Nanophase Reports Third Quarter Results, New Financing Package

November 13, 2023

— Closed on $3.2 Million Financing

— Delivered $29.3 Million in nine-month revenue

— Won 2023 BeautyMatter NEXT Award

— Named as finalist for 22nd annual Chicago Innovation Awards and 2024 Cosmetics & Toiletries Allē Awards

Romeoville, Ill., November 13, 2023 – Nanophase Technologies Corporation (OTCQB: NANX), a leader in minerals-based and scientifically-driven health care solutions across beauty and life science categories — with innovations that protect skin from environmental aggressors and aid in medical diagnostics — today announced financial results for the third quarter ended September 30, 2023.

Jess Jankowski, President and Chief Executive Officer, commented: "We've had our ups and downs in the third quarter, but critically, we've positioned ourselves for success as we look to a strong year for Solésence in 2024. We were plagued by supply chain issues this past quarter, which set us back in terms of our ability to get Solésence product shipped. Given our reliance on working capital financing, this had a cascading effect causing us to focus more on cash management than manufacturing improvement. Given the turn of events in Q3, we no longer expect to achieve modest profitability for 2023.

In November, we concluded a $3.2 million financing which we believe will allow us to achieve a solid footing in Operations during Q4 and continue to support Solésence growth into 2024."

Kevin Cureton, Chief Operating Officer, commented: "During Q3 we continued to make planned improvements to our production capabilities. In November, we were thrilled to bring on a Purchasing Manager with broad industry experience, whom we expect, along with our new senior manufacturing leader, will help us to finally achieve the world standard results in our Operations group to match the innovation leadership we continue to be rewarded for in our Solésence product lines."

2023 Q3 Financial Information

Operational Highlights

Solésence Beauty Science Wins 2nd Major Beauty Industry Award in 2023
• In October, Solésence won the BeautyMatter NEXT Award for Best Contract Manufacturer. This award recognizes companies that provide services related to the production, formulation, and filling of beauty and wellness products. The BeautyMatter NEXT Awards aim to raise the bar and define the future of beauty. Solésence was selected from 400+ entries for over 50 awards across 7 categories. In July, Solésence won Best Formulation at Cosmopack North America for the second year in a row.

Operational Highlights (continued)

• In October, Harrison King was promoted to VP of Operations, and will now lead supply chain in addition to his existing leadership of manufacturing.
• In November, Solésence Kleair™ was chosen as a finalist for the 22nd annual Chicago Innovation Awards.
• Also in November, Solésence market-ready product Soft Glow 50+ featuring Kleair™ was nominated as a finalist for the 2024 Cosmetics & Toiletries Allē Awards in the Finished Formulas – Prestige Category.
• Also in November, a New Purchasing Manager joined the Manufacturing team.

Financial Highlights

• Negotiated $2.0M bridge loan to support rights offering to allow pro-rata participation by all stockholders.
• Expansion of revolving credit facility by $1.2M.
• Revenue for the nine months ended September 30, 2023 was $29.3 million, vs. $29.1 million for the same period in 2022.
• Q3 2023 Revenue was down due to supply chain issues which we expect to resolve in Q4.

"We had $19 million in open P.O.s and shipped orders combined leaving September, roughly half of which reflects potential Q4 volume. We expect more orders in Q4 to further enhance 2024 volume. Our expectations for margin and profitability improvement during the current quarter leading into 2024 are high. We've seen productivity improvements over the past few months that we expect will deliver significant value in 2024 as we move to a more robust and controllable production model," said Jankowski.

Conference Call

Nanophase will host its Third Quarter Conference Call on Tuesday, November 14th, 2023, at 10:00 a.m. CST, 11:00 a.m. EST, to discuss its financial results and provide a business and financial update. On the call will be Jess Jankowski, the Company's President & CEO, joined by Kevin Cureton, the Company's Chief Operating Officer.

Participant Registration:

https://register.vevent.com/register/BI94a18ef178ea4a21a030ea0d6d4351a6

To receive the dial-in number, as well as your personalized PIN, you must register at the above link. Once registered, you will also have the option to have the system dial-out to you once the conference call has begun. If you forget your PIN prior to the conference call, you can simply re-register.

The process for accessing the webcast as listen-only remains the same. The same link can be used after the call to access the replay. A Telco replay is no longer available.

Listen-Only Webcast & Replay:

https://edge.media-server.com/mmc/p/62t64a8r

Please connect to the conference at least five minutes before the call is scheduled to begin.

The call may also be accessed through the company's website, at www.nanophase.com, by clicking on Investor Relations, Investor News, and the links in this conference call announcement release.

FINANCIAL RESULTS AND NON-GAAP INFORMATION

Use of Non-GAAP Financial Information

Nanophase believes that the presentation of results excluding certain items, such as non-cash equity compensation charges, provides meaningful supplemental information to both management and investors, facilitating the evaluation of performance across reporting periods. The Company uses these non-GAAP measures for internal planning and reporting purposes. These non-GAAP measures are not in accordance with, or an alternative for, Generally Accepted Accounting Principles ("GAAP") and may be different from non-GAAP measures used by other companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or net income per share prepared in accordance with GAAP.

About Nanophase Technologies

Nanophase Technologies Corporation (OTCQB: NANX), www.nanophase.com, is a leading innovator in minerals-based and scientifically driven healthcare solutions across beauty and life science categories, as well as other legacy advanced materials applications. Leveraging a platform of integrated, patented and proprietary technologies, the Company creates products with unique performance, enhancing consumers' health and well-being. We deliver commercial quantity and quality engineered materials both as ingredients and as part of fully formulated products in a variety of formats.

About Solésence Beauty Science

Solésence, www.solesence.com, a wholly owned subsidiary of Nanophase Technologies, is changing the face of skin health with patented, mineral-based technology that is embraced by leading performance-driven and clean beauty brands alike. Our patented products for brands transform the way mineral actives look, feel and function — enabling textures never-before-seen in the mineral space and inclusivity never-before-seen in the sun care space. Solésence's innovative formulations offer best-in-class UV protection, unparalleled free radical prevention to protect against pollution, and enhanced antioxidant performance.

Forward-Looking Statements

This press release contains words such as "expects," "shall," "will," "believes," and similar expressions that are intended to identify forward-looking statements within the meaning of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Such statements in this announcement are made based on the Company's current beliefs, known events and circumstances at the time of publication, and as such, are subject in the future to unforeseen risks and uncertainties that could cause the

Company’s results of operations, performance, and achievements to differ materially from current expectations expressed in, or implied by, these forward-looking statements. These risks and uncertainties include, without limitation, the following: a decision by a customer to cancel a purchase order or supply agreement in light of the Company’s dependence on a limited number of key customers; uncertain demand for, and acceptance of, the Company’s engineered materials, ingredients, and fully formulated products; the Company’s manufacturing capacity and product mix flexibility in light of customer demand; the Company’s limited marketing experience; changes in development and distribution relationships; the impact of competitive products and technologies; the Company’s dependence on patents and protection of proprietary information; the resolution of litigation in which the Company may become involved; the impact of any potential new government regulations that could be difficult to respond to or too costly to comply with while remaining financially viable; the ability of the Company to maintain an appropriate electronic trading venue; and other factors described in the Company’s Form 10-K filed March 29, 2023. In addition, the Company’s forward-looking statements could be affected by general industry and market conditions and growth rates. Except as required by federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events, uncertainties, or other contingencies.

###

Investor Relations Contact:

Phone: (630) 771-6736