

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended: **September 30, 2025**  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **000-22333**

**Solésence, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

36-3687863  
(I.R.S. Employer  
Identification No.)

**1319 Marquette Drive, Romeoville, Illinois 60446**  
(Address of principal executive offices, and zip code)

Registrant's telephone number, including area code: **(630) 771-6708**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	SLSN	The NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "accelerated filer", "large accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 12, 2025, there were 70,536,845 shares outstanding of common stock, par value \$.01, of the registrant.

SOLÉSENCE, INC.

QUARTER ENDED SEPTEMBER 30, 2025

INDEX

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	3
<u>Consolidated Balance Sheets (Unaudited Consolidated Condensed) as of September 30, 2025, and December 31, 2024</u>	3
<u>Consolidated Statements of Operations (Unaudited Consolidated Condensed) for the three and nine months ended September 30, 2025, and 2024</u>	4
<u>Consolidated Statements of Shareholders' Equity (Unaudited Consolidated Condensed) for the three and nine months ended September 30, 2025, and 2024</u>	5
<u>Consolidated Statements of Cash Flows (Unaudited Consolidated Condensed) for nine months ended September 30, 2025, and 2024</u>	6
<u>Notes to Unaudited Consolidated Condensed Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	16
<u>Item 4. Controls and Procedures</u>	16
<u>PART II – OTHER INFORMATION</u>	16
<u>Item 1. Legal Proceedings</u>	16
<u>Item 1A. Risk Factors</u>	17
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
<u>Item 3. Defaults Upon Senior Securities</u>	17
<u>Item 4. Mine Safety Disclosures</u>	17
<u>Item 5. Other Information</u>	17
<u>Item 6. Exhibits</u>	17
<u>SIGNATURES</u>	18

---

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

SOLÉSENCE, INC.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited Consolidated Condensed)

	As of	
	September 30, 2025	December 31, 2024
	(in thousands except share and per share data)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 429	\$ 1,409
Trade accounts receivable	11,438	5,655
Allowance for credit losses	(1,729)	(786)
Trade accounts receivable, net	9,709	4,869
Inventories, net	18,869	20,267
Prepaid expenses and other current assets	3,785	2,803
Total current assets	<u>32,792</u>	<u>29,348</u>
Equipment and leasehold improvements, net	13,938	12,734
Operating leases, right of use	7,257	7,917
Other assets, net	—	3
Total assets	<u>\$ 53,987</u>	<u>\$ 50,002</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Line of credit – accounts receivable, related party	\$ 5,316	\$ —
Current portion of line of credit – inventory, related party	—	4,000
Current portion of term debt, related party	—	1,000
Current portion of operating lease obligations	1,224	1,260
Accounts payable	4,826	9,093
Deferred revenue	1,197	5,571
Accrued expenses	5,301	4,849
Total current liabilities	<u>17,864</u>	<u>25,773</u>
Long-term portion of operating lease obligations	8,144	9,037
Long-term portion of line of credit– inventory, related party	9,500	—
Long-term portion of term debt, related party	1,000	—
Asset retirement obligations	252	246
Total long-term liabilities	<u>18,896</u>	<u>9,283</u>
<b>Stockholders' equity:</b>		
Preferred stock, \$.01 par value, 24,088 shares authorized, and no shares issued and outstanding	—	—
Common stock, \$.01 par value, 95,000,000 shares authorized; 70,536,845 and 70,103,279 shares issued and outstanding on September 30, 2025 and December 31 2024, respectively	705	700
Additional paid-in capital	115,323	114,674
Accumulated deficit	(98,801)	(100,428)
Total stockholders' equity	<u>17,227</u>	<u>14,946</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 53,987</u>	<u>\$ 50,002</u>

(See accompanying Notes to Consolidated Financial Statements)

SOLÉSENCE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited Consolidated Condensed)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
<b>Revenue:</b>				
Product revenue	\$ 14,533	\$ 16,785	\$ 49,369	\$ 39,479
Other revenue	64	81	212	301
Total revenue	14,597	16,866	49,581	39,780
<b>Operating expense:</b>				
Cost of revenue	11,227	10,764	36,952	26,358
Gross profit	3,370	6,102	12,629	13,422
Research and development expense	1,082	970	3,055	2,746
Selling, general and administrative expense	3,069	1,934	8,188	5,321
Net (loss) income from operations	(781)	3,198	1,386	5,355
Interest expense, net	339	153	603	562
Other income, net	—	—	1,234	—
Net (loss) income before provision for income taxes	(1,120)	3,045	2,017	4,793
Provision for income taxes	—	—	390	—
Net (loss) income	\$ (1,120)	\$ 3,045	\$ 1,627	\$ 4,793
Net (loss) income per share-basic	\$ (0.02)	\$ 0.04	\$ 0.02	\$ 0.08
Weighted average number of basic common shares outstanding	70,500,925	69,873,394	70,269,539	59,778,119
Net (loss) income per share-diluted	\$ (0.02)	\$ 0.04	\$ 0.02	\$ 0.08
Weighted average number of diluted common shares outstanding	70,500,925	71,935,394	72,745,662	61,725,119

(See accompanying Notes to Consolidated Financial Statements)

SOLÉSENCE, INC.

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited Consolidated Condensed)**  
**(in thousands except share data)**

Description	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance on December 31, 2023	—	\$ —	49,627,254	\$ 496	\$ 106,069	\$ (104,663)	\$ 1,902
Issuance of shares and stock option exercises	—	—	5,233,730	52	1,944	—	1,996
Stock-based compensation	—	—	—	—	160	—	160
Net income for the three months ended March 31, 2024	—	—	—	—	—	893	893
Balance on March 31, 2024	—	\$ —	54,860,984	\$ 548	\$ 108,173	\$ (103,770)	4,951
Issuance of shares and stock option exercises	—	—	15,000,000	150	5,810	—	5,960
Stock-based compensation	—	—	—	—	157	—	157
Net income for the three months ended June 30, 2024	—	—	—	—	—	856	856
Balance on June 30, 2024	—	\$ —	69,860,984	\$ 698	\$ 114,140	\$ (102,914)	\$ 11,924
Issuance of shares and stock option exercises	—	—	88,662	1	39	—	40
Stock-based compensation	—	—	—	—	160	—	160
Net income for the three months ended September 30, 2024	—	—	—	—	—	3,045	3,045
Balance on September 30, 2024	—	\$ —	69,949,646	\$ 699	\$ 114,339	\$ (99,869)	\$ 15,169
Balance on December 31, 2024	—	\$ —	70,103,279	\$ 700	\$ 114,674	\$ (100,428)	\$ 14,946
Issuance of shares and stock option exercises	—	—	—	—	3	—	3
Stock-based compensation	—	—	—	—	127	—	127
Net income for the three months ended March 31, 2025	—	—	—	—	—	80	80
Balance on March 31, 2025	—	\$ —	70,103,279	\$ 700	\$ 114,804	\$ (100,348)	15,156
Issuance of shares and stock option exercises	—	—	378,666	4	241	—	245
Stock-based compensation	—	—	—	—	120	—	120
Net income for the three months ended June 30, 2025	—	—	—	—	—	2,667	2,667
Balance on June 30, 2025	—	\$ —	70,481,945	\$ 704	\$ 115,165	\$ (97,681)	\$ 18,188
Issuance of shares and stock option exercises	—	—	54,900	1	36	—	37
Stock-based compensation	—	—	—	—	122	—	122
Net loss for the three months ended September 30, 2025	—	—	—	—	—	(1,120)	(1,120)
Balance on September 30, 2025	—	\$ —	70,536,845	\$ 705	\$ 115,323	\$ (98,801)	\$ 17,227

*(See accompanying Notes to Consolidated Financial Statements)*

SOLÉSENCE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited Consolidated Condensed)

	<b>Nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
<b>Operating activities:</b>		
Net income	\$ 1,627	\$ 4,793
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	676	700
Stock-based compensation	369	477
Changes in assets and liabilities related to operations:		
Trade accounts receivable, net	(4,840)	(5,265)
Inventories, net	1,398	(5,012)
Prepaid expenses and other assets	(982)	(1,979)
Accounts payable	(4,449)	7
Accrued expenses	452	2,345
Deferred revenue	(4,368)	3,875
Change in right of use asset and lease liability, net	(269)	(159)
Net cash used in operating activities	<u>(10,386)</u>	<u>(218)</u>
<b>Investing activities:</b>		
Acquisition of equipment and leasehold improvements	(1,693)	(1,965)
Net cash used in investing activities	<u>(1,693)</u>	<u>(1,965)</u>
<b>Financing activities:</b>		
Proceeds from line of credit - inventory, related party	5,500	200
Proceeds from line of credit – accounts receivable, related party	5,313	14,875
Payments to line of credit – accounts receivable, related party	—	(17,685)
Payments to term loans, related party	—	(2,000)
Proceeds from issuance of mezzanine preferred stock	—	6,000
Proceeds from issuance of stock and exercise of stock options	286	1,996
Net cash provided by financing activities	<u>11,099</u>	<u>3,386</u>
(Decrease) increase in cash	(980)	1,203
Cash at beginning of period	1,409	1,722
Cash at end of period	<u>\$ 429</u>	<u>\$ 2,925</u>
<b>Supplemental cash flow information:</b>		
Interest paid	<u>\$ 690</u>	<u>\$ 516</u>
Income Taxes Paid	<u>\$ 325</u>	<u>\$ —</u>
<b>Supplemental non-cash investing and financing activities:</b>		
Accounts payable incurred for the purchase of equipment and leasehold improvements	<u>\$ 182</u>	<u>\$ 295</u>
Conversion of mezzanine preferred stock	<u>\$ —</u>	<u>\$ 6,000</u>

(See accompanying Notes to Consolidated Financial Statements)

**SOLÉSENCE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited Consolidated Condensed)**  
(In thousands, except share and per share data or as otherwise noted herein)

**(1) Basis of Presentation**

The accompanying unaudited consolidated condensed interim financial statements of Solésence, Inc. (“Solésence”, “Company”, “we”, “our”, or “us”) reflect all adjustments (consisting of normal recurring adjustments) which, in the opinion of management, are necessary for a fair statement of our financial position and operating results for the interim periods presented. All statements include the results from both Solésence, Inc. and our wholly-owned subsidiary, Solésence, LLC. Operating results for the three and nine months ended September 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

These financial statements should be read in conjunction with our audited financial statements and notes thereto for the year ended December 31, 2024, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission.

**(2) Description of Business**

Solésence, Inc. (“Solésence”, “Company”, “we”, “our”, or “us”) is a science-driven company which, along with its wholly owned subsidiary, Solésence, LLC (our “Solésence beauty science subsidiary”), is focused in various beauty- and life-science markets. Using consumer health as our end-goal and science and innovation to guide the path, skin health and medical diagnostics combined currently make up the majority of our business and drive our forward growth strategy. We offer engineered materials, formulation development and commercial manufacturing through an integrated family of technologies. Our expertise in materials engineering allows us to effectively coat and disperse particles on a nano and “non-nano” scale for use in a variety of skin health markets, including for use in sunscreens as active ingredients and as fully developed prestige skin care and cosmetics products, marketed and sold through our Solésence beauty science subsidiary. In terms of our life sciences focus, we have seen demand decrease for our medical diagnostics ingredients. Additionally, we continue to sell products in legacy markets, including architectural coatings, industrial coating applications, abrasion-resistant additives, plastics additives, and surface finishing technologies (polishing) applications, all of which, along with medical diagnostics, fall into the advanced materials product category.

We target markets, primarily related to skin health products and ingredients, as well as diagnostic life sciences ingredients where we believe our materials and products offer practical and competitive minerals-based solutions. We traditionally work closely with current customers in these target markets to identify their material and performance requirements. We market our materials to various end-use applications manufacturers, and our Solésence® products to cosmetics and skin care brands.

Recently developed technologies have made certain new products possible and opened potential new markets. During 2015 we were granted a patent on a new type of particle surface treatment (coating) — now called Active Stress Defense™ Technology — which became the cornerstone of our new product development in personal care, with first revenue recognized during 2016. Active Stress Defense™ now refers to a suite of three proprietary technologies — Original Active Stress Defense™, Kleair™, and Bloom™ — all three of which either utilize a unique and proprietary, mineral-based technology or work synergistically with one of our unique and proprietary, mineral-based technologies to improve performance and/or aesthetics. Our ongoing innovation efforts include new IP in areas that advance environmental protection, align with market needs, and complement our existing technologies. Through the creation of our Solésence beauty science subsidiary, we utilize our technology suite to manufacture and sell fully developed solutions to targeted customers in the skin care industry, typically in prestige skin care and cosmetics markets, in addition to the ingredients we have traditionally sold in the personal care area.

Although our primary strategic focus has been the North American market, we currently sell materials to customers overseas and have been working to expand our reach within foreign markets. On April 8, 2025 the Company’s securities were uplisted to Nasdaq trading under the symbol SLSN. Prior to listing on Nasdaq our common stock traded on the OTCQB marketplace under the symbol NANX.

While product sales comprise the majority of our revenue, we also recognize revenue from other sources from time to time. These activities are not expected to drive the long-term growth of the business. For this reason, we classify such revenue as “other revenue” in our Consolidated Statements of Operations, as it does not represent revenue directly from the sale of our products.

Under SEC Release 33-10513; 34-83550, Amendments to Smaller Reporting Company Definition, the Company qualifies as a smaller reporting company and accordingly, it has scaled some of its disclosures of financial and non-financial information in this quarterly report. The Company will continue to determine whether to provide additional scaled disclosures of financial or non-financial information in future quarterly reports, annual reports and/or proxy statements if it remains a smaller reporting company under SEC rules.

**(3) Revenues and Other Income**

Revenues are recognized when control of the promised goods is transferred to customers, in an amount that reflects the consideration we expect to receive in exchange for those goods. When our ingredients and finished products are shipped, with control being transferred at the shipping point, this is the point in time at which we recognize the related revenue.

We generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within selling, general and administrative expenses. Customers' deposits, deferred revenue and other receipts are deferred and recognized when the revenue is realized and earned. Cash payments to customers are classified as reductions of revenue in our statements of operations. For select customers the Company may pay volume rebates which are variable in nature due to the amount the select customer will take. During the three and nine months ended September 30, 2025, customers earned a volume rebate of \$18,000 and \$65,000 respectively. For the year ended December 31, 2024, one customer earned a volume rebate of \$35,000.

Contract balances at September 30, 2025, December 31, 2024, and December 31, 2023 are as follows:

	<b>Accounts Receivable</b>	<b>Contract Liabilities</b>
Balance, December 31, 2023	\$ 3,467	\$ 2,353
Balance, December 31, 2024	4,869	5,571
Balance, September 30, 2025	9,709	1,197

Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period was \$33 and \$1,279 for the three months ended September 30, 2025 and 2024, respectively, and \$5,028 and \$2,882 for the nine months ended September 30, 2025 and 2024, respectively.

As part of the sales process, it is common for the Company to receive customer deposits. These deposits are typically held for less than a year and do not result in a financing component to the sales. The customer deposits are recognized as revenue when the Company ships the finished goods to the customer. Revenue is recognized when the goods are shipped.

The Company will for some customers arrange for the shipping of the finished goods. Revenues and costs associated with the shipment of the finished goods are recorded separately within product revenue and cost of revenue, respectively, on the consolidated statement of operations. With regard to revenue recognition, shipping activities that occur prior to the customers' obtaining control of the goods are not a promised service to the customer, but rather activities to fulfill the Company's promise to transfer the goods. As such, these activities are not deemed a performance obligation requiring allocation of the transaction price. Similarly, shipping activities that occur after the customers' obtaining control of the goods are, as a matter of policy, also not a promised service to the customer, but rather an activity to fulfill the Company's promise to transfer the goods.

Other revenue typically includes fees that our customers pay for various required laboratory tests, and may also include revenue from technology license fees and paid development projects. Technology license fees and paid development projects are recognized over time when the obligations under the agreed upon contractual arrangements are performed on our part. Other revenue recognized over time was \$64 and \$81, for the three months ended September 30, 2025 and 2024, respectively, and \$212 and \$301 for the nine months ended September 30, 2025 and 2024, respectively.

Trade accounts receivable are carried at original invoice amount less an estimate made for future credit losses based on a review of all outstanding amounts on a monthly basis, and written off when deemed uncollectible. We determine the allowance for credit losses by identifying troubled accounts and by using historical experience applied to an aging of accounts, as well as expected losses based on the current and anticipated macroeconomic environment. Recoveries of trade accounts receivable previously written off are recorded when received. Our typical credit terms are between thirty and sixty days from shipment and invoicing.

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Balance, beginning	\$ 786	\$ 225
Current period provisions	950	564
Write offs	(7)	(3)
Balance, ending	<u>\$ 1,729</u>	<u>\$ 786</u>

#### **(4) Earnings per Share**

Options to purchase approximately 2,466,956 of common stock that were outstanding as of September 30, 2025 were excluded in the computation of diluted earnings per share for the three months ended September 30, 2025 as it would be anti-dilutive. Options to purchase approximately 2,476,123 shares of common stock that were outstanding as of September 30, 2025 were included in the computation of diluted earnings per share for the nine months ended September 30, 2025. Options to purchase approximately 2,062,000 of common stock that were outstanding as of September 30, 2024 were included in the computation of diluted earnings per share for the three months ended September 30, 2024. Options to purchase approximately 1,947,000 shares of common stock that were outstanding as of September 30, 2024 were included in the computation of diluted earnings per share for the nine months ended September 30, 2024.

Earnings applicable to common stock and common stock shares used in the calculation of basic and diluted earnings per share are as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Numerator: (in Thousands)</b>				
Net (loss) income	\$ (1,120)	\$ 3,045	\$ 1,627	\$ 4,793
<b>Denominator:</b>				
Weighted average number of basic shares outstanding	70,500,925	69,873,394	70,269,539	59,778,119
Weighted average additional shares assuming conversion of in-the-money stock options to common shares and assumed repurchase of common shares by the Company	—	2,062,000	2,476,123	1,947,000
Weighted average number of diluted common shares outstanding	70,500,925	71,935,394	72,745,662	61,725,119
<b>Basic earnings per common share:</b>				
Net (loss) income per share – basic	\$ (0.02)	\$ 0.04	\$ 0.02	\$ 0.08
<b>Diluted earnings per common share:</b>				
Net (loss) income per share – diluted	\$ (0.02)	\$ 0.04	\$ 0.02	\$ 0.08

## (5) Financial Instruments

We follow ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment.

Our financial instruments include cash, accounts receivable, net, accounts payable and accrued expenses, along with any short-term and long-term borrowings as described in Note 6. The carrying values of cash, accounts receivable, net, and accounts payable and accrued expenses are reasonable estimates of their fair value due to the short-term nature of these accounts. The fair value of short-term and long-term debt approximates carrying value based on comparison of terms to similar debt offering in the marketplace.

There were no financial instruments adjusted to fair value on September 30, 2025 and December 31, 2024.

## (6) Related Party Notes and Lines of Credit

Notes and lines of credit consist of the following:

	<b>Rate at September 30, 2025</b>	<b>As of September 30, 2025</b>		<b>As of December 31, 2024</b>	
		<b>Total Borrowing Capacity</b>	<b>Outstanding Borrowed Balance</b>	<b>Total Borrowing Capacity</b>	<b>Outstanding Borrowed Balance</b>
Libertyville Bank & Trust <sup>(1)</sup>	8.25%	\$ 30	\$ —	\$ 30	\$ —
Libertyville Bank & Trust <sup>(2)</sup>	8.25%	500	—	500	—
Beachcorp, LLC <sup>(3)</sup>	8.00%	8,196	5,316	5,604	—
Beachcorp, LLC <sup>(4)</sup>	8.00%	10,000	9,500	5,200	4,000
Strandler, LLC <sup>(5)</sup>	8.00%	1,000	1,000	1,000	1,000

- Since July 2014, we have maintained a bank-issued letter of credit for up to \$30 in borrowings, with interest at the prime rate plus 1%, to support our obligations under our Romeoville, Illinois facility lease agreement. No borrowings have been incurred under this promissory note. It is our intention to renew this note annually. Because there were no amounts outstanding on the note at any time during 2025 or 2024, we have recorded no related liability on our condensed consolidated balance sheet.
- On December 21, 2021, the existing credit agreement with Libertyville was converted for use to support our obligations under our newly leased manufacturing and warehouse space in Bolingbrook, Illinois. Interest on drawn balances will be at the prime rate plus 1%. This credit agreement has a maturity of December 22, 2025. We expect to renew this agreement annually, as the lease requires. This credit agreement is secured by all the unencumbered assets of the Company and has superior collateral rights to those credit facilities with Beachcorp, LLC and Strandler, LLC.

- 3) On January 28, 2022, the Company entered into an Amended and Restated Business Loan Agreement (the “A&R Loan Agreement”), which amends and restates the Master Agreement between the Company and Beachcorp, LLC, and a new promissory note in order to evidence the A/R Revolver facility, including an amendment to expand the limit on the A/R Revolver Facility from \$6,000 to \$8,000, reduce the interest rate to the prime rate plus 0.75%, and extend the maturity of the A/R Revolver Facility to March 31, 2024. On March 1, 2024, the Company entered into a Second Amendment to the Amended and Restated Business Loan Agreement extending the maturity of the A/R Revolver Facility to October 1, 2025. On May 27, 2025, the Company entered into a Third Amendment to the Amended and Restated Business Loan Agreement to expand the limit on the A/R Revolver Facility from \$8,000 to \$12,000, and extend its maturity to April 30, 2027.
- 4) On January 28, 2022, the Company entered into the A&R Loan Agreement and a new revolving loan agreement (“Inventory Facility”) with Beachcorp, LLC, and a new promissory note in order to evidence the Inventory Facility. The maximum borrowing amount under the Inventory Facility was \$4,000, with a borrowing base consisting of up to 50% of the value of qualified inventory of the Company. The interest rate for the Inventory Revolver is at the prime rate plus 0.75%, and it was set to mature on March 31, 2024. On November 13, 2023, the Company entered into a Replacement Promissory Note with Beachcorp, LLC replacing the Inventory Facility promissory note executed on January 28, 2022. The maximum borrowing amount under the replacement Inventory Facility was increased to \$5,200, with a borrowing base consisting of up to 55% of the value of qualified inventory of the Company. The interest rate for the replacement Inventory Revolver remains at the prime rate plus 0.75%. On March 1, 2024, the company entered into a Second Amendment to the Business Loan Agreement extending the maturity of the Inventory Revolver Facility to October 1, 2025. On May 27, 2025, the Company entered into a Third Amendment to the Business Loan Agreement to expand the limit on the Inventory Revolver Facility from \$5,200 to \$10,000, and extend its maturity to April 30, 2027.
- 5) On January 28, 2022, the Company entered into an additional Business Loan Agreement (the “New Term Loan Agreement”) with Strandler, LLC, which effectively transferred or assigned the Term Loan to Strandler, LLC from Beachcorp, LLC. Interest on the New Term Loan is at the prime rate plus 0.75%. Strandler, LLC is also an affiliate of Bradford T. Whitmore. On March 1, 2024, the company entered into a Second Amendment to the Business Loan Agreement extending the maturity of the Term Maturity Note to October 1, 2025. On May 27, 2025, the Company entered into a Third Amendment to the Business Loan Agreement extending the maturity of the Term Maturity Note to April 30, 2027.

The Company classifies the line of credit – accounts receivable as current because we are required to pay back the borrowings as cash is received from our customers. The Company’s remaining debt is presented within the condensed consolidated balance sheet as of September 30, 2025, and December 31, 2024, in accordance with the maturity dates in the financing agreements.

Beachcorp, LLC and Strandler, LLC are affiliates of Mr. Bradford T. Whitmore, who beneficially owns a majority of the Company’s common stock and is the brother of Ms. R. Janet Whitmore, a director of the Company and the chair of the Company’s board of directors. The A/R Revolver Facility, the Inventory Facility and the New Term Loan are all secured by all the unencumbered assets of the Company and subordinated to the Company’s credit facility with Libertyville Bank & Trust.

Related party interest expense consists of the following:

	<b>Three months ended September</b>		<b>Nine months ended September 30,</b>	
	<b>30,</b>		<b>2025</b>	<b>2024</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest expense, related parties	\$ 338	\$ 152	\$ 795	\$ 546
Accrued interest expense, related parties	107	46	107	46

Outstanding balances associated with related parties are as follows:

	<b>September 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Beachcorp, LLC	\$ 14,816	\$ 4,000
Strandler, LLC	1,000	1,000

## (7) Inventories, net

Inventories consist of the following:

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Raw materials	\$ 15,805	\$ 17,396
Finished goods	5,791	4,858
Inventory reserve	(2,727)	(1,987)
Total Inventories, net	<u>\$ 18,869</u>	<u>\$ 20,267</u>

## (8) Capital Stock

As of September 30, 2025, and December 31, 2024, we had 24,088 authorized but unissued shares of preferred stock.

Pursuant to the Securities Purchase Agreement executed on March 1, 2024, the Company issued to Strandler 15,000 shares of the Company's Series X Preferred Stock (the "Series X Preferred Stock") at a purchase price per share of \$400, for total consideration of \$6,000,000, in a transaction exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. On June 20, 2024, Strandler converted its 15,000 shares of Series X Preferred Stock to 15,000,000 shares of Common Stock.

## (9) Significant Customers

We had three significant customers for the three and nine months ended September 30, 2025, and 2024.

Revenues from these three customers, as a percentage of total Company revenue, was approximately:

Customer #	Product Category	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
1	Consumer Products	37%	34%	27%	34%
2	Consumer Products	20%	—%	19%	—%
3	Personal Care Ingredients	3%	17%	9%	15%
	Total	<u>60%</u>	<u>51%</u>	<u>55%</u>	<u>49%</u>

Accounts receivable balances for these three customers were approximately:

Customer #	Product Category	As of September 30,	
		2025	2024
1	Consumer Products	\$ 3,724	\$ 3,976
2	Consumer Products	3,565	(2)
3	Personal Care Ingredients	—	1,034
	Total	<u>\$ 7,289</u>	<u>\$ 5,008</u>

We currently have exclusive supply agreements with BASF Corporation ("BASF"), our largest personal care ingredient customer, that have contingencies outlined which could potentially result in the sale of production equipment from the Company to the customer intended to provide capacity sufficient to meet the customer's production needs. This outcome may occur if we fail to meet certain performance requirements. In the event of an equipment sale, upon incurring a triggering event, the equipment would be sold to the customer at either 115% of the equipment's net book value or the greater of 30% of the original book value of such equipment, and any associated upgrades to it, or 115% of the equipment's net book value, depending on the equipment and related products.

If a triggering event were to occur and BASF elected to proceed with the equipment sale mentioned above, we would lose a significant source of revenue.

## (10) Business Segmentation and Geographical Distribution

The Company operates as a single business segment, in which the factors used to make this determination include differences in products, services, geographical areas, regulatory environment, and other such criteria considered for the appropriateness of aggregation. The types of products and services for which the sole reportable segment, which is the same as the Company as a whole, offered by the Company are discussed in Note 2. Since the Company operates as a single segment, there were no intra-entity sales or transfers.

The Chief Operating Decision Maker assesses performance for the single segment and decides how to allocate resources based on net income and gross profit that also is reported on the condensed consolidated statement of operations as net income. The measure of segment assets is reported on the condensed consolidated balance sheet as total assets. The accounting policies of the sole segment are the same as those described in the summary of significant accounting policies in our most recently issued Form 10-K for the year ended December 31, 2024.

The Chief Operating Decision Maker uses gross profit and net income to evaluate Company performance and in what way to allocate resources. Significant segment expenses, which are the same as the entity as a whole, are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Total revenue	\$ 14,597	\$ 16,866	\$ 49,581	\$ 39,780
Employee costs	4,546	3,504	11,874	9,580
Contractors and professional services	2,021	2,325	9,225	5,325
Materials and supplies	5,418	5,322	17,990	12,356
Depreciation	225	231	676	700
Interest expense	339	153	603	562
Other income	—	—	(1,234)	—
Tax expense	17	36	464	90
Facilities	1,009	832	2,942	2,404
Shipping	280	251	802	724
Testing	119	212	388	642
IT services	351	279	1,031	781
Insurance	234	198	647	576
Manufacturing other expense	496	17	663	355
Selling, general and administrative expense	662	461	1,883	892
Total Expense	15,717	13,821	47,954	34,987
Net (loss) Income	\$ (1,120)	\$ 3,045	\$ 1,627	\$ 4,793

Revenue from international sources approximated \$1,656 and \$735 for the three months ended September 30, 2025 and 2024, respectively, and \$5,169 and \$1,490 for the nine months ended September 30, 2025 and 2024, respectively. As part of our revenue from international sources, we recognized approximately \$1,217 and \$317 for the three months ended September 30, 2025 and 2024, respectively, and \$3,326 and \$566 for the nine months ended September 30, 2025 and 2024, respectively in product revenue from companies in the United Kingdom.

Our operations comprise a single business segment and all of our long-lived assets are located within the United States. We categorize our revenue stream into three main product categories, personal care ingredients, advanced materials and consumer products. The revenues for the three and nine months ended September 30, 2025 and 2024 by category are as follows:

Product Category	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Consumer Products	\$ 13,943	\$ 13,600	\$ 44,368	\$ 32,904
Personal Care Ingredients	384	2,845	4,445	5,966
Advanced Materials	270	421	768	910
Total Sales	\$ 14,597	\$ 16,866	\$ 49,581	\$ 39,780

## (11) Contingencies

In June 2025, the Company received a payment of \$1,729 from the U.S. Department of the Treasury under the Employee Retention Credit (ERC) program, along with \$272 in interest related to the delayed payment. The ERC is a refundable payroll tax credit made available under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and subsequent legislation.

In prior periods, the Company concluded that recognition of the ERC as an asset and related income was not appropriate under U.S. GAAP because realization was not considered probable. Specifically, due to uncertainties regarding the timing, amount, and ultimate approval of the credit by the Internal Revenue Service (IRS), the ERC was evaluated as a gain contingency in accordance with ASC 450-30, *Contingencies – Gain Contingencies*. As a result, no asset or income was recorded, and no related disclosure was made in prior filings.

In June of 2025, the contingency was resolved with the receipt of payment of \$1,729 relating to the ERC amount and \$272 of related interest. Given that the payments exceeded the amount the Company requested, the Company chose to recognize \$1,234 of the ERC as identified, and \$194 in related interest income, creating a reserve for \$572, representing the discrepancy in ERC payment and estimated related interest. The \$1,234 ERC amount was included in other income, net and \$194 of interest income netted against interest expense within the condensed consolidated statements of operations for the quarter ended September 30, 2025. While management has no indication of a pending review, the IRS has stated that they reserve the right to audit ERC payments for several years after they were requested. The \$572 is a liability contingent upon the window closing for ERC audits which we estimate will be in 2029 and is currently included in accrued expenses.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

On March 7, 2025, Nanophase Technologies Corporation announced its rebranding as Solésence, Inc. (“Solésence,” “Company,” “we,” “our,” or “us”), marking a new chapter in its commitment to innovation, self-expression, and inclusivity in skin health. The Company’s stock continued to trade under the NANX ticker symbol until April 8, 2025 when it began trading on Nasdaq under the symbol SLSN. Our corporate website transitioned to Solésence.com. Investor relations information, including historic Nanophase financials and disclosures, is available at ir.Solésence.com. The Company changed its legal name to Solésence, Inc. by amending its certificate of incorporation with the State of Delaware on March 10, 2025, which was subsequently corrected to Solésence, Inc. by the filing of a Certificate of Correction with the State of Delaware on June 3, 2025.

Solésence, along with its wholly owned subsidiary, Solésence, LLC (our “Solésence consumer products subsidiary”), is a leading innovator in scientifically-driven health care solutions across beauty and life science categories, protecting skin from environmental aggressors and enhancing the aesthetic appeal of healthy products. Skin health, addressed through both our consumer products and our Active Pharmaceutical Ingredients (“APIs”), currently make up the great majority of our business, with additional revenue being generated from other legacy advanced materials applications. The Company was incorporated in Illinois on November 25, 1989 and became a Delaware corporation during November 1997. Our common stock now trades on Nasdaq under the symbol SLSN after previously trading under the NANX ticker on the OTCQB marketplace. We have development and application laboratories, and manufacturing capacity in two locations in the Chicago, Illinois area.

Leveraging a platform of integrated patented and proprietary technologies, we create products with unique performance to enhance end-consumers’ health and well-being. We offer comprehensive production, from engineered materials, formulation development, and finished product development, to commercial manufacturing and packaging capabilities. Our expertise in materials engineering allows us to effectively coat and disperse materials on a nano and “non-nano” scale for use in a variety of markets in skin health, including for use in sunscreens as APIs. We believe our innovative approach to creating these materials gives us technological and market advantages. We also leverage expertise to develop skin care, sun care, and color cosmetics products (“Solésence consumer products”) that offer unique skin health benefits. We offer these for sale to brands who ultimately sell products to consumers in both prestige and mass markets within the beauty industry. Our Solésence consumer products have received broad acceptance in the marketplace. Due to the enhanced efficacy and aesthetic qualities offered by our proprietary technology platform, Solésence consumer products satisfy growing consumer demands for “clean” and inclusive beauty across a range of product formats and categories. The vertically integrated nature of our Solésence consumer products helps us to develop ingredient technologies and formulas in tandem. We have leveraged this to develop specialized formulation know-how with our unique ingredients, improve efficiency, and avoid potential major supply chain challenges, while also addressing ongoing sustainability efforts.

Given our technological position, in addition to the historical market acceptance of our APIs for use in skin health products and sunscreens, we have seen rapidly growing sales for our suite of Solésence consumer products. Due to the expanding demand from our brand partners, we have further refined our strategy to reflect our view that consumer products should be the major focus of our growth strategy. Management believes that this growth is happening now due to a confluence of our technology and market conditions that favor the types of products we produce. We continue to see unprecedented demand for these products. Coupled with our expanded and growing expertise in these areas, we believe we are well positioned to enjoy growth into the future. This success had led us to focus our combined business, ingredient technology, and product-development capabilities on products that bring unique performance to this area. While we will continue to produce and sell materials to our other advanced materials customers, it is not our strategic focus, and we expect it to make up less of our total business over time. We may develop additional technologies or find unique applications outside of our core markets in the future, but to maximize the use of our resources today, we plan on expanding efforts in areas where we have proven we can deliver innovation and growth.

Solésence now partners with brands to develop, manufacture, and market products and ingredients that enhance lives through healthy skin.

## Results of Operations

Total revenue decreased to \$14,597 for the three months ended September 30, 2025, compared to \$16,866 for the same period in 2024. Total revenue increased to \$49,581 for the nine months ended September 30, 2025, compared to \$39,780 for the same period in 2024. Much of our revenue was from our three largest customers for the three- and nine-month periods ended September 30, 2025, one of which was a new customer, and two of our three largest customers for the same period in 2024. This reflects sales to our largest customers for our consumer products and sales of APIs to our largest customer in personal care ingredients. This is the revenue breakdown, as a percentage of total revenue, from the customers referenced above during the three-and nine-month period ended September 30, 2025, and 2024 respectively:

Customer #	Product Category	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
1	Consumer Products	37%	34%	27%	34%
2	Consumer Products	20%	—%	19%	—%
3	Personal Care Ingredients	3%	17%	9%	15%
	Total Sales	60%	51%	55%	49%

Product revenue, the primary component of our total revenue, decreased to \$14,533 for the three months ended September 30, 2025, compared to \$16,785 during the same period of 2024, and increased to \$49,369 for the nine months ended September 30, 2025, compared to \$39,479 during the same period of 2024. The three-month product revenue decrease was due lower sales in the personal care ingredients and advanced materials product categories, partially offset by to higher sales in our consumer products product category. The nine-month product revenue increase was due to higher sales in our consumer products product category, partially offset by lower sales in the personal care ingredients and advanced materials product categories.

Other revenue decreased to \$64 and \$212 for the three- and nine-month periods ended September 30, 2025, compared to \$81 and \$301 for the same periods in 2024, respectively. Other revenue is comprised primarily of fees for laboratory testing and developmental or licensing fees.

Cost of revenue generally includes costs associated with commercial production and customer development arrangements. Cost of revenue increased to \$11,227 for the three months ended September 30, 2025, compared to \$10,764 for the same period in 2024, and increased to \$36,952 for the nine months ended September 30, 2025, compared to \$26,358 for the same period in 2024. The increase for the nine-month period in the cost of revenue was primarily driven by increased volume, manufacturing operating inefficiencies, and facilities improvements. The increase for the three-month period in the cost of revenue was primarily driven by manufacturing operating inefficiencies, and facilities improvements. While we typically pass through costs to our customers, we sometimes cannot pass through 100% of pricing increases on raw materials, and even with pass throughs, our gross margin percentage is negatively impacted by higher material costs. The Company continues to monitor the potential impact of the new tariffs on our materials sourced internationally.

Capacity is a key area of focus to increase throughput, followed quickly by increased cost efficiency once we can achieve greater scale. Our planning has had us adding to our current fixed manufacturing cost structure through 2025 to accommodate additional growth, and to build a better base for further growth beyond that level. The extent to which margins grow, as a percentage of total revenue, will be dependent upon revenue mix, revenue volume, our ability to cut costs and pass commodity market-driven raw materials increases on to customers, and the speed and efficiency with which we are able to scale up production for our consumer products. We expect that, as product revenue volume increases, our fixed manufacturing costs will be more efficiently absorbed, which should lead to increased margins as we grow. Our most critical operational issue today is reducing controllable variable product manufacturing costs.

Research and development expense, which includes all expenses relating to the technology and advanced engineering groups, primarily consists of costs associated with the development or acquisition of new finished product formulations for skin care, new product applications for our skin care ingredients, advancement of our medical diagnostics ingredient knowledge, and the cost of enhancing our manufacturing processes. As an example, we are currently focusing the bulk of our resources on developing new product formulations, and related new technologies, as we expand marketing and sales efforts relating to our Solésence products. This work has led to several new products and additional potential new products. Our efforts in research and development, cosmetic formulating, process engineering and advanced engineering groups are focused in three major areas: 1) application development for our products; 2) creating or obtaining additional core materials technologies and/or materials that have the capability to serve multiple skin health-related markets; and 3) continuing to improve our core technologies to improve manufacturing operations and reduce costs.

Research and development expense increased to \$1,082 for the three months ended September 30, 2025, compared to \$970 for the same period in 2024. For the nine months ended September 30, 2025 research and development expense increased to \$3,055 compared to \$2,746 for the same period in 2024. The increase is due in large part to increased salary and benefit costs in 2025 compared to 2024.

Selling, general and administrative expense increased to \$3,069 for the three months ended September 30, 2025, compared to \$1,934 for the same period in 2024. For the nine months ended September 30, 2025, selling, general and administrative expense increased to \$8,188, compared to \$5,321 for the same period in 2024. The increase is due to an increase in legal costs, increase in the allowance for credit loss, increased employee-related costs, severance costs, and costs related to our uplisting to NASDAQ in 2025 when compared to 2024.

For the nine-month period ended September 30, 2025, other income included the adjusted payment of \$1,234 relating to funds received from U.S. Department of the Treasury under the Employee Retention Credit (ERC) program, along with \$272 in interest related to the delayed payment. The ERC is a refundable payroll tax credit made available under the CARES Act and subsequent legislation. Interest income included interest paid relating to this amount of \$194 for the nine-month period ended September 30, 2025. The ERC payments and related interest did not apply to 2024.

## Inflation

We believe inflation has had an incremental impact on our costs of operations and financial position to date. However, supplier price increases and wage and benefit inflation, both of which represent a significant component of our costs of operations, could have a material effect on our operations and financial position in 2025 if we are unable to pass through any applicable increases under our present contracts or through to our markets in general. We have begun to increase pricing where possible and continue to adjust our pricing to the extent supported by the markets we are in, and under any contract limitations we may have.

## Liquidity and Capital Resources

Cash, cash proceeds and use of cash for the nine months ended September 30, 2025, 2024, and year ended December 31, 2024 were:

	Nine months ended September 30, 2025	Nine months ended September 30, 2024	Year ended December 31, 2024
Total cash	\$ 429	\$ 2,925	\$ 1,409
Cash (used in) provided by operating activities	(10,386)	(218)	1,971
Net cash used in investing activities	(1,693)	(1,965)	(4,558)
Net cash provided by financing activities	11,099	3,386	2,274

The net cash used in operating activities during the nine months ended September 30, 2025 was primarily due to increased accounts receivable, net and decreased accounts payable and deferred revenue, offset by net income, decrease in inventory and increased accrued expenses. Net cash used in investing activities was attributable to expenditures on capital equipment for all periods presented above. The net cash provided by financing activities was attributable to the increased use of debt.

Our actual future capital requirements in 2025 and beyond will depend on many factors, including customer acceptance of our current and potential future consumer products, APIs sold as ingredients in to the skin health markets, medical diagnostics ingredients, and other engineered materials, applications, and products, continued progress in research and development activities and product testing programs, the magnitude of these activities and programs, and the costs necessary to increase and expand our manufacturing capabilities and to market and sell these products and ingredients. Other important issues that will drive future capital requirements will be the development of new markets and new customers as well as the potential for significant unplanned growth with existing customers. Depending on the success of certain projects, and conditions within the markets supplying labor and materials for capital equipment, we expect that capital spending relating to currently known capital needs for 2025 will be between \$0.1 million and \$1 million, to be funded by profit from operations, our existing loans and lines of credit, and possible new debt financing. If those projects are delayed or ultimately prove unsuccessful, or if we fail to be able to support the additional cost of funding them in the near term, we expect our capital expenditures may fall below the lower end of the range. Similarly, substantial success in business development projects may cause the actual 2025 capital investment to exceed the top of this range.

## Additional Consideration

We have federal net operating loss carryforwards for tax purposes of approximately \$42 million on December 31, 2024. Because the Company may experience “ownership changes” within the meaning of the U.S. Internal Revenue Code (“IRC”) in connection with any future equity offerings, future utilization of this carryforward may be subject to certain limitations as defined by the IRC. If not utilized, \$36 million of this loss carryforward will expire between 2025 and 2037. Given changes to the IRC, net operating loss carryforwards generated after January 1, 2018 do not expire, therefore, \$6.8 million in net operating losses generated since January 1, 2018 do not expire. We have Illinois net loss deduction carryforwards for tax purposes of approximately \$18.2 million on December 31, 2024. Due to the provisions of Illinois Public Act 102-0669 signed November 16, 2021, Illinois net loss deductions expire between 2030 and 2043.

## Off-Balance Sheet Arrangements

We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purposes of raising capital, incurring debt or operating our business. We do not have any off-balance sheet arrangements or relationships with entities that are not consolidated into our financial statements that are reasonably likely to materially affect our liquidity or the availability of capital resources.

## Safe Harbor Provision

We want to provide investors with more meaningful and useful information. As a result, this Quarterly Report on Form 10-Q (the “Form 10-Q”) contains and incorporates by reference certain “forward-looking statements”, as defined in Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements reflect our current expectations of the future results of our operations, performance, and achievements. Forward-looking statements are covered under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We have tried, wherever possible, to identify these statements by using words such as “anticipates”, “believes”, “estimates”, “expects”, “plans”, “intends” and similar expressions. These statements reflect management’s current beliefs and are based on information now available to it. Accordingly, these statements are subject to certain risks, uncertainties and contingencies that could cause our actual results, performance, or achievements in 2025 and beyond to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties and factors include, without limitation: our ability to be consistently profitable despite the losses we have incurred since our incorporation; a decision by a customer to cancel a purchase order or supply agreement in light of our dependence on a limited number of key customers; the terms of our supply agreements with BASF which could trigger a requirement to sell equipment to that customer; our potential inability to obtain working capital when needed on acceptable terms or at all; our ability to obtain materials at costs we can pass through to our customers, including Rare Earth elements, specifically cerium oxide, as well as high purity zinc; uncertain demand for, and acceptance of, our Solésence products, and our advanced materials; our manufacturing capacity and product mix flexibility in light of customer demand; our limited marketing experience, including with our suite of Solésence products; changes in development and distribution relationships; the impact of competitive products and technologies; our dependence on patents and protection of proprietary information; our ability to maintain an appropriate electronic trading venue for our securities; the impact of any potential new governmental regulations, especially any new governmental regulations focusing on the processing, handling, storage or sale of nanomaterials, that could be difficult to respond to or costly to comply with; business interruptions due to unexpected events or public health crises, including viral pandemics such as COVID-19; and the resolution of litigation or other legal proceedings in which we may become involved. In addition, our forward-looking statements could be affected by general industry and market conditions and growth rates. Readers of this Quarterly Report on Form 10-Q should not place undue reliance on any forward-looking statements. Except as required by federal securities laws, we undertake no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for a smaller reporting company.

## Item 4. Controls and Procedures

### Disclosure controls

We are responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Exchange Act is: (a) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms; and (b) accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosures. It should be noted that in designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and that our management necessarily was required to apply its judgment regarding the design of our disclosure controls and procedures. As of the end of the period covered by this report, we conducted an evaluation, under the supervision (and with the participation) of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective at reaching that level of reasonable assurance.

### Internal control over financial reporting

The Company’s management, including the CEO and CFO, confirm that there was no change in the Company’s internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

On October 31, 2025, Solésence, Inc. and its subsidiary Solésence, LLC (collectively, “Solésence”) entered into a Confidential Settlement Agreement and Release (the “Settlement Agreement”) with Solarium Brands, LLC and A-Frame Brands, LLC (collectively, “Solarium”). Pursuant to the Settlement Agreement, Solésence and Solarium agreed to settle and compromise disputes arising from certain consumer personal care products that Solésence previously manufactured for and sold to Solarium. As part of the Settlement Agreement, Solarium agreed to pay Solésence a one-time settlement payment of \$675,000 on or before January 15, 2026.

**Item 1A. Risk Factors**

Not required for a smaller reporting company.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

- |              |   |
|--------------|---|
| Exhibit 31.1 | <a href="#">Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act.</a>  |
| Exhibit 31.2 | <a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act.</a>  |
| Exhibit 32   | <a href="#">Certification of the Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350.</a>  |
| Exhibit 101  | The following materials from Solésence, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in XBRL (Extensible Business Reporting Language): (1) the Balance Sheets, (2) the Statements of Operations, (3) the Statements of Shareholders Equity, (4) the Statements of Cash Flows, and (5) the Notes to Unaudited Consolidated Condensed Financial Statements. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SOLÉSENCE, INC.**

Date: November 12, 2025

By: /s/ KEVIN CURETON

Kevin Cureton  
President and Chief Executive Officer  
Principal Executive Officer

**SOLÉSENCE, INC.**

Date: November 12, 2025

By: /s/ LAURA RIFFNER

Laura Riffner  
Chief Financial Officer  
Principal Financial Officer

---

**Certification of the Chief Executive Officer  
Pursuant to  
Rules 13a-14(a) and 15d-14(a) under the Exchange Act**

I, Kevin Cureton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Solésence, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

/s/ KEVIN CURETON  
\_\_\_\_\_  
Kevin Cureton  
Principal Executive Officer

**Certification of the Principal Financial Officer  
Pursuant to  
Rules 13a-14(a) and 15d-14(a) under the Exchange Act**

I, Laura Riffner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Solésence, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

/s/ LAURA RIFFNER  
\_\_\_\_\_  
Laura Riffner  
Principal Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350**  
**(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with this quarterly report of Solésence, Inc. (the “Company”) on Form 10-Q for the third quarter ending September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin Cureton, Chief Executive Officer certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2025

/s/ KEVIN CURETON

\_\_\_\_\_  
Kevin Cureton  
President and Chief Executive Officer  
Principal Executive Officer

In connection with this quarterly report of Solésence, Inc. (the “Company”) on Form 10-Q for the third quarter ending September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Laura Riffner, Chief Financial Officer certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2025

/s/ LAURA RIFFNER

\_\_\_\_\_  
Laura Riffner  
Chief Financial Officer  
Principal Financial Officer