Nanophase Reports Record Second Quarter Revenue

August 2, 2023

— Delivered $11.9 Million in Q2 revenue

— Product revenue up 10% in Q2 and 12% YOY

— Profitable Quarter

— Won Cosmopack Formulation Award at Cosmoprof North America

Romeoville, Ill., August 02, 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 second quarter ended June 30, 2023.

Jess Jankowski, President and Chief Executive Officer, commented: “It’s been a strong second quarter. We built on last quarter’s volume while enhancing margins nicely, as expected. Our gross profit for Q2 was 31%, both stronger than Q1’s, and much stronger than last year’s second quarter. We are expecting further margin improvement in Q3 as we continue to gain operational efficiencies in our new facility, aided by new senior manufacturing leadership. Given current order visibility, we expect to deliver quarterly profits in Q3, and a modest full-year profit.”

- 7% Net income before litigation costs for Q2
- 1% Net income before litigation costs 2023 year to date

Kevin Cureton, Chief Operating Officer, commented: “During Q2 we continued to see positive results from the improvements to labor efficiency and overall throughput we began implementing in Q1. We successfully combined these improvements in operating performance with continued revenue growth resulting from a combination of unit volume and price improvements, and of course, we continued our world-class performance as a leading innovator in the Skin Health and Beauty business.”

2023 Q2 Financial Information

Operational Highlights

Solésence Beauty Science Wins Major Beauty Industry Award for Second Time

- In July, Solésence won Best Formulation at Cosmopack North America for the second year in a row. The 2023 award recognized the Solésence market-ready product, Natural Glow Face Oil, SPF 40+ Featuring Kleair™ and Bloom™.

Operational Highlights (continued)

The Cosmoprof North America Awards and Cosmopack North America Awards are “[t]he American Beauty Competition that celebrates the greatest innovation in the beauty industry,” according to the Awards website. The Cosmopack North America Awards set in particular “formally recognizes the best in beauty formulation and packaging design.” As an added benefit this year, the winner of each category will also have their products showcased at Cosmoprof Worldwide Bologna 2024 as part of a larger showcase of the Cosmoprof Network's winners.

Production Milestone: Establishing Platform for Operational Excellence

- New VP manufacturing, Harrison King, joined the team in June. Harrison brings over 20 years of manufacturing and supply chain leadership, including management roles with Avon, Blistex, and Amazon, as well as diverse experience in quality from the textile industry.

- First fully automated filling process completed validation resulting in 200% increase in capacity without any additional labor costs.

Financial Highlights

- Revenue for Q2 was $11.9 million, vs. $11.2 million for the same period in 2022, yielding a 10% increase in product revenue and a 6% increase overall.

- Revenue for the six months ended June 30, 2023 was $21.3 million, vs. $19.4 million for the same period in 2022, yielding a 12% increase in product revenue and a 10% increase overall.

"We had $15 million in open P.O.s and shipped orders combined leaving June, more than two-thirds of which reflect potential Q3 volume. We expect more orders for Q4 shipments, followed by more 2024 order volume later this year. We're excited about our prospects for Q3, particularly in terms of margin improvement," said Jankowski.

Conference Call

Nanophase will host its Second Quarter Conference Call on Thursday, August 3rd, 2023, at 10:00 a.m. CDT, 11:00 a.m. EDT, 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/BIb465a5fa073e46aca402f402c74a7f77

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/g9w7bzft

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.*

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