

BASANITE, INC.

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **March 31, 2025**

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: 000-53574

Basanite, Inc.

(Exact name of registrant as specified in its charter)

Nevada
*(State or other jurisdiction
of incorporation or organization)*

20-4959207
*(I.R.S. Employer
Identification No.)*

2660 NW 15th Court, Unit 108, Pompano Beach, Florida 33069
(Address of Principal Executive Office) (Zip Code)

(954) 532-4653
(Registrant's telephone number, including area code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act: None.

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 every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by checkmark 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Shares Outstanding as of May 15, 2025
Common Stock, \$0.001 par value per share	258,656,796

BASANITE, INC. AND SUBSIDIARIES
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PART I. – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2025	December 31, 2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 6,946	\$ 82,222
Accounts receivable, net	—	50,579
TOTAL CURRENT ASSETS	<u>6,946</u>	<u>132,981</u>
Fixed assets, net	103,874	132,728
TOTAL NON-CURRENT ASSETS	<u>103,874</u>	<u>132,728</u>
TOTAL ASSETS	<u><u>\$ 110,820</u></u>	<u><u>\$ 265,709</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,745,871	\$ 1,733,422
Accrued expenses	2,562,734	2,290,877
Due to shareholders	475,000	475,000
Notes payable	270,000	270,000
Notes payable - related party	2,178,000	2,178,000
Notes payable - convertible - related party, net	<u>2,144,357</u>	<u>2,144,357</u>
TOTAL CURRENT LIABILITIES	<u>9,375,962</u>	<u>9,091,656</u>
TOTAL LIABILITIES	<u>9,375,962</u>	<u>9,091,656</u>
STOCKHOLDERS' (DEFICIT) EQUITY		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 1,000,000,000 shares authorized, 260,156,796 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	260,157	260,157
Additional paid-in capital	48,905,681	48,905,681
Accumulated deficit	<u>(58,430,980)</u>	<u>(57,991,785)</u>
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	<u>(9,265,142)</u>	<u>(8,825,947)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 110,820</u></u>	<u><u>\$ 265,710</u></u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended	
	March 31,	
	2025	2024
Revenue		
Products sales	\$ 27,974	\$ 59,449
Total cost of goods sold	14,759	4,259
Gross (loss) profit	13,215	55,190
OPERATING EXPENSES		
Sales, general, and administrative	201,861	154,329
Total operating expenses	201,861	154,329
NET LOSS FROM OPERATIONS	(188,646)	(99,139)
OTHER INCOME (EXPENSE)		
Interest expense	(250,549)	(188,819)
Total other income (expense)	(250,549)	(188,819)
NET LOSS	\$ (439,195)	\$ (287,958)
Net loss per share –		
Basic	\$ (0.02)	\$ (0.00)
Diluted	\$ (0.02)	\$ (0.00)
Weighted average number of shares outstanding –		
Basic	260,156,796	259,160,129
Diluted	260,156,796	259,160,129

The accompanying notes are an integral part of the condensed consolidated financial statements.

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(UNAUDITED)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>	<u>Paid-in</u>	<u>Deficit</u>	<u>Stockholders'</u>
					<u>Capital</u>		<u>(Deficit)</u>
							<u>Equity</u>
Balance January 1, 2024	—	\$ —	259,156,796	\$ 259,157	\$ 48,891,681	\$ (56,262,389)	\$ (7,111,551)
Stock-based compensation	—	—	1,000,000	1,000	14,000	—	15,000
Net loss	—	—	—	—	—	(448,442)	(448,442)
Balance March 31, 2024	<u>—</u>	<u>\$ —</u>	<u>260,156,796</u>	<u>\$ 260,157</u>	<u>\$ 48,905,681</u>	<u>\$ (56,973,531)</u>	<u>\$ (7,807,694)</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(UNAUDITED)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>	<u>Paid-in</u>	<u>Deficit</u>	<u>Stockholders'</u>
					<u>Capital</u>		<u>Deficit</u>
Balance January 1, 2025	—	\$ —	260,156,796	\$ 260,157	\$ 48,905,681	\$ (57,991,785)	\$ (8,825,947)
Net loss	—	—	—	—	—	(439,195)	(439,195)
Balance March 31, 2025	—	\$ —	260,156,796	\$ 260,157	\$ 48,905,681	\$ (58,430,980)	\$ (9,265,142)

The accompanying notes are an integral part of the condensed consolidated financial statements.

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (439,195)	\$ (287,958)
Adjustments to reconcile net loss to net cash used in operating activities:		
Lease right-of-use asset amortization	—	24,156
Depreciation	28,854	31,962
Stock-based compensation	—	15,000
Bad debt expense	43,350	—
Changes in operating assets and liabilities:		
Accounts receivable	7,409	3,831
Accounts payable and accrued expenses	284,306	107,708
Lease liability	—	(24,156)
Net cash used in operating activities	<u>(75,276)</u>	<u>(129,457)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used in investing activities	<u>—</u>	<u>—</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable and notes payable related party	—	78,000
Net cash provided by financing activities	<u>—</u>	<u>78,000</u>
NET INCREASE IN CASH	(75,276)	(51,457)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>82,222</u>	<u>55,248</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 6,946</u>	<u>\$ 3,791</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ —</u>	<u>\$ —</u>
Cash paid for taxes	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN

(A) Description of Business

Basanite, Inc., a Nevada corporation (the “Company”, “Basanite”, “we”, “us”, “our” or similar terminology), through our wholly owned subsidiary, Basanite Industries, LLC, a Delaware limited liability company (“BI”), manufactures a range of “green” (environmentally friendly), sustainable, non-corrosive, lightweight, composite products used in concrete reinforcement by the construction industry. Our core product is BasaFlex™, a basalt fiber reinforced polymer reinforcing bar (“rebar”) which we believe is a stronger, lighter, sustainable, non-conductive and corrosion-proof alternative to traditional steel.

Our two other main product lines are BasaMix™, which are fine denier basalt fibers available in various sizes, and BasaMesh™, a line of Basalt Geogrid Mesh Rolls, intended to replace welded wire mesh (made of steel) and other fiber reinforced polymer (“FRB”) grids and mesh.

BasaMix™ is designed to help absorb the stresses associated with early-aged plastic shrinkage and settlement cracking in concrete, as well as providing an increased toughness for enhanced reinforcement in Slab-on-Grade (“SOG”) and precast elements. BasaMix™ also serves in a “system approach” for optimum performance of a concrete element when used in conjunction with our BasaFlex™ rebar.

BasaMesh™ is designed for secondary and temperature shrinkage reinforcement. BasaMesh™ can also work in conjunction with the BasaFlex™ rebar or BasaMix™ for a total reinforcement program.

Each of our products is specifically designed to extend the lifecycle of concrete products by eliminating “concrete spalling.” Spalling results from the steel reinforcing materials embedded within the concrete member rusting (contrary to popular belief, concrete is porous and water can permeate into concrete). Rusting leads to the steel expanding and eventually causing the surrounding concrete to delaminate, crack, or even break off, resulting in potential structural failure. We believe that each Basanite product addresses this important need along with other key requirements in today’s construction market.

(B) Liquidity and Management Plans

Since inception, the Company has incurred net operating losses and used cash in operations. As of March 31, 2025, and December 31, 2024, respectively, the Company reported:

- an accumulated deficit of \$58.4 million and \$57.9 million;
- a working capital deficiency of \$9.2 million and \$8.8 million; and
- cash used in operations of \$118.6 thousand

Losses have principally occurred as a result of the substantial resources required for product research and development and for marketing of the Company’s products; including the general and administrative expenses associated with the organization.

While we have generated relatively little revenue to date, revenue from sales of product began to increase in the quarter ended March 31, 2021, and we continue to receive inquiries and solicit orders from a range of customers for our products, indicating what we believe is a significant level of market interest for BasaFlex™. While the Company expects to expand its manufacturing capacity during 2026, based on our current limited manufacturing capacity there is no guarantee that orders will actually be received or that orders, if received, can be properly fulfilled.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN (CONTINUED)

We have historically satisfied our working capital requirements through the sale of restricted common stock of the Company, \$0.001 par value per share (the “Common Stock”), and the issuance of warrants to purchase Common Stock and promissory notes. Until we are able to internally generate meaningful revenue and positive cash flow, we will attempt to fund working capital requirements through third party financing, including through potential private or public offerings of our securities as well as bridge or other loan arrangements. However, a number of factors continue to hinder the Company’s ability to attract new capital investment. We cannot provide any assurances that the required capital will be obtained at all, or that the terms of such required capital may be acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities to reduce our cash use until sufficient funding is secured. If we are unable to secure funding when needed, our results of operations may suffer, and our business may fail.

These conditions raise substantial doubt about the Company’s ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Use of Estimates in Financial Statements

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-based compensation and stock awards related to convertible debt instruments are recognized based on the fair value of the awards granted. The fair value of each award or conversion feature is typically estimated on the grant date using the Black-Scholes pricing model. The Black-Scholes pricing model requires the input of highly subjective assumptions, including the fair value of the underlying Common Stock, the expected term of the option, the expected volatility of the price of our Common Stock, risk-free interest rates and the expected dividend yield of our Common Stock. The assumptions used to determine the fair value of the stock awards represent management’s best estimates. These estimates involve inherent uncertainties and the application of management’s judgment.

The Company used the Black Scholes valuation model to determine the fair value of the warrants and options issued, using the following key assumptions for the three months ended March 31, 2025 and 2024, respectively:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Expected price volatility	—	176.23%
Risk-free interest rate	—	5.63
Expected life in years	—	5
Dividend yield	—	—

(B) Principles of Consolidation

The condensed consolidated financial statements include the accounts of Basanite, Inc. and its wholly owned subsidiaries, Basanite Industries, LLC and Basalt America, LLC. All intercompany balances have been eliminated in consolidation. The Company’s operations are conducted primarily through Basanite Industries, LLC. Basalt America, LLC is currently inactive.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) Cash

The Company considers all highly liquid temporary cash instruments with an original maturity of three months or less to be cash equivalents. The Company places its cash, cash equivalents and restricted cash on deposit with financial institutions in the United States, which are insured by the Federal Deposit Insurance Company (“FDIC”) up to \$250,000. The Company’s credit risk in the event of failure of these financial institutions is represented by the difference between the FDIC limit and the total amounts on deposit. Management monitors the financial institutions credit worthiness in conjunction with balances on deposit to minimize risk. The Company from time to time may have amounts on deposit in excess of the insured limits.

(D) Inventories

The Company’s inventories consist of raw materials, work in process and finished goods, both purchased and manufactured. Inventories are stated at lower of cost or net realizable value. Cost is determined on the first-in, first-out basis. Raw materials inventory consists of basalt fiber and other necessary elements to produce the basalt rebar. On a quarterly basis, the Company analyzes its inventory levels and records allowances for inventory that has become obsolete and inventory that has a cost basis in excess of the expected net realizable value. The Company had no inventory as of March 31, 2025 and December 31, 2024.

(E) Fixed assets

Fixed assets consist of the following:

	March 31, 2025	December 31, 2024
	(Unaudited)	
Computer equipment	\$ 89,740	\$ 89,740
Machinery	695,928	695,928
Construction in process	—	—
	785,668	785,667
Accumulated depreciation	(681,794)	(652,939)
	<u>\$ 103,874</u>	<u>\$ 132,728</u>

Depreciation expense for the three months ended March 31, 2025 was \$28,854 compared to \$31,962 for the three months ended March 31, 2024.

(F) Deposits and other current assets

The Company’s deposits and other current assets consist of the deposits made on equipment, security deposits, utility deposits and other receivables. The deposits are reclassified as part of the fixed asset cost when received and placed into service.

(G) Loss Per Share

The basic loss per share is calculated by dividing the Company's net loss available to common shareholders by the weighted average number of common shares during the period. The diluted loss per share is calculated by dividing the Company's net loss by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

The following are potentially dilutive shares not included in the loss per share computation:

	March 31, 2025	December 31, 2024
	(Unaudited)	
Options	13,027,778	14,277,778
Warrants	117,385,996	121,552,663
Convertible securities	8,016,068	8,016,068
Total	<u>138,429,842</u>	<u>143,846,509</u>

(H) Stock-Based Compensation

The Company recognizes compensation costs to employees under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, Compensation – Stock Compensation. Under FASB ASC Topic 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the grant. The Company recognized \$0 in stock-based compensation during the three months ended March 31, 2025.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Revenue Recognition

We recognize revenue when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration we expected to be entitled to in exchange for those goods or services. The timing of revenue recognition largely is dependent on shipping terms. Revenue is recorded at the time of shipment for terms designated free on board ("FOB") shipping point. For sales transactions designated FOB destination, revenue is recorded when the product is delivered to the customer's delivery site.

All revenues recognized are net of trade allowances, cash discounts, and sales returns. Trade allowances are based on the estimated obligations. Adjustments to earnings resulting from revisions to estimates on discounts and returns have been immaterial for each of the reported periods. Shipping and handling amounts billed to a customer as part of a sales transaction are included in revenues, and the related costs are included in cost of goods sold. Shipping and handling is treated as a fulfillment activity, rather than a promised service, and therefore is not considered a separate performance obligation. During the three months ended March 31, 2025 and 2024, the Company incurred shipping and handling costs in the amount of \$2,679 and \$6,340, respectively.

NOTE 3 – OPERATING LEASE

On January 18, 2019, the Company entered into an agreement to lease approximately 25,470 square feet of office and manufacturing space in Pompano Beach, Florida through March 2024. On March 25, 2019, the Company entered into an amendment to the agreement to increase the square footage of leased premises to 36,900 square feet, increasing the Company's base rent obligation to be approximately \$33,825 per month for one year and nine months, and increasing annually at a rate of three percent for the remainder of the lease term.

On December 31, 2022 the Company vacated the lease, as of this filing the Company has not entered into a new commercial lease for a manufacturing facility. The Company is actively engaged in a nation-wide search to secure a manufacturing facility.

In January 2025, the Company identified a temporary facility in Twinsburg Ohio. Upon further deliberation the Chief Executive Officer alongside the Board of Directors determined the facility was not appropriate for BasaBar™ and BasaMix™. On April 25, 2025 the Company began a new search for a facility in the Northeast United States.

For the three months ended March 31, 2025 and 2024, the Company expensed \$3,000, respectively for rent.

NOTE 4 – NOTES PAYABLE

Notes payable totaled \$270,000 and \$299,458 for March 31, 2025, and December 31, 2024, respectively.

On April 2, 2021, the Company issued a promissory note with an investor in exchange for \$200,000 bearing an interest rate of 18% per annum and payable on October 2, 2022. The Company also issued a warrant to purchase 2,000,000 shares of Common Stock at an exercise price of \$0.20 per share expiring in 5 years. The note was not paid by its due date. As of the date of this filing, the noteholder has not issued a formal demand for payment and the Company is in negotiations with the noteholder to remedy the past-due status.

On April 9, 2021, the Company issued a promissory note with an investor in exchange for \$50,000 bearing an interest rate of 18% per annum and payable on October 9, 2022. The Company also issued a warrant to purchase 500,000 shares of Common Stock at an exercise price of \$0.20 per share expiring in 5 years. The note was not paid by its due date. As of the date of this filing, the noteholder has not issued a formal demand for payment and the Company is in negotiations with the noteholder to remedy the past-due status.

On April 16, 2021, the Company issued a promissory note with an investor in exchange for \$25,000 bearing an interest rate of 18% per annum and payable on October 16, 2022. The Company also issued a warrant to purchase 250,000 shares of Common Stock at an exercise price of \$0.25 per share expiring in 5 years. The note was not paid by its due date. As of the date of this filing, the noteholder has not issued a formal demand for payment and the Company is in negotiations with the noteholder to remedy the past-due status.

During the three months ended March 31, 2024, the Company made principal payments in the amount of \$0 on notes payable.

Interest expense for the Company's notes payable for the three months ended March 31, 2025 was \$20,100 compared to \$18,056 for the three months ended March 31, 2024.

Accrued interest for the Company's notes payable on March 31, 2024 and December 31, 2023 was \$257,063 and \$176,664, respectively, and is included in accrued expenses on the accompanying condensed consolidated balance sheets.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 5 – NOTES PAYABLE – RELATED PARTY

Notes payable - related party totaled \$2,178,000 March 31, 2024 and \$1,750,000 December 31, 2023, respectively.

On January 16, 2020, the Company entered into a demand note agreement with our Board Chairman, Michael V. Barbera, in the amount of \$50,000. The note has a term of 6 months bearing an interest rate of 10% per annum. On April 13, 2020, an addendum was executed changing the terms of the note to a convertible note payable bearing an interest rate of 12% per annum. Per the addendum, the principal and accrued interest is convertible at the option of the holder after June 5, 2020 at a 20% discount of that days' closing price. See Note 6 for information regarding this convertible note payable – related party.

On April 2, 2021, the Company issued a promissory note with Paul Sallarulo, a member of our Board of Directors, in exchange for \$150,000 bearing an interest rate of 18% per annum and payable on October 2, 2022. The company also issued 1,500,000 common stock warrants at an exercise price of \$0.20 per share expiring in 5 years. The note was not paid by its due date. On April 2, 2022, the due date of this note was extended to April 1, 2024. As of the date of this report, the note has not been called.

On April 2, 2021, the Company issued a promissory note with Michael V. Barbera, our Chairman of the Board, in exchange for \$150,000 bearing an interest rate of 18% per annum and payable on October 2, 2022. The company also issued 1,500,000 common stock warrants at an exercise price of \$0.20 per share expiring in 5 years. The note was not paid by its due date. On April 2, 2022, the due date of this note was extended to April 1, 2024. As of the date of this report, the note has not been called.

On August 31, 2022 the Company issued a promissory note to a board member in exchange for \$37,000 bearing an interest rate of 10% per annum and payable on August 31, 2024.

On August 22, 2022 the Company issued a promissory note to a board member in exchange for \$20,000 bearing an interest rate of 10% per annum and payable on August 22, 2024.

On August 22, 2022 the Company issued a promissory note to a board member in exchange for \$5,000 bearing an interest rate of 10% per annum and payable on August 22, 2024.

On August 29, 2022 the Company issued a promissory note to a board member in exchange for \$25,000 bearing an interest rate of 10% per annum and payable on August 29, 2024.

On August 29, 2022 the Company issued a promissory note to a board member in exchange for \$10,000 bearing an interest rate of 10% per annum and payable on August 29, 2024.

On August 31, 2022 the Company issued a promissory note to a board member in exchange for \$13,000 bearing an interest rate of 10% per annum and payable on August 31, 2024.

On September 9, 2022 the Company issued a promissory note to a board member in exchange for \$60,000 bearing an interest rate of 10% per annum and payable on August 16, 2024.

On September 9, 2022 the Company issued a promissory note to a board member in exchange for \$10,000 bearing an interest rate of 10% per annum and payable on September 9, 2024.

On September 9, 2022 the Company issued a promissory note to a strategic partner in exchange for \$10,000 bearing an interest rate of 10% per annum and payable on September 9, 2024.

On September 9, 2022 the Company issued a promissory note to a strategic partner in exchange for \$15,000 bearing an interest rate of 10% per annum and payable on September 9, 2024.

On September 9, 2022 the Company issued a promissory note to an investor and advisor to the board, in exchange for \$15,000 bearing an interest rate of 10% per annum and payable on September 9, 2024.

On September 22, 2022 the Company issued a promissory note to a board member in exchange for \$42,500 bearing an interest rate of 18% per annum and payable on September 22, 2024.

On February 14, 2023 the Company issued a promissory note to a board member in exchange for \$10,000 bearing an interest rate of 20% per annum and payable on February 13, 2024.

On February 24, 2023 the Company issued a promissory note to a board member in exchange for \$50,000 bearing an interest rate of 20% per annum and payable on February 23, 2024.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 – NOTES PAYABLE – RELATED PARTY (CONTINUED)

On March 3, 2023 the Company issued a promissory note to a board member in exchange for \$15,000 bearing an interest rate of 20% per annum and payable on March 2, 2024.

On March 24, 2023 the Company issued a promissory note to a board member in exchange for \$15,000 bearing an interest rate of 20% per annum and payable on March 23, 2024.

On April 12, 2023 the Company issued a promissory note to a board member in exchange for \$150,000 bearing an interest rate of 20% per annum and payable on April 11, 2024.

On April 28, 2023 the Company issued a promissory note to a board member in exchange for \$100,000 bearing an interest rate of 20% per annum and payable on April 27, 2024.

On May 12, 2023 the Company issued a promissory note to a board member in exchange for \$100,000 bearing an interest rate of 20% per annum and payable on May 11, 2024.

On June 5, 2023 the Company issued a promissory note to a board member in exchange for \$100,000 bearing an interest rate of 20% per annum and payable on June 4, 2024.

On July 25, 2023 the Company issued a promissory note to a board member in exchange for \$200,000 bearing an interest rate of 20% per annum and payable on July 24, 2024.

On September 11, 2023 the Company issued a promissory note to a board member in exchange for \$150,000 bearing an interest rate of 20% per annum and payable on September 10, 2024.

On September 11, 2023 the Company issued a promissory note to an advisor to the board in exchange for \$50,000 bearing an interest rate of 20% per annum and payable on September 10, 2024.

On November 2, 2023 the Company issued a promissory note to a board member in exchange for \$100,000 bearing an interest rate of 20% per annum and payable on November 1, 2024.

On December 12, 2023 the Company issued a promissory note to a board member in exchange for \$75,000 bearing an interest rate of 20% per annum and payable on December 11, 2024.

On January 9, 2024 the Company issued a promissory note to a board member in exchange for \$23,000 bearing an interest rate of 20% per annum and payable on January 8, 2025.

On March 6, 2024 the Company issued a promissory note to a board member in exchange for \$40,000 bearing an interest rate of 20% per annum and payable on March 5, 2025.

On May 12, 2024, the Company issued a promissory note to a board member in exchange for \$25,000 bearing an interest rate of 20% per annum and payable on May 11, 2025.

On March 21, 2024 the Company issued a promissory note to a board member in exchange for \$15,000 bearing an interest rate of 20% per annum and payable on March 20, 2025.

On June 26, 2024, the Company issued a promissory note to a board member in exchange for \$100,000 bearing an interest rate of 20% per annum and payable on June 25, 2025.

On August 13, 2024, the Company issued a promissory note to a board member in exchange for \$25,000 bearing an interest rate of 20% per annum and payable on August 12, 2025.

On September 6, 2024, the Company issued a promissory note to a board member in exchange for \$50,000 bearing an interest rate of 20% per annum and payable on September 5, 2025.

On October 2, 2024, the Company issued a promissory note to a board member in exchange for \$100,000 bearing an interest rate of 20% per annum and payable on October 1, 2025.

On December 13, 2024, the Company issued a promissory note to a board member in exchange for \$50,000 bearing an interest rate of 20% per annum and payable on December 12, 2025.

Interest expense for the Company's notes payable – related party for the three months ended March 31, 2025 and 2024 was \$117,458 and \$90,051, respectively.

Accrued interest for the Company's notes payable - related party on March 31, 2025, and December 31, 2024, was \$2,175,254 and \$1,927,516, respectively, and is included in accrued expenses on the accompanying condensed consolidated balance sheets.

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 – NOTES PAYABLE – CONVERTIBLE – RELATED PARTY

Convertible Notes payable – related party totaled \$2,144,357 on March 31, 2025, and December 31, 2024.

On August 3, 2020, the Company issued a secured convertible promissory note to certain investors in exchange for \$ 1,000,000 in the aggregate bearing an interest rate of 20% per annum and payable in 6 months. The holder may convert the unpaid principal balance of the note into shares of restricted Common Stock at the conversion price equal to \$0.275 per share, which conversion price was set with the consummation of the Company's private placement of Units which closed on August 17, 2021. This note contains a negative covenant that requires the Company to obtain consent prior to incurring any additional equity or debt investments and is secured by all of the assets of the Company. The Richard A. LoRicco Sr. and Lucille M. LoRicco Irrevocable Insurance Trust DTD 4/28/95, Louis Demaio as Trustee (the "Trust") is the holder of \$ 750,000 of the principal amount of this note. The Trust was created by Richard A. LoRicco Sr. and Lucille M. LoRicco, who were the parents of Ronald J. LoRicco Sr., one of the members of the Company's Board of Directors and is maintained by an independent trustee. Ronald J. LoRicco Sr. does not have voting or investment control of or power over the Trust but is an anticipated, partial beneficiary of the Trust.

On February 12, 2021, the Company exchanged the original debt for a newly issued amended and restated secured convertible promissory note with a new principal balance of \$1,610,005 bearing an interest rate of 20% per annum and fully payable in 3 months. This was accounted for as a debt extinguishment and the new promissory note was recorded at fair value in accordance with ASC 470 "Debt". The original principal of \$1,000,000 and accrued interest of \$110,005 calculated as of the date of amendment and restatement along with an additional advance of \$500,000 determined the principal amount of the new note. In consideration of the additional advance and the extension of the maturity date of the original note, the Company issued to the noteholders 5-year warrants to purchase an aggregate of 15,000,000 shares of Common Stock with an exercise price of \$0.20 per share. The issuance of the warrants for the extension generated a loss on extinguishment of \$3,686,123 for the fair value of the warrants issued.

On May 12, 2021, the Company extended the debt for a newly issued amended and restated secured convertible promissory note with a new principal balance of \$1,689,746 bearing an interest rate of 20% per annum and fully payable February 12, 2022. The original principal of \$1,610,005 and accrued interest of \$79,742 calculated as of the date of amendment and restatement determined the principal amount of the new note. In consideration of the additional advance and the extension of the maturity date of the original note, the Company issued to the noteholders 5-year warrants to purchase an aggregate of 7,500,000 shares of common stock with an exercise price of \$0.35 per share. The issuance of the warrants for the extension generated a loss on extinguishment of \$1,874,705 for the fair value of the warrants issued. The note was not paid by its due date of February 12, 2022. As of the date of this filing, the noteholder has not issued a formal demand for payment and the Company is in negotiations with the noteholder to remedy the past-due status.

On September 15, 2022, the Company extended the debt for a newly issued amended and restated secured convertible promissory note with a new principal balance of \$2,027,695 bearing an interest rate of 20% per annum and fully payable February 12, 2023. The amended principal of \$1,689,746 and accrued interest of \$454,612 calculated as of the date of amendment and restatement determined the principal amount of the new note. No additional consideration was provided.

Interest expense for the Company's convertible notes payable – related parties for the three months ended March 31, 2025, was \$107,218 and for the three months ended March 31, 2024, respectively.

Accrued interest for the Company's convertible notes payable – related parties on March 31, 2025 and December 31, 2024, was \$1,103,614 and \$993,434, respectively, and is included in accrued expenses on the condensed consolidated balance sheets.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Company is the obligor under certain promissory notes that are currently past due (although formal events of default have not been declared).

See notes 4 and 5.

The Company is presently in default of its obligations under the terms of the Company's private placement which closed in August 2021 to file a registration statement for an underwritten public offering and concurrently listing on a national stock exchange. As a result, the Company is required to pay liquidated damages in the amount of \$53,345 per month starting in March 2022, and the maximum amount of such liquidated damages could be approximately \$480,000 if such filing is not made.

On August 17, 2021, the Company conducted the closing of a private placement offering to accredited investors of the Company's units at a price of \$0.275 per unit, with each unit consisting of: (i) one share of the Company's common stock, (ii) a five-year, immediately exercisable warrant ("Warrant A") to purchase one share of common stock at an exercise price of \$0.33 per share and (iii) an additional five-year, immediately exercisable warrant to purchase one share of common stock at an exercise price of \$0.33 per share ("Warrant B"). The Warrant A and Warrant B are identical, except that the Warrant B has a call feature in favor of the Company, as defined in the offering agreements. In connection with the closing, the Company entered into definitive securities purchase agreements with 19 accredited investors and issued an aggregate of 19,398,144 shares of common stock, Warrant A to purchase up to an aggregate of 19,398,144 shares of common stock, and Warrant B to purchase up to an aggregate of 19,398,144 shares of Common Stock (for an aggregate of 38,796,288 Warrant Shares), for aggregate gross proceeds to the Company of approximately \$5,334,490. Costs of the offering in the amount of \$611,603 were charge to additional paid in capital. As of December 31, 2022 the Company also accrued the amount of \$386,759 as liquidated damages due to the investors in the Company's August 2021 private placement, such liquidated damages being related to the Company's failure to timely file a registration statement on Form S-1 for an underwritten public offering and concurrent listing of the Common Stock on a national exchange.

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NOTE 8 – STOCKHOLDERS’ DEFICIT

During the three months ended March 31, 2025, the Company issued 1,500,000 options for shares of common stock to our former Chief Executive Officer.

NOTE 9 – OPTIONS AND WARRANTS

Stock Options:

The following table provides the activity in options for the respective periods:

	<u>Total Options Outstanding</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u>
Balance at January 1, 2024	1,277,778	0.05	\$ —
Issued	11,750,000	0.05	—
Cancelled / Expired	1,200,000	0.05	—
Balance at December 31, 2024	13,027,778	\$ 0.05	\$ —
Exercised	—	0.05	—
Cancelled / Expired	—	0.05	—
Balance at March 31, 2025	13,027,778	\$ 0.05	\$ —

Options exercisable and outstanding at March 31, 2025 are as follows:

<u>Range of Exercise Prices</u>	<u>Number Outstanding</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u>
\$0.01 - \$0.50	13,027,778	4.41	\$ 0.05	197,750

See note 8.

Stock Warrants:

The following table provides the activity in warrants for the respective periods:

	<u>Total Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u>
Balance at January 1, 2024	121,552,663	\$ 0.30	\$ 39,443
Granted	—	—	—
Exercised	—	—	—
Cancelled	—	—	—
Balance at December 31, 2024	121,552,663	\$ 0.30	\$ 39,443
Cancelled	(4,166,667)	0.30	—
Balance at March 31, 2025	117,385,996	\$ 0.30	\$ 39,443

Warrants exercisable and outstanding at March 31, 2025 are as follows:

<u>Range of Exercise Prices</u>	<u>Number Outstanding</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u>
\$0.01 - \$0.50	117,385,996	1.26	\$ 0.30	\$ 39,443
	117,385,996			\$ 39,443

NOTE 10 – SUBSEQUENT EVENTS

On April 25, 2025, The Company by way of its Chief Executive Officer and Board of Directors determined the potential facility in Twinsburg Ohio was

not sufficient for manufacturing activities for the remainder of 2025, therefore it was determined the best strategic and business plan decision was to terminate the letter of intent prior and preliminary lease. A search for a suitable facility to accommodate manufacturing activities has been engaged and the Company is looking to conclude by end of second quarter 2025.

On April 28, 2025, The Company by way of the Board of Directors voted to terminate the consulting agreement with Ali Manav, ahead of the agreement termination date of June 30, 2025.

The Company appointed Mike Nelson on March 18, 2025 as its Chief Executive Officer, on April 18, 2025 the Board of Directors terminated his appointment and subsequently reappointed Ronald LoRicco, Sr on April 18, 2025 as the interim acting Chief Executive Officer.

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This overview provides a high-level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important to understand our financial results for the three months ended March 31, 2025 and 2024, respectively. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this report, and our audited consolidated financial statements and accompanying notes included in the Annual Report in Form-10-K for the period ended December 31, 2024 and filed with the SEC on April 15, 2025.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). These forward-looking statements are based on our management’s beliefs, assumptions, and expectations and on information currently available to our management. Generally, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” and similar expressions intended to identify forward-looking statements, which generally are not historical in nature. All statements that address operating or financial performance, events, or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to the timing for our planned manufacturing expansion, the benefits of our products, customer leads, product sales, financings, or the commercial viability of, and prospects for, our business model. We may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events (including, without limitation, those related to our planned manufacturing capacity expansion and our sales and marketing initiatives) could differ materially from those disclosed in the forward-looking statements. Our management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by federal securities laws and the rules of the Securities and Exchange Commission (the “SEC”). We may not actually achieve the plans, projections or expectations disclosed in our forward-looking statements, and actual results, developments or events could differ materially and adversely from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of significant risks and uncertainties, including without limitation those described from time to time in our reports filed with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q as well as the risk factors and other disclosures contained in our Annual Report on Form 10-K for the period ended December 31, 2024.

Basanite, Inc., and its wholly owned subsidiaries are referred to in this discussion as the “Company”, “we”, “our”, or “us”. “Common stock” refers to the common stock of the Company.

Overview

On May 30, 2006, Basanite, Inc. was formed as a Nevada corporation. Through our wholly owned subsidiary, Basanite Industries, LLC, a Delaware limited liability company (“BI”), we manufacture a range of “green” (environmentally friendly), sustainable, non-corrosive, lightweight, composite products used in concrete reinforcement by the construction industry. Our core product is *BasaFlex*™, a basalt fiber reinforced polymer reinforcing bar (“rebar”) which we believe is a stronger, lighter, sustainable, non-conductive and corrosion-proof alternative to traditional steel.

Our two other main product lines are *BasaMix*™, which are fine denier basalt fibers available in various chopped sizes, and *BasaMesh*™, a line of Basalt Geogrid Mesh Rolls, intended to replace welded wire mesh (made of steel) and other fiber reinforced polymer grids and mesh.

BasaMix™ is designed to help absorb the stresses associated with early-aged plastic shrinkage and settlement cracking in concrete, as well as providing an increased toughness for enhanced reinforcement in Slab on Grade (SOG) and precast elements. *BasaMix*™ also serves in a “system approach” for optimum performance of a concrete element when used in conjunction with our *BasaFlex*™ rebar.

BasaMesh™ is designed for secondary and temperature shrinkage reinforcement. *BasaMesh*™ can also work in conjunction with the *BasaFlex*™ rebar or *BasaMix*™ for a total reinforcement program.

Each of our products is specifically designed to extend the lifecycle of concrete products by eliminating “concrete spalling.” Spalling results from the steel reinforcing materials embedded within the concrete member rusting (contrary to popular belief, concrete is porous, and water can permeate into concrete). Rusting leads to the steel expanding and eventually causing the surrounding concrete to delaminate, crack, or even break off, resulting in potential structural failure. We believe that each of our products addresses this important need along with other key requirements in today’s construction market.

We believe that the following attributes of BasaFlex™ provide it with a competitive advantage in the marketplace:

- *BasaFlex™ never corrodes*: steel reinforcement products rust, leading to spalling and significant repair costs down the road;
- *BasaFlex™ is sustainable*: BasaFlex™ is made from Basalt rock, the most abundant rock found on Earth's surface, and offers a longer product lifecycle than traditional steel (the lack of corrosion allows the life span of concrete products reinforced with BasaFlex to be significantly longer);
- *BasaFlex™ is "green"*: From mining, through production, to installation at the building site, BasaFlex™ has an exceptionally low carbon footprint when compared with that of steel; and
- *BasaFlex™ has a lower in-place cost*: the physical nature of our products relative to steel result in a lower net cost to the contractor once installed, such as: BasaFlex™ is one-quarter of the weight of equivalent sized steel, meaning 4 times the quantity of material can be delivered by the same truck (or container); all Basanite products can be loaded/unloaded and moved around the jobsite by hand – no expensive handling equipment is needed; less concrete is required as BasaFlex™ does not require the extra concrete cover needed when using steel; and Basanite products are safer and easier to use. We believe all these factors materially reduce the net in-place cost of concrete reinforcement.

We believe that macroeconomic factors are pressuring the construction industry to consider the use of alternative reinforcement materials for the following reasons:

- the increasing need for global infrastructure repair;
- recent design trends towards increasing the lifespan of projects and materials;
- the global interest in promoting the use of sustainable products; and
- increasing consideration of both the long-term costs and environmental impacts of material selections.

We believe we are well positioned to benefit from this renewed focus, particularly in light of the interest of the U.S. government in funding infrastructure improvements and events such as the collapse of a residential building in Surfside, Florida.

Inflation & Interest Rate Sensitivity

In the past fiscal years, inflation has not had a significant impact on our business. However, during the second half of 2021, throughout 2022, 2023 and into 2024, the U.S. economy has entered into a period of increasing inflation. Should inflation persist or increase, interest rates rise and could have a significant effect on the economy in general and, thereby, could affect prices for raw materials we use, demand for our products, our ability to attract and retain skilled labor and our future operating results.

Supply Chain

In the past year, supply chain shortages or delays have had an immaterial impact on our operations. Our raw material suppliers have maintained a consistent flow of goods which we receive monthly. Domestic suppliers have increased their in-stock flows to maintain adequate levels with our manufacturing needs. However, we might experience supply chain challenges in the future, which could harm our business and our results of operations.

War in Ukraine

The recent war in Ukraine has led the world to issue sanctions on the government of Russia. This has shut down our ability to procure basalt fiber material from our secondary supplier, UWF/Kamenny Vek. However, our primary supplier, Mafic, is U.S. based, and has ample capacity to support our current and anticipated future needs with 100% domestic source of raw materials. We have also recently increased the levels of our safety stock of raw materials as an additional cushion. Nonetheless, we are currently qualifying alternate material from other suppliers to preserve our options in case of further disruptions.

Government Approvals and Specifying of our Products

We continue to pursue additional product and facility qualifications and approvals, and these qualifications and approvals are critical to the market acceptance of our products. BI is currently testing products at two independent laboratories and received ICC-ES certification, which was granted in the second quarter of 2023, and a Florida Department of Transportation ("FDOT") production facility and product approval, which was also granted in the second quarter of 2023 (we are already selling to FDOT projects on an individual basis through exemptions or specs). The FDOT approval will allow us to bid on any project approved for BFRP. We anticipate that with these two approvals the prospects of new projects will increase.

Results of Operations

Revenue: We had revenue of \$27,974 from sales of finished goods for the three months ended March 31, 2025, compared to \$59,449 in the prior year. While the decrease in revenue in the year-over-year periods was relatively significant due to our manufacturing constraints and limited working capital.

Cost of goods sold: During the three months ended March 31, 2025, we had cost of sales of \$14,759 compared to \$4,259 in the prior year. We lost money on a gross margin basis due to normal inefficiencies in the start-up and ramping and scaling process, including limited initial sales volume, and further due to extremely narrow margins on the initial sales of our products as we began introducing them to the marketplace as well as limited manufacturing capabilities.

Operating Expenses

Sales, General, and Administrative Expenses: During the three months ended March 31, 2025, selling, general, and administrative were \$201,861 compared to \$154,329 in the prior year. The primary components of selling, general, and administrative expenses were as follows:

Payroll and related costs: During the three months ended March 31, 2025, payroll and related costs were \$40,680 compared to \$45,463 in the prior period. The decrease was due to the reduction of staff in 2024. The Company expects to return to a fully staffed operation by year end 2026.

Consulting fees: During the three months ended March 31, 2025, consulting fees were \$0 compared to \$0 in the prior period. The Company utilized financial consultants in the prior period in connection with its equity financing, management of the Company and fundraising.

Legal fees: During the three months ended March 31, 2025, legal fees were \$35,869 compared to \$36,235 in the prior period. Legal fees remained approximately the in the same range primarily due to ongoing matters in the current period.

Accounting and audit fees: During the three months ended March 31, 2025 accounting and audit fees were \$30,000 compared to \$30,000 in the prior period. Accounting and audit fees consisted of annual audit fees and the cost of outside consultants in the preparation of the Company's financial statements.

Liquidity and Capital Resources

Since inception, we have incurred net operating losses and negative cash flow. As of March 31, 2025, we had an accumulated deficit of \$58,430,980. We have incurred general and administrative expenses associated with our product development and compliance while concurrently setting up our manufacturing facility, beginning operations, and developing our business plan. We also continue to incur legal fees arising from ongoing activities due to fundraising. We expect operating losses to continue in the short term, and we require additional financing for expanding our manufacturing capability and generally scaling our business until we can generate sufficient revenues to achieve positive cash flow. These conditions raise substantial doubt about our ability to continue as a going concern.

We have historically satisfied our working capital requirements through the sale of restricted common stock and the issuance of warrants and promissory notes. We will continue our fundraising efforts until we have obtained positive cash flow to cover our expenses. No assurances can be given that we will be successful in raising capital at all or on terms acceptable to us, or at all, and no assurances can be given that even if we raise capital that we will be able to generate sufficient revenue to be cash flow positive.

Notwithstanding proceeds from the sale of our securities, a recent related party equipment lease transaction and warrant and option exercises in 2022 and 2023, current working capital is very limited and our projected sales revenue (together with our limited working capital) are presently insufficient to maintain our current operations. In order to grow our manufacturing and sales and marketing operations and reach the level of revenue sufficient to provide positive cash flow, we require significant funding of both our expansion plans (which includes the finalization of our current manufacturing expansion plans and potential investments in other manufacturing facilities, as well as increased headcount necessary to operate our manufacturing at planned capacity) as well as our significant operating deficit while we seeking to scale our manufacturing capability, secure orders from known potential customers and introduce our products to new customers. We will attempt to raise this capital through third party financing, including potential private or public offerings of our securities (including a potential underwritten offering and uplist to a national exchange) as well as bridge or other loan arrangements. However, there is a material risk that we will be unable to secure required capital (whether through an underwritten uplist financing or otherwise) at all or that the terms of such required financing may be available or acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities to reduce our cash use until sufficient funding is secured. If we are unable to secure funding when needed, our results of operations may suffer, and our business may fail.

Cash Flows

Net cash provided by (used in) operating activities amounted to \$75,276 and 129,457 for the three months ended March 31, 2025 and 2024, respectively. The decrease in net cash provided by (used in) operating activities was primarily a result of an decrease in operational activities.

During the three months ended March 31, 2025, we used \$0 net cash for investing activities compared to \$450,000 used in the same period in the prior fiscal year. The decrease is largely due to costs associated with the operational activities of day-to-day activities.

We do not believe that our cash on hand as of March 31, 2025, will be sufficient to fund our current working capital requirements to the point where we are generating positive cash flow. We have recently entered into several convertible promissory notes to help fund operations and will require additional working capital in the short term. We continue working towards securing more working capital with a preference towards debt which may be convertible to equity. However, there is no assurance that we will be successful in our efforts or, if we are, that the terms will be beneficial to our shareholders.

Critical Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Please see note 2 to the condensed financial statements included in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of our Acting Interim Chief Executive Officer and our Acting Interim Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) through March 31, 2024.

During our assessment of the effectiveness of internal control as of March 31, 2025, management identified material weaknesses related to (i) the U.S. GAAP expertise and experience of our internal accounting personnel and (ii) a lack of segregation of duties within accounting functions. As a result of these material weaknesses, our management concluded that our internal control was not effective as of March 31, 2025.

We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that the material weaknesses described above are remediated as soon as possible. We believe we will have the opportunity to remediate these weaknesses when adequate funding is secured. We will consider the material weaknesses remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively.

Because of its inherent limitations, however, readers are cautioned that internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legal Matters

In the ordinary course of operations, the Company may become a party to legal proceedings which could have a material adverse effect on our business, financial condition, cash flows, or results of operations.

From time to time, we may become involved in legal proceedings that, individually or in the aggregate, could have a material adverse effect on our business, financial condition, cash flows, or results of operations.

As of the date of this report, the Company has filed a lawsuit in the state of Florida against Upstate Custom Products, LLC. The lawsuit is based on the contract entered into by both parties in August 2021 in relation to the manufacturing of the protrusion machines exclusively manufactured by Upstate Custom Products, LLC. As of this filing the lawsuit and claim for relief is ongoing. As of this filing the lawsuit remains ongoing, and more information can be located via the South District of Florida's website or registration via PACER.

On or about October 2023, the Company was served notice of a pending matter of litigation with GS Capital Partners of New York regarding the liquidated damages fees from the 2021 PIPE investment. As of this filing, the matter remains unresolved.

Due to our cash flow and liquidity challenges, we have received demand letters from a number of vendors to our company seeking payment of past due amounts to such vendors. As of the date of this report, such demands have not become formal litigations or other proceedings against our company, but they may become litigations against us in the future.

Except as set forth above, as of the date of this report, we are not aware of any proceedings pending against our company.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans

During the quarter ended March 31, 2025, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
31.2	Certification of Chief Financial Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

Date: May 15, 2025

Basanite, Inc.

By: /s/ Jackie Placeres
Jackie Placeres
Acting Interim Chief Financial Officer

**OFFICER'S CERTIFICATE
PURSUANT TO RULE 13a-14(a)/15d-14(a)**

I, Ronald LoRicco, Sr., Acting Interim Chief Executive Officer, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2025, of Basanite, 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. I am 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 cause 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (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: May 15, 2025

By: /s/ Ronald LoRicco, Sr.

Name: Ronald LoRicco, Sr.

Title: Acting Interim Chief Executive Officer

**OFFICER'S CERTIFICATE
PURSUANT TO RULE 13a-14(a)/15d-14(a)**

I, Jackie Placeres, Acting Interim Chief Financial Officer, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2025, of Basanite, 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. I am 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 issuer 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 cause 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (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: May 15, 2025

By: /s/ Jackie Placeres

Name: Jackie Placeres

Title: Acting Interim Chief 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 the Quarterly Report of Basanite, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025 as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

Date: May 15, 2025

By: /s/ Ronald LoRicco, Sr.

Name: Ronald LoRicco, Sr.

Title: Acting Interim Chief Executive Officer

(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Basanite, Inc. and will be retained by Basanite, Inc. and furnished to the United States Securities and Exchange Commission or its staff upon request.

**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 the Quarterly Report of Basanite, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2025, as filed with the United States Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

Date: May 15, 2025

By: /s/ Jackie Placeres

Name: Jackie Placeres

Title: Acting Interim Chief Financial Officer
(Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Basanite, Inc. and will be retained by Basanite, Inc. and furnished to the United States Securities and Exchange Commission or its staff upon request.