Nanophase Reports Record First Quarter Revenue for 2023

May 11, 2023

— Delivered over $9 Million in Q1 revenue

— Progressive bottom line improvement through Q1

Romeoville, Ill., May 11, 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 first quarter ended March 31, 2023.

Jess Jankowski, President and Chief Executive Officer, commented: “We are pleased to have ended the quarter with a strong March in terms of both revenue and profitability. Our Q1 results are not in line with our plan, with poor January performance proving difficult to overcome. However, by March, we achieved gross profit levels that we believe are more representative of our Company, and still see room for near-term improvement. We expect to deliver quarterly profits going forward, leading to a profitable 2023.”

Kevin Cureton, Chief Operating Officer, commented: “During Q1 we focused on operational improvements, which came to fruition in March – when we achieved our lowest labor cost as a percent of sales since 2021. We continue to focus primarily on improving our profitability in the near term while supporting the continued growth and success of our brand partners.”

2023 Q1 Financial Information

First Quarter Financial Highlights

• Revenue for the first quarter was $9.5 million, vs. $8.2 million for the same period in 2022, a 16% increase.

• On revenue, quarter over quarter gross margin was up 4%, with 2% due to labor savings.

“We had a combined $20 million in open P.O.s and shipped orders leaving March, two-thirds of which reflect potential Q2 volume. We expect more orders for Q3 shipments, followed by more Q4 order volume later in the year. We’re excited about our prospects for both this year’s sales volume, and, more critically, increased profitability,” said Jankowski.

Conference Call

Nanophase will host its First Quarter Conference Call on Friday, May 12th, 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/BI3c6ad4d22b044d92b4fd4cb35870d06d

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/2xymn6gm

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 31, 2022. 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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