,009	1,607,406
Accrued expenses	1,088,768	979,243
Total current liabilities	5,370,996	3,637,124
Long-term portion of finance lease obligations	448,553	506,006
Long-term portion of operating lease obligations	2,117,148	500,000
Long-term loan, related party	500,000	-
Long-term deferred rent	-	343,867
Asset retirement obligations	200,194	198,184
Total long-term liabilities	3,265,895	1,548,057
Stockholders' equity:		
Preferred stock, \$.01 par value, 24,088 shares authorized and no shares issued and outstanding	-	-
Common stock, \$.01 par value, 42,000,000 shares authorized; 33,911,792 and shares issued and outstanding on March 31, 2019 and December 31, 2018, respectively	339,117	339,117
Additional paid-in capital	98,852,312	98,795,105
Accumulated deficit	(98,262,866)	(97,750,222)
Total stockholders' equity	928,563	1,384,000
	\$ 9,565,454	\$ 6,569,181

NANOPHASE TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited Consolidated Condensed)

	Three months ended March 31,	
	2019	2018
Revenue:		
Product revenue	\$ 3,496,733	\$ 2,866,931
Other revenue	258,398	30,834
Total revenue	3,755,131	2,897,765
Operating expense:		
Cost of revenue	2,870,661	2,488,150
Gross profit	884,470	409,615
Research and development expense	476,527	558,252
Selling, general and administrative expense	877,483	764,251
Income/(loss) from operations	(469,540)	(912,888)
Interest income	-	-
Interest expense	(43,104)	(10,695)
Other, net	-	-
Income/(loss) before provision for income taxes	(512,644)	(923,583)
Provision for income taxes	-	-
Net income/(loss)	\$ (512,644)	\$ (923,583)
Net income/(loss) per share-basic and diluted	\$ (0.02)	\$ (0.03)
Weighted average number of basic and diluted common shares outstanding	33,911,792	33,847,793

NANOPHASE TECHNOLOGIES CORPORATION

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

	Three months ended March 31,	
	2019	2018
Revenue:		
Product revenue, net	\$ 3,496,733	\$ 2,866,931
Other revenue	258,398	30,834
Total revenue	3,755,131	2,897,765
Operating expense:		
<i>Cost of revenue detail:</i>		
Depreciation	59,486	69,940
Non-Cash equity compensation	8,032	6,537
Other costs of revenue	2,803,143	2,411,673
Cost of revenue	2,870,661	2,488,150
Gross profit	884,470	409,615
 <i>Research and development expense detail:</i>		
Depreciation	12,005	9,926
Non-Cash equity compensation	14,413	11,574
Other research and development expense	450,109	536,752
Research and development expense	476,527	558,252
 <i>Selling, general and administrative expense detail:</i>		
Depreciation and amortization	5,439	5,228
Non-Cash equity compensation	34,761	24,973
Other selling, general and administrative expense	837,283	734,050
Selling, general and administrative expense	877,483	764,251
Income/(loss) from operations	(469,540)	(912,888)
Interest income	-	-
Interest expense	(43,104)	(10,695)
Other, net	-	-
Income/(loss) before provision for income taxes	(512,644)	(923,583)
Provision for income taxes	-	-
Net income/(loss)	\$ (512,644)	\$ (923,583)
 Non-GAAP Disclosure (see note regarding Non-GAAP disclosures):		
Addback Interest, net	43,104	10,695
Addback Depreciation/Amortization	76,930	85,094
Addback Non-Cash Equity Compensation	57,206	43,084
Adjusted EBITDA	\$ (335,404)	\$ (784,710)