

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS

	As of	
	December 31, 2021	December 31, 2020
	(in thousands except share and per share data)	
ASSETS		
Current assets:		
Cash	\$ 657	\$ 957
Trade accounts receivable, less allowance for doubtful accounts of \$60 for December 31, 2021 and \$9 for 2020	3,937	2,932
Inventories, net	6,095	4,340
Prepaid expenses and other current assets	910	606
Total current assets	11,599	8,835
Equipment and leasehold improvements, net	4,712	2,868
Operating leases, right of use	12,075	1,827
Other assets, net	8	10
	\$ 28,394	\$ 13,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit, bank	\$ -	\$ 500
Line of credit, related party	1,351	2,155
Current portion of long-term debt, related party	-	500
Current portion of finance lease obligations	105	177
Current portion of operating lease obligations	1,983	431
Accounts payable	3,566	2,126
Current portion of deferred revenue	783	411
Accrued expenses	946	484
Total current liabilities	8,734	6,784
Long-term portion of finance lease obligations	6	110
Long-term portion of operating lease obligations	10,306	1,651
Long-term debt, related party	1,000	-
Long-term convertible loan, related party	-	1,097
PPP Loan (SBA)	-	952
Long-term portion of deferred revenue	661	-
Asset retirement obligations	222	214
Total long-term liabilities	12,195	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; 48,893,573 and 38,221,292 shares issued and outstanding on December 31, 2021 and December 31, 2020, respectively	489	382
Additional paid-in capital	104,423	102,117
Accumulated deficit	(97,447)	(99,767)
Total stockholders' equity	7,465	2,732
Total liabilities and shareholders' equity	\$ 28,394	\$ 13,540

NANOPHASE TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended December 31, <i>(Unaudited)</i>		Years ended December 31,	
	2021	2020	2021	2020
	(in thousands except share and per share data)			
Revenue:				
Product revenue	\$ 7,354	\$ 4,493	\$ 29,325	\$ 16,422
Other revenue	11	368	150	701
Net revenue	<u>7,365</u>	<u>4,861</u>	<u>29,475</u>	<u>17,123</u>
Operating expense:				
Cost of revenue	6,197	3,300	20,785	11,133
Gross profit	<u>1,168</u>	<u>1,561</u>	<u>8,690</u>	<u>5,990</u>
Research and development expense	566	438	2,235	1,571
Selling, general and administrative expense	902	801	3,896	2,934
Income/(loss) from operations	<u>(300)</u>	<u>322</u>	<u>2,559</u>	<u>1,485</u>
Interest expense	(58)	(128)	(1,154)	(496)
Other income, net	-	-	952	-
Income/(loss) before provision for income taxes	<u>(358)</u>	<u>194</u>	<u>2,357</u>	<u>989</u>
Provision for income taxes	37	-	37	-
Net income/(loss)	<u>\$ (395)</u>	<u>\$ 194</u>	<u>\$ 2,320</u>	<u>\$ 989</u>
Net income per share-basic	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Weighted average number of basic shares outstanding	<u>48,774,542</u>	<u>38,136,792</u>	<u>45,021,173</u>	<u>38,158,586</u>
Net income per share-diluted	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Weighted average number of diluted shares outstanding	<u>48,774,542</u>	<u>38,218,542</u>	<u>47,039,173</u>	<u>38,545,586</u>

NANOPHASE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS - EXPANDED SCHEDULE
(Unaudited)

	Three months ended December 31,		Years ended December 31,	
	2021	2020	2021	2020
	(in thousands except share and per share data)			
Revenue:				
Product revenue, net	\$ 7,354	\$ 4,493	\$ 29,325	\$ 16,422
Other revenue	11	368	150	701
Net revenue	<u>7,365</u>	<u>4,861</u>	<u>29,475</u>	<u>17,123</u>
Operating expense:				
<i>Cost of revenue detail:</i>				
Depreciation	110	78	392	295
Non-Cash equity compensation	8	(6)	44	32
Other costs of revenue	6,079	3,228	20,349	10,806
Cost of revenue	<u>6,197</u>	<u>3,300</u>	<u>20,785</u>	<u>11,133</u>
Gross profit	1,168	1,561	8,690	5,990
<i>Research and development expense detail:</i>				
Depreciation	9	10	37	42
Non-Cash equity compensation	21	16	94	59
Other research and development expense	536	412	2,104	1,470
Research and development expense	<u>566</u>	<u>438</u>	<u>2,235</u>	<u>1,571</u>
<i>Selling, general and administrative expense detail:</i>				
Depreciation and amortization	7	6	25	21
Non-Cash equity compensation	7	38	22	104
Other selling, general and administrative expense	888	757	3,849	2,809
Selling, general and administrative expense	<u>902</u>	<u>801</u>	<u>3,896</u>	<u>2,934</u>
Income/(loss) from operations	(300)	322	2,559	1,485
Interest expense	(58)	(128)	(1,154)	(496)
Other income, net	-	-	952	-
Income/(loss) before provision for income taxes	<u>(358)</u>	<u>194</u>	<u>2,357</u>	<u>989</u>
Provision for income taxes	37	-	37	-
Net income/(loss)	<u>\$ (395)</u>	<u>\$ 194</u>	<u>\$ 2,320</u>	<u>\$ 989</u>
Non-GAAP Disclosure (see note regarding Non-GAAP disclosures)(Unaudited):				
Addback Interest, net	58	128	1,154	496
Addback Depreciation/Amortization	126	94	454	358
Addback Non-Cash Equity Compensation	36	48	160	195
Addback Other Income, net	-	-	(952)	-
Addback Provision for Income Taxes	37	-	37	-
Adjusted EBITDA	<u>\$ (138)</u>	<u>\$ 464</u>	<u>\$ 3,173</u>	<u>\$ 2,038</u>