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, 2026

or

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

For the transition period from _____ to _____

Commission File Number: 001-42589

Solésence, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-3687863**
(State or other jurisdiction of incorporation or organization)	(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, 2026, there were 70,647,045 shares outstanding of common stock, par value $.01, of the registrant.

SOLÉSENCE, INC.

QUARTER ENDED SEPTEMBER 30, 2026

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	As of	
	September 30, 2026	December 31, 2025 (as restated)
	(in thousands except share and per share data)	
ASSETS		
Current assets:		
Cash	$ 1,270	$ 1,288
Trade accounts receivable	9,222	7,642
Allowance for credit losses	(858)	(806)
Trade accounts receivable, net	8,364	6,836
Inventories, net	11,593	14,879
Prepaid expenses and other current assets	2,030	2,141
Total current assets	23,257	25,144
Equipment and leasehold improvements, net	15,012	14,329
Operating leases, right of use	6,135	6,913
Other assets, net	36	37
Total assets	$ 44,440	$ 46,423
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit – accounts receivable, related party	$ 1,029	$ 4,767
Current portion of operating lease obligations	1,409	1,255
Accounts payable	4,528	4,098
Deferred revenue	2,147	930
Accrued expenses	4,337	2,879
Total current liabilities	13,450	13,929
Long-term portion of operating lease obligations	6,736	7,798
Long-term line of credit – inventory, related party	6,300	9,500
Long-term debt, related party	1,000	1,000
Asset retirement obligations	203	194
Total long-term liabilities	14,239	18,492
Stockholders' equity:		
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; 70,647,045 and 70,614,045 shares issued and outstanding on September 30, 2026 and December 31, 2025, respectively	706	706
Additional paid-in capital	115,837	115,566
Accumulated deficit	(99,792)	(102,270)
Total stockholders' equity	16,751	14,002
Total liabilities and stockholders' equity	$ 44,440	$ 46,423

(See accompanying Notes to Consolidated Financial Statements)

SOLÉSENCE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited Consolidated Condensed; in thousands, except share and per-share data)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025 (as restated)	2026	2025 (as restated)
Revenue:				
Product revenue	$ 19,978	$ 14,533	$ 48,184	$ 49,369
Other revenue	185	64	269	212
Total revenue	20,163	14,597	48,453	49,581
Operating expense:				
Cost of revenue	12,235	11,123	32,708	36,043
Gross profit	7,928	3,474	15,745	13,538
Research and development expense	1,082	1,082	3,071	3,055
Selling, general and administrative expense	2,810	3,069	9,287	8,188
Net income (loss) from operations	4,036	(677)	3,387	2,295
Interest expense, net	258	339	801	603
Other income, net	111	—	111	1,234
Net income (loss) before provision for income taxes	3,889	(1,016)	2,697	2,926
Provision for income taxes	219	—	219	390
Net income (loss)	$ 3,670	$ (1,016)	$ 2,478	$ 2,536
Net income (loss) per share-basic	$ 0.05	$ (0.01)	$ 0.04	$ 0.04
Weighted average number of basic common shares outstanding	70,647,045	70,500,925	70,636,660	70,269,539
Net income (loss) per share-diluted	$ 0.05	$ (0.01)	$ 0.03	$ 0.03
Weighted average number of diluted common shares outstanding	71,483,887	70,500,925	71,551,693	72,745,662

(See accompanying Notes to Consolidated Financial Statements)

SOLÉSENCE, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited Consolidated Condensed; prior-period amounts as restated)
(in thousands except share data)

Description	Preferred shares	Preferred stock	Common shares	Common stock	Additional paid-in capital	Accumulated deficit (as restated)	Total (as restated)
Balance on December 31, 2024 (previously reported)	—	$ —	70,103,279	$ 700	$ 114,674	$ (100,428)	$ 14,946
Restatement adjustment (Note 3)	—	—	—	—	—	(4,651)	(4,651)
Balance on December 31, 2024 (as restated)	—	$ —	70,103,279	$ 700	$ 114,674	$ (105,079)	$ 10,295
Issuance of shares and stock option exercises	—	—	—	—	3	—	3
Stock-based compensation	—	—	—	—	127	—	127
Net income for the three months ended March 31, 2025 (as restated)	—	—	—	—	—	231	231
Balance on March 31, 2025 (as restated)	—	—	70,103,279	700	114,804	(104,848)	10,656
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 (as restated)	—	—	—	—	—	3,321	3,321
Balance on June 30, 2025 (as restated)	—	—	70,481,945	704	115,165	(101,527)	14,342
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 (as restated)	—	—	—	—	—	(1,016)	(1,016)
Balance on September 30, 2025 (as restated)	—	$ —	70,536,845	$ 705	$ 115,323	$ (102,543)	$ 13,485

Description	Preferred shares	Preferred stock	Common shares	Common stock	Additional paid-in capital	Accumulated deficit (as restated)	Total (as restated)
Balance on December 31, 2025 (previously reported)	—	$ —	70,614,045	$ 706	$ 115,566	$ (98,638)	$ 17,634
Restatement adjustment (Note 3)	—	—	—	—	—	(3,632)	(3,632)
Balance on December 31, 2025 (as restated)	—	$ —	70,614,045	$ 706	$ 115,566	$ (102,270)	$ 14,002
Issuance of shares and stock option exercises	—	—	18,400	—	16	—	16
Stock-based compensation	—	—	—	—	82	—	82
Net loss for the three months ended March 31, 2026 (as restated)	—	—	—	—	—	(936)	(936)
Balance on March 31, 2026 (as restated)	—	—	70,632,445	706	115,664	(103,206)	13,164
Issuance of shares and stock option exercises	—	—	14,600	—	10	—	10
Stock-based compensation	—	—	—	—	79	—	79
Net loss for the three months ended June 30, 2026 (as restated)	—	—	—	—	—	(256)	(256)
Balance on June 30, 2026 (as restated)	—	—	70,647,045	706	115,753	(103,462)	12,997
Stock-based compensation	—	—	—	—	84	—	84
Net income for the three months ended September 30, 2026	—	—	—	—	—	3,670	3,670
Balance on September 30, 2026	—	$ —	70,647,045	$ 706	$ 115,837	$ (99,792)	$ 16,751

(See accompanying Notes to Consolidated Financial Statements)

SOLÉSENCE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited Consolidated Condensed)

	Nine months ended September 30,	
	2026	2025 (as restated)
	(in thousands)	
Operating activities:		
Net income	$ 2,478	$ 2,536
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	949	676
Stock-based compensation	245	369
Changes in assets and liabilities related to operations:		
Trade accounts receivable, net	(1,528)	(4,840)
Inventories, net	3,286	489
Prepaid expenses and other assets	111	(982)
Accounts payable	335	(4,449)
Accrued expenses	1,464	452
Deferred revenue	1,217	(4,368)
Change in right of use asset and lease liability, net	(130)	(269)
Net cash provided by (used in) operating activities	8,427	(10,386)
Investing activities:		
Acquisition of equipment and leasehold improvements	(1,536)	(1,693)
Proceeds from disposal of equipment	1	—
Net cash used in investing activities	(1,535)	(1,693)
Financing activities:		
Net proceeds from line of credit – inventory, related party	—	5,500
Net payments to line of credit – inventory, related party	(3,200)	—
Net proceeds from line of credit – accounts receivable, related party	—	5,313
Net payments to line of credit – accounts receivable, related party	(3,737)	—
Proceeds from issuance of stock and exercise of stock options	27	286
Net cash (used in) provided by financing activities	(6,910)	11,099
Decrease in cash	(18)	(980)
Cash at beginning of period	1,288	1,409
Cash at end of period	$ 1,270	$ 429
Supplemental cash flow information:		
Cash paid for interest	$ 725	$ 690
Income taxes paid	$ —	$ 325
Supplemental non-cash investing and financing activities:		
Accounts payable incurred for the purchase of equipment and leasehold improvements	$ 95	$ 182

(See accompanying Notes to Consolidated Financial Statements)

(1) Basis of Presentation

The accompanying unaudited consolidated condensed interim financial statements of Solésence, Inc. ("Solésence", "Company", "we", "our", or "us") reflect all normal recurring adjustments and the prior-period restatement adjustments described in Note 3 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, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

These financial statements should be read in conjunction with our audited financial statements and notes thereto for the year ended December 31, 2025, included in the Company's Annual Report on Amendment No. 2 to Form 10-K/A for the year ended December 31, 2025.

(2) Description of Business

Solésence, Inc. ("Solésence", "Company", "we", "our", or "us") is a science- and technology-driven consumer health company which, along with its wholly owned subsidiary, Solésence, LLC (our "Solésence beauty science subsidiary"), is focused across beauty and health care markets. Our skin health products are built on a platform of vertically-integrated, proprietary technologies with global patent protection, and currently comprise the majority of our business and drive our forward growth strategy. Through working with selected customers ("clients," "brand partners"), we offer skin health and beauty products infused with SPF protection and other key health claims as fully finished goods for sun care, skin care, color cosmetics, and scalp applications.

Our expertise in materials engineering enables us to create technologies that enhance protection against UV and environmental damage, quench free radicals that compromise skin health, and reduce the inflammatory response in human skin. While a few legacy products remain that are no longer considered strategic, all products, including with medical diagnostics, fall into the advanced materials product category.

We target markets primarily related to beauty and consumer health where we believe our Solésence® products offer practical and competitive solutions. We work closely with customers in these target markets to identify material and performance requirements that consumers prefer.

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 proprietary technologies — Original Active Stress Defense™ and Kleair™ — which optimize zinc oxide, improving both its performance and aesthetics, to reimagine the consumer experience of skin health centered and SPF-infused beauty. As of 2026, our technology suite now also includes Blüm™, which reduces free radicals from HEV (blue) light; Chromalüm™, which works synergistically with the Active Stress Defense™ suite to enable state-of-the-art blue light protection and high sheer formulas; and WHSPR™, which maximizes allantoin's soothing benefits in previously inaccessible product formats across skincare, sun care, makeup, and scalp care.

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 in the manufacture and sale of 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 products to customers overseas. As part of our announced strategic initiative, Transform and Transcend, we 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) Restatement of Previously Issued Consolidated Financial Statements

The Company identified errors in its historical accounting for labor and manufacturing overhead included in inventories. The historical process used budget-based percentages and allocation bases that were not sufficiently supported and did not consistently limit capitalized amounts to eligible costs or adjust standard and budgeted amounts to approximate actual cost. The Company concluded that this process did not comply with ASC 330, Inventory. The errors affected inventories, cost of revenue, gross profit, operating income (loss), income (loss) before income taxes, net income (loss), earnings (loss) per share, accumulated deficit, stockholders' equity and related disclosures.

The correction reduced inventories by approximately $3.632 million at December 31, 2025. Cost of revenue decreased by approximately $0.104 million and $0.909 for the three and nine months ended September 30, 2025, respectively.

Opening accumulated deficit at January 1, 2026 and January 1, 2025 increased by approximately $3.632 million and $4.651 million, respectively, to reflect the cumulative inventory corrections at the preceding year ends. The comparative balances agree with the restated annual financial statements.

The restatement did not affect actual cash receipts or payments. With respect to the consolidated statement of cash flows, the changes to net income and the year-over-year change in inventory balance offset each other, resulting in no change to net cash provided by or used in operating activities. Net cash flows from investing and financing activities and beginning and ending cash balances were also unchanged.

The following tables summarize the restatement of the 2025 comparative information presented in this report. Amounts are in thousands, except per-share amounts.

Condensed consolidated balance sheet at December 31, 2025

	As Previously Reported	Restatement Adjustment	As Restated
Inventories, net	$ 18,511	$ (3,632)	$ 14,879
Total current assets	28,776	(3,632)	25,144
Total assets	50,055	(3,632)	46,423
Accumulated deficit	(98,638)	(3,632)	(102,270)
Total stockholders' equity	17,634	(3,632)	14,002
Total liabilities and stockholders' equity	50,055	(3,632)	46,423

Condensed unaudited consolidated statement of operations for the three months ended September 30, 2025

	As Previously Reported	Restatement Adjustment	As Restated
Cost of revenue	$ 11,227	$ (104)	$ 11,123
Gross profit	3,370	104	3,474
Income (loss) from operations	(781)	104	(677)
Income (loss) before income taxes	(1,120)	104	(1,016)
Net income (loss)	(1,120)	104	(1,016)
Basic earnings (loss) per share	(0.02)	0.01	(0.01)
Diluted earnings (loss) per share	(0.02)	0.01	(0.01)

Condensed unaudited consolidated statement of operations for the nine months ended September 30, 2025

	As Previously Reported	Restatement Adjustment	As Restated
Cost of revenue	$ 36,952	$ (909)	$ 36,043
Gross profit	12,629	909	13,538
Income (loss) from operations	1,386	909	2,295
Income (loss) before income taxes	2,017	909	2,926
Net income (loss)	1,627	909	2,536
Basic earnings (loss) per share	0.02	0.02	0.04
Diluted earnings (loss) per share	0.02	0.01	0.03

Unaudited accumulated deficit at the dates presented. At September 30, 2025, accumulated deficit increased by $3,742, from $(98,801) to $(102,543), as restated.

	As Previously Reported	Restatement Adjustment	As Restated
December 31, 2024	$ (100,428)	$ (4,651)	$ (105,079)
March 31, 2025	(100,348)	(4,500)	(104,848)
June 30, 2025	(97,681)	(3,846)	(101,527)
December 31, 2025	(98,638)	(3,632)	(102,270)
March 31, 2026	(99,404)	(3,802)	(103,206)
June 30, 2026	(103,306)	(156)	(103,462)

Unaudited total stockholders' equity at the dates presented. At September 30, 2025, total stockholders' equity decreased by $3,742, from $17,227 to $13,485, as restated.

	As Previously Reported	Restatement Adjustment	As Restated
December 31, 2024	$ 14,946	$ (4,651)	$ 10,295
March 31, 2025	15,156	(4,500)	10,656
June 30, 2025	18,188	(3,846)	14,342
December 31, 2025	17,634	(3,632)	14,002
March 31, 2026	16,967	(3,803)	13,164
June 30, 2026	13,154	(157)	12,997

Condensed unaudited consolidated cash flows for the nine months ended September 30, 2025

	As Previously Reported	Restatement Adjustment	As Restated
Net income	$ 1,627	$ 909	$ 2,536
Inventories, net	1,398	(909)	489
Net cash used in operating activities	(10,386)	—	(10,386)
Cash at end of period	429	—	429

(4) 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.

Contract balances at September 30, 2026, December 31, 2025, and December 31, 2024 are as follows:

	Accounts Receivable	Contract Liabilities
Balance, December 31, 2024	$ 5,655	$ 5,571
Balance, December 31, 2025	7,642	930
Balance, September 30, 2026	9,222	2,147

Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period was $127 and $33 for the three months ended September 30, 2026 and 2025, respectively, and $757 and $5,028 for the nine months ended September 30, 2026 and 2025, 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 $185 and $64 for the three months ended September 30, 2026 and 2025, respectively, and $269 and $212 for the nine months ended September 30, 2026 and 2025, respectively.

Accounts receivable are carried at the original invoice amount, less an allowance for expected credit losses. We estimate the allowance for credit losses based on a review of outstanding receivables, including the age of the receivables, historical collection experience, specific customer collectability considerations, current conditions, and other relevant factors. In estimating expected credit losses for current trade receivables arising from contracts with customers, we have elected the practical expedient under ASU 2025-05 and assume that current conditions as of the balance sheet date do not change over the remaining life of the receivables. Receivables are written off when deemed uncollectible. 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.

	September 30, 2026	December 31, 2025
Balance, beginning	$ 806	$ 786
Current period provisions	79	836
Write offs	(27)	(816)
Balance, ending	$ 858	$ 806

(5) Earnings per Share

Options to purchase 2,466,956 and 915,033 shares of common stock that were outstanding as of September 30, 2026 were included in the computation of diluted earnings per share for the three and nine months ended September 30, 2026, respectively. No options were included 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 2,474,262 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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025 (as restated)	2026	2025 (as restated)
Numerator: (in Thousands)				
Net income (loss)	$ 3,670	$ (1,016)	2,478	$ 2,536
Denominator:				
Weighted average number of basic shares outstanding	70,647,045	70,500,925	70,636,660	70,269,539
Weighted average additional shares assuming conversion of in-the-money stock options to common shares and assumed repurchase of common shares by the Company	836,842	—	915,033	2,476,123
Weighted average number of diluted common shares outstanding	71,483,887	70,500,925	71,551,693	72,745,662
Basic earnings per common share:				
Net income (loss) per share – basic	$ 0.05	$ (0.01)	$ 0.04	$ 0.04
Diluted earnings per common share:				
Net income (loss) per share – diluted	$ 0.05	$ (0.01)	$ 0.03	$ 0.03

(6) 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 7. 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 offerings in the marketplace.

There were no financial instruments adjusted to fair value on September 30, 2026 and December 31, 2025.

(7) Related Party Notes and Lines of Credit

Notes and lines of credit consist of the following:

		As of September 30, 2026		As of December 31, 2025	
	Rate at September 30, 2026	Total Borrowing Capacity	Outstanding Borrowed Balance	Total Borrowing Capacity (as restated)	Outstanding Borrowed Balance
Libertyville Bank & Trust [1]	8.00%	30	—	$ 30	$ —
Libertyville Bank & Trust [2]	8.00%	500	—	500	—
Beachcorp, LLC [3]	7.75%	8,679	1,030	6,236	4,767
Beachcorp, LLC [4]	7.75%	6,376	6,300	8,184	9,500
Strandler, LLC [5]	7.75%	1,000	1,000	1,000	1,000

1) 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 2026 or 2025, we have recorded no related liability on our condensed consolidated balance sheet.

2) 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, 2026. 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. On September 30, 2026, the Company entered into a Fourth Amendment to the Amended and Restated Business Loan Agreement to extend its maturity to May 31, 2028.

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. On September 30, 2026, the Company entered into a Fourth Amendment to the Business Loan Agreement to extend its maturity to May 31, 2028. As described above in Note 3 (Restatement of Previously Issued Consolidated Financial Statements), the Company recently identified errors in its historical accounting for labor and overhead included in inventories. As a result, inventories were overstated in past borrowing base calculations under the Inventory Facility. Effective and dated as of August 17, 2026, Beachcorp, LLC provided a waiver of all breaches, defaults and events of default under the Inventory Facility as a result of the inventory related accounting matters described in Note 3, with respect to up to $3,000 per occurrence, of over-advances on the Inventory Revolving Loans. The Company does not expect there to be any prospective impact on the compliance or availability of the Inventory Facility.

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. On September 30, 2026, the Company entered into a Fourth Amendment to the Business Loan Agreement extending the maturity of the Term Maturity Note to May 31, 2028. On November 4, 2026, Strandler, LLC assigned to Whitmore Holdings, LLC all of its rights as a lender under the New Term Loan agreement.

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 Consolidated Balance Sheet as of September 30, 2026, and December 31, 2025, in accordance with the maturity dates in the financing agreements.

Beachcorp, LLC, Strandler, LLC and Whitmore Holdings, 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:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Interest expense, related parties	$ 256	$ 338	$ 798	$ 795

Accrued interest consists of the following:

	As of	
	September 30, 2026	December 31, 2025
Accrued interest expense, related parties	$ 75	$ 103

Outstanding balances associated with related parties are as follows:

	September 30, 2026	December 31, 2025
Beachcorp, LLC	$ 7,330	$ 14,267
Strandler, LLC	1,000	1,000

(8) Inventories, net

Inventories consist of the following:

	September 30, 2026	December 31, 2025 (as restated)
Raw materials	$ 11,076	$ 12,982
Finished goods	3,455	4,196
Inventory reserve	(2,938)	(2,299)
Total Inventories, net	$ 11,593	$ 14,879

(9) Significant Customers

We had three significant customers for the three and nine months ended September 30, 2026, and 2025.

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

		Three months ended September 30,		Nine months ended September 30,	
Customer #	**Product Category**	**2026**	**2025**	**2026**	**2025**
1	Consumer Products	51%	37%	49%	27%
2	Consumer Products	5%	20%	3%	19%
3	Personal Care Ingredients	12%	3%	13%	9%
	Total	68%	60%	65%	55%

Accounts receivable balances for these three customers were approximately:

		As of September 30,	
Customer #	**Product Category**	**2026**	**2025**
1	Consumer Products	$ 5,042	$ 3,724
2	Consumer Products	650	3,565
3	Personal Care Ingredients	1,144	—
	Total	6,836	7,289

We currently have exclusive supply agreements with BASF Corporation (“BASF”), a significant 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 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. The loss of this equipment would not materially impact our ability to meet the demand of our other customers.

If a triggering event were to occur and BASF elected to proceed with the equipment sale mentioned above, we would lose a historically 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 Company’s Chief Executive Officer is the Chief Operating Decision Maker. The Chief Operating Decision Maker assesses performance for the single segment and decides how to allocate resources based on gross profit and net income, which are also reported in the statement of operations. The measure of segment assets is reported on the 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 Note 2 of the 2025 Form 10-K/A.

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,	
	2026	2025 (as restated)	2026	2025 (as restated)
Total revenue	$ 20,163	$ 14,597	$ 48,453	$ 49,581
Employee costs	4,113	4,546	11,945	11,874
Contractors and professional services	3,293	2,021	8,304	9,225
Materials and supplies	5,853	5,314	15,329	17,081
Depreciation	313	225	949	676
Interest expense, net	258	339	801	603
Other (income)	(111)	—	(111)	(1,234)
Tax expense	230	17	286	464
Facilities	930	1,009	2,836	2,942
Shipping	316	280	877	802
Testing	15	119	54	388
IT services	407	351	1,146	1,031
Insurance	196	234	648	647
Manufacturing other expense	299	496	861	663
Selling, general and administrative expense	381	662	2,050	1,883
Total Expense	16,493	15,613	45,975	47,045
Net Income (loss)	$ 3,670	$ (1,016)	$ 2,478	$ 2,536

Revenue from international sources approximated $257 and $1,656 for the three months ended September 30, 2026 and 2025, respectively, and $1,648 and $5,169 for the nine months ended September 30, 2026 and 2025, respectively. As part of our revenue from international sources, we recognized approximately $165 and $241 for the three months ended September 30, 2026 and 2025, respectively, and $1,022 and $834 for the nine months ended September 30, 2026 and 2025, respectively, in product revenue from companies in Canada.

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, 2026 and 2025 by category are as follows:

	Three months ended September 30,		Nine months ended September 30,	
Product Category	**2026**	**2025**	**2026**	**2025**
Consumer Products	$ 17,647	$ 13,943	$ 41,888	$ 44,368
Personal Care Ingredients	2,438	384	6,241	4,445
Advanced Materials	78	270	324	768
Total Sales	$ 20,163	$ 14,597	$ 48,453	$ 49,581

(11) Commitments and Contingencies

On July 6, 2026, Solésence, LLC, the Company's wholly owned subsidiary, entered into a Settlement Agreement and Release with Refy Beauty Ltd to resolve disputes relating to certain consumer care products previously sold to Refy. The Company recognized a settlement expense and liability of $938 in June 2026, with the expense included in selling, general and administrative expense.

The agreement provides for an aggregate settlement amount of £700, payable in U.S. dollars at a fixed exchange rate of $1.34 per British pound, resulting in a total obligation of $938. The first $469 is payable in six monthly installments beginning August 5, 2026 and ending January 4, 2027. The parties also agreed to a six-month exclusivity period for developing a new sun protection factor product and negotiating a potential commercial agreement.

If the parties enter into a commercial agreement during the exclusivity period, the remaining $469 will be applied as credits against purchases under that agreement. Otherwise, the remaining $469 is payable in six monthly installments beginning February 3, 2027 and ending July 7, 2027. The commercial agreement affects the form of settlement of the final $469 rather than the total obligation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Solésence, Inc. ("Solésence", "Company", "we", "our", or "us") is a science- and technology-driven consumer health company which, along with its wholly owned subsidiary, Solésence, LLC (our "Solésence beauty science subsidiary"), is focused across beauty and health care markets. Through working with selected customers ("clients," "brand partners"), we offer skin health and beauty products infused with SPF protection and other key health claims as fully finished goods for sun care, skin care, color cosmetics, and scalp applications. While a few legacy products remain, these areas are no longer considered strategic, and all, along with medical diagnostics, fall into the advanced materials product category.

Results of Operations

Total revenue was $20,163 for the three months ended September 30, 2026, compared to $14,597 for the same period in 2025. Total revenue was $48,453 for the nine months ended September 30, 2026, compared to $49,581 for the same period in 2025. Much of our revenue was from our three largest customers for the three- and nine-month periods ended September 30, 2026 and 2025, respectively. This reflects sales to our largest customers for our consumer products and sales of Active Pharmaceutical Ingredients ("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 periods ended September 30, 2026 and 2025, respectively:

		Three months ended September 30,		Nine months ended September 30,	
Customer #	**Product Category**	**2026**	**2025**	**2026**	**2025**
1	Consumer Products	51%	37%	49%	27%
2	Consumer Products	5%	20%	3%	19%
3	Personal Care Ingredients	12%	3%	13%	9%
	Total	68%	60%	65%	55%

Product revenue, the primary component of our total revenue, was $19,978 for the three months ended September 30, 2026, compared to $14,533 during the same period of 2025, and was $48,184 for the nine months ended September 30, 2026, compared to $49,369 during the same period of 2025. The quarterly increase was due to stronger demand from brand partners. Product revenue declined approximately 2.4% for the nine-month period.

Other revenue was $185 and $269 for the three- and nine-month periods ended September 30, 2026, compared to $64 and $212 for the same periods in 2025, respectively. Other revenue consists primarily of laboratory testing fees and developmental or licensing fees. The increase was due to additional testing and development work.

Cost of revenue generally includes costs associated with commercial production and customer development arrangements. Cost of revenue was $12,235 for the three months ended September 30, 2026, compared to $11,123 for the same period in 2025, and was $32,708 for the nine months ended September 30, 2026, compared to $36,043 for the same period in 2025. The increase for the three months was due to higher sales in 2026 compared to 2025. The decrease for the nine months was primarily due to increased production efficiency in 2026 compared to 2025.

Operating efficiency, including the implementation of lean management practices, is a key area of focus for the company. Our company's growth in both complexity and scale since 2023 has required increases in our fixed manufacturing costs to ensure continued compliance with the requirements of manufacturing and distributing FDA-regulated products in an increasingly consumer-centric industry. These requirements, when combined with increases in scale and the number of customers, increase the variety and number of sku's in our inventory. Improving overall equipment effectiveness and throughput through lean management will help the company maintain a competitive cost position and drive improvements in our operating margins as a percentage of total revenue. Selected automation will also enable the company to gain additional margin leverage as our business volume grows.

Research and development expense, which includes all expenses relating to the technology and advanced engineering groups, primarily consists of costs associated with the development of new technology platforms that are core to the company's market competitiveness, along with the development of finished product formulations for skin care, color cosmetics, sun care, and scalp applications. Our patented technologies also create a competitive advantage for our customers, allowing them to differentiate their business in an increasingly competitive market and gain additional market share. Our technology position also contributes to improved customer retention and a stronger long-term supply position at favorable pricing for the company.

Research and development expense was $1,082 for the three months ended September 30, 2026, compared to $1,082 for the same period in 2025. For the nine months ended September 30, 2026 research and development expense was $3,071, compared to $3,055 for the same period in 2025. Research and development costs remained flat from year to year.

Selling, general and administrative expense was $2,810 for the three months ended September 30, 2026, compared to $3,069 for the same period in 2025. The decrease was due to lower bad debt expense partially offset by higher legal fees. For the nine months ended September 30, 2026, selling, general and administrative expense was $9,287, compared to $8,188 for the same period in 2025. The increase reflected higher professional service costs and the Refy settlement expense recorded in June 2026 (see Note 11).

Inflation

In Company-wide operations, we believe inflation has not had a material effect on our operations or financial position for 2026, although we have seen increases in our costs. We expect supplier price increases and wage and benefit inflation, both of which represent a significant component of our costs of operations, may have a material effect on our operations and financial position in 2026 and beyond. We will apply our best efforts to pass through cost increases to our customers. If we are unable to pass through any increases due to contractual limitations or conditions in our markets specifically, this could reduce margins and net income.

Liquidity and Capital Resources

Cash, cash proceeds and use of cash for the nine months ended September 30, 2026 and 2025, and year ended December 31, 2025 were:

	Nine months ended September 30, 2026	Nine months ended September 30, 2025	Year ended December 31, 2025
Total cash	$ 1,270	$ 429	$ 1,288
Net cash provided by (used in) operating activities	8,427	(10,386)	(8,567)
Net cash used in investing activities	(1,535)	(1,693)	(2,143)
Net cash (used in) provided by financing activities	(6,910)	11,099	10,589

The net cash provided by operating activities during the nine months ended September 30, 2026 was primarily due to net income, a decrease in inventories, and additional prepayments for future orders.

The net cash used in investing activities during the nine months ended September 30, 2026 was primarily due to investments in new equipment.

The net cash used in financing activities during the nine months ended September 30, 2026 was primarily due to reducing the outstanding related party debt. As a result of the restatements the Company would have been in default of the Inventory Revolving Loan Effective August 17, 2026, Beachcorp, LLC provided a waiver of all breaches and defaults under the Inventory Facility as a result of the foregoing up to a maximum of $3,000,000 per occurrence, of over-advances on the Inventory Revolving Loans. The Company does not expect there to be any prospective impact on the compliance or availability of the Inventory Revolving Loan.

Our actual future capital requirements in 2026 and beyond will depend on many factors, including customer acceptance of our current and potential future consumer products, APIs sold as ingredients in 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 2026 will be between $0.5 million and $1.5 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 2026 capital investment to exceed the top of this range.

Additional Consideration

We had federal net operating loss carryforwards for tax purposes of approximately $38.5 million on December 31, 2025. 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, $30.7 million of this loss carryforward will expire between 2026 and 2038. Given changes to the IRC, net operating loss carryforwards generated after January 1, 2018 do not expire, therefore, $7.7 million in net operating losses generated since January 1, 2018 do not expire. We had Illinois net loss deduction carryforwards for tax purposes of approximately $18.4 million on December 31, 2025. Due to the provisions of Illinois Public Act 102-0669 signed November 16, 2021, Illinois net loss deductions expire between 2029 and 2039.

Because of uncertainty as to the amount of future taxable income that will be earned prior to the expiration of the carryforward, we have concluded that it is likely that some portion of this carryforward will expire before ultimately becoming available to reduce income tax liabilities. The Company continues to maintain a valuation allowance against certain deferred tax assets. In assessing the realizability of its deferred tax assets, the Company considers all available positive and negative evidence, including historical operating results, recent trends in profitability, expectations regarding future taxable income, and the reversal of existing taxable temporary differences. Recent improvements in the Company’s operating results represent positive evidence regarding the realizability of its deferred tax assets. Should these operating trends continue, it is reasonably possible that sufficient positive evidence could develop within the next twelve months to support the release of some or all of the Company’s valuation allowance. The Company will continue to assess the realizability of its deferred tax assets in future periods. Any change in the valuation allowance could have a material effect on income tax expense and net income in the period in which such determination is made.

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 2026 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

Evaluation of Disclosure Controls and Procedures

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 officer, 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.

In connection with the restatement of the Company's previously issued consolidated financial statements included in this Form 10-Q/A, management, with the participation of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), reevaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2026. Based on that reevaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2026 because of the material weakness in internal control over financial reporting described below.

A material weakness exists when one or more deficiencies in internal control over financial reporting create a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented, or detected and corrected, on a timely basis.

Material Weakness in Inventory Costing

The Company did not design and maintain effective controls over the determination, accumulation, allocation, review and application of labor and manufacturing overhead costs capitalized into inventory.

Specifically, the Company did not establish and maintain effective controls to provide for:

- Identification and capitalization of only eligible inventory acquisition and production costs;
- Allocation of variable production overhead based on actual production activity;
- Adjustment of standard or budgeted cost amounts to ensure those amounts reasonably approximated actual cost;
- Sufficient documentation supporting cost pools, burden rates, allocation methodologies, and significant assumptions; and
- An effective management review of the completeness, accuracy, and appropriateness of the inventory-costing calculation.

These deficiencies, considered in combination, constituted a material weakness that existed as of September 30, 2026. The material weakness resulted in errors affecting inventory, cost of revenue and related financial statement accounts and disclosures. The errors are corrected in the restated unaudited consolidated financial statements included in this Form 10-Q/A. See the restatement disclosures in the notes to those financial statements.

Material Weakness in Oversight and Review of Financial Reporting and Restatement Activities

The Company did not design and maintain effective supervisory and review controls over the financial reporting process, including the identification, evaluation, correction, and disclosure of accounting errors and restatements.

Specifically, the Company did not establish and maintain effective controls to:

- Ensure that personnel and advisors responsible for performing, reviewing, and overseeing key accounting and financial reporting controls possess the appropriate level of knowledge and experience, including sufficient SEC reporting, financial reporting, and technical accounting expertise, to effectively execute those controls and address necessary accounting matters and financial statement corrections;
- Ensure that accounting analyses, methodologies, assumptions, allocations, and conclusions used in restatement calculations were sufficiently reviewed before being finalized;
- Verify the completeness, accuracy, consistency, and supportability of adjustments recorded in connection with the restatement;
- Ensure that, following the identification of a restatement, revised financial information is complete and accurate and is subject to appropriate accounting analysis, supporting documentation, and review procedures sufficient to prevent or detect material misstatements; and
- Evaluate whether accounting positions and allocation methodologies were consistently and accurately applied across all affected reporting periods.

As a result of these deficiencies, management did not timely identify errors and unsupported assumptions within the restatement calculations, including errors in the allocation of departmental costs among inventory and cost-of-sales cost pools, inconsistencies in the application of methodologies across reporting periods, and adjustments that lacked sufficient support under accounting principles generally accepted in the United States of America (U.S. GAAP).

The material misstatement also impacted the Company's ability to complete and file corrected financial information in a proficient manner. There is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis.

The material weakness also impacted the Company's ability to complete and file corrected financial information in a proficient manner. There is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis.

Inventory Costing Remediation Activities Subsequent to September 30, 2026

The Company intends to implement remediation measures that include:

- Reassessing the Company's inventory-costing methodologies and formalizing the policy;
- Evaluating and refining labor and manufacturing overhead cost pools, allocation practices, methodologies, and assumptions;
- Strengthening documentation supporting burden rates, inventory valuation and costing activities;
- Establishing periodic reassessment requirements and comparisons of actual manufacturing costs with capitalized amounts;
- Enhancing management review controls over inventory accounting and valuation, including defined review thresholds and documentation requirements;
- Strengthening technical cost-accounting and U.S. GAAP expertise through training, additional resources and/or external specialists; and
- Increasing oversight by personnel with appropriate accounting and cost-accounting expertise.

Financial Reporting Oversight and Review Remediation Activities Subsequent to September 30, 2026

The Company intends to implement remediation measures that include:

- Enhancing executive management oversight of significant accounting matters;
- Enhancing controls over the review and oversight of third-party specialists and advisors engaged to assist with infrequent transactions, including accounting corrections and related financial reporting matters;
- Implementing additional review controls over technical accounting analyses and application of U.S. GAAP, supporting calculations and burden rates, significant estimates and allocations, and quarterly adjustments of inventory to actual costs;
- Increasing the involvement of personnel with appropriate financial reporting, SEC reporting, and technical accounting expertise; and
- Evaluating staffing levels, competencies, and organizational structure within the finance and accounting function to ensure adequate resources are available to support financial reporting obligations.

Neither material weakness will be considered remediated until the applicable controls have been designed and implemented, have operated for a sufficient period, and management has concluded through testing that they are operating effectively. Correction of the financial statement errors does not, by itself, remediate either material weakness.

Changes in Internal Control Over Financial Reporting

The Company's management, including the Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), confirm that there was no change in the Company's internal control over financial reporting during the period ended September 30, 2026 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

None.

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

The Board of Directors of the Company determined that the Company's 2026 Annual Meeting of Stockholders will be held on December 16, 2026. This represents a change in the date of the annual meeting of more than 30 days from the anniversary of the 2025 Annual Meeting of Stockholders, which was held on August 28, 2025.

Item 6. Exhibits

Exhibit 10.1	Settlement Agreement and Release, dated July 6, 2026, between Solésence, LLC and Refy Beauty Ltd, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 10, 2026. Confidential portions of that exhibit were redacted.
Exhibit 10.2	Fourth Amendment to Business Loan Agreement with Strandler, LLC, dated September 30, 2026, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 5, 2026.
Exhibit 10.3	Fourth Amendment to Amended and Restated Business Loan Agreement with Beachcorp, LLC, dated September 30, 2026, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 5, 2026.
Exhibit 10.4	Fourth Amendment to Business Loan Agreement with Beachcorp, LLC, dated September 30, 2026, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed October 5, 2026.
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act.
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act.
Exhibit 32	Certification of the Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101	The following materials from Solésence, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, 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, 2026

By: /s/ KEVIN CURETON
Kevin Cureton
President and Chief Executive Officer
Principal Executive Officer

SOLÉSENCE, INC.

Date: November 12, 2026

By: /s/ LAURA RIFFNER
Laura Riffner
Chief Financial Officer
Principal Financial Officer

Exhibit 31.1

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 15d-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, 2026

/s/ KEVIN CURETON
Kevin Cureton
Principal Executive Officer

Exhibit 31.2

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 15d-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, 2026

/s/ LAURA RIFFNER
Laura Riffner
Principal Financial Officer

Exhibit 32

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, 2026 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 my 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, 2026

/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, 2026 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 my 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, 2026

/s/ LAURA RIFFNER
Laura Riffner
Chief Financial Officer
Principal Financial Officer