UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☑ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

OR

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

Commission File Number **000-54892**

STARCO BRANDS, INC.

(Exact name of registrant as specified in its charter)

Nevada		27-1781753					
(State or other jurisdict	ion	(I.R.S. Employer					
of incorporation or organiz		Identification No.)					
706 N Citrus Ave, Los Ang	eles, CA	90038					
(Address of principal executive	ve offices)	(Zip Code)					
Title of each class	(323) 266-7111 (Registrant's telephone number, inclusion of the securities registered pursuant to Section of Trading Symbol(s)	,					
Class A Common Stock	STCB	OTC Markets Group OTCQB Tier					
	Securities registered pursuant to Section None (Title of Class)	n 12(g) of the Act:					

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes \square No \boxtimes

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes \square No \boxtimes

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 \boxtimes No \square

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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 "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 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 \square No \boxtimes

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date: As of May 14, 2024, there were 643,303,526 shares of the registrant's Class A common stock and zero shares of the registrant's Class B common stock outstanding. On February 9, 2023, the registrant's "common stock" was renamed "Class A common stock" and a new class of common stock was created which was referred to as "Class B common stock". Throughout this report, any reference to common stock prior to February 9, 2023, shall represent the same number of Class A common stock following February 9, 2023.

STARCO BRANDS, INC. AND SUBSIDIARIES FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STARCO BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

		arch 31, 2024 Unaudited)	December 31, 2023		
ASSETS					
Current Assets:					
Cash and cash equivalents	\$	1,766,960	\$	1,761,225	
Accounts receivable, net of allowance for credit losses of \$431,380 and \$350,112, respectively		5,265,063		7,034,950	
Accounts receivable, related party		2,417,096		2,625,713	
Prepaid expenses and other assets		2,547,286		3,138,162	
Inventory		11,260,668		10,675,540	
Total Current Assets		23,257,073		25,235,590	
Property and equipment, net		80,343		58,159	
Intangibles, net		30,687,433		31,362,388	
Goodwill		26,689,391		26,689,391	
Total Assets	\$	80,714,240	\$	83,345,528	
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	\$	10,626,732	\$	9,799,040	
Other payables and accrued liabilities	•	1,651,247	,	2,476,186	
Accrued interest, related party		-		5,681	
Fair value of Share Adjustment		20,753,328		36,931,330	
Treasury stock payable, current		-		65,700	
Notes payable, \$4,472,500 and \$4,472,500 from related party, respectively		4,567,252		4,559,219	
Line of Credit		3,063,995		3,835,247	
Total Current Liabilities		40,662,554		57,672,403	
Total Liabilities		40,662,554		57,672,403	
Commitments and Contingencies (Note 7)					
Stockholders' Equity:					
Preferred stock, \$.001 par value; 40,000,000 shares authorized; no shares issued and outstanding, at March 31, 2024 and December 31, 2023, respectively		-		-	
Class A common stock, \$.001 par value; 1,700,000,000 shares authorized; 643,303,526 and					
488,926,717 shares issued and outstanding, at March 31, 2024 and December 31, 2023, respectively		643,303		488,926	
Class B common stock, \$.001 par value; 300,000,000 shares authorized no shares issued and outstanding, at March 31, 2024 and December 31, 2023, respectively		-		_	
Additional paid in capital		96,951,792		75,130,223	
Treasury stock at cost		(328,500)		(394,200)	
Equity consideration payable		2,314,732		5,707,261	
Accumulated deficit		(68,232,147)		(63,769,469)	
Total Starco Brands' Stockholders' Equity		31,349,180		17,162,741	
Non-controlling interest		8,702,506		8,510,384	
Total Stockholders' Equity		40,051,686		25,673,125	
Total Liabilities and Stockholders' Equity	\$	80,714,240	\$	83,345,528	

 $The \ accompanying \ notes \ are \ an \ integral \ part \ of \ these \ unaudited \ condensed \ consolidated \ financial \ statements.$

STARCO BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	For the Three Months Ended						
	Ma	rch 31, 2024	Ma	arch 31, 2023			
Revenue, \$2,310,196 and \$2,787,485 from related parties, respectively, net	\$	15,490,681	\$	11,143,801			
Cost of goods sold		8,476,537		5,440,251			
Gross profit	\$	7,014,144	\$	5,703,550			
Operating Expenses:							
Compensation expense	\$	2,574,728	\$	1,425,617			
Professional fees		1,196,118		1,399,302			
Marketing, general and administrative		5,315,953		3,332,165			
Fair value share adjustment loss		1,921,949		1,179,154			
Total operating expenses		11,008,748		7,336,238			
Loss from operations		(3,994,604)		(1,632,688)			
Other Expense (Income):							
Interest expense		199,173		97,313			
Other expense (income)		76,779		(66,871)			
Total other expense, net		275,952		30,442			
Loss before provision for income taxes	S	(4,270,556)	\$	(1,663,130)			
Provision for income taxes		-	Ψ	-			
Net loss	\$	(4,270,556)	\$	(1,663,130)			
Net income attributable to non-controlling interest		192,122	\$	58,416			
Net loss attributable to Starco Brands	\$	(4,462,678)	\$	(1,721,546)			
Loss per share, basic and diluted	\$	(0.01)	\$	(0.00)			
Weighted Average Shares Outstanding – Basic and Diluted		565,485,843		378,433,304			

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

STARCO BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

	Class A Com	amon Stock Amount	Additional Paid-in Capital	Treasury Stock Payable	Accumulated Deficit	Non- controlling Interest	Equity Consideration Payable	Stockholders' Equity (Deficit)
Balance at December 31, 2022	291,433,430	\$ 291,433	\$ 43,332,886	\$ (394,200)	\$ (17,578,219)	\$ 93,982	\$ 7,114,513	\$ 32,860,395
Estimated fair value of contributed services and stock-based compensation	81,249	81	480,718	-	_	-	-	480,799
Issuance of shares from Soylent acquisition	177,954,287	177,955	26,515,189	-	-	-	-	26,693,144
Equity payable from Soylent acquisition	-	-	-	-	-	-	2,785,714	2,785,714
Skylar purchase price acquisition adjustments	-	-	-	-	-	-	(482,380)	(482,380)
Net loss					(1,721,546)	58,416		(1,663,130)
Balance at March 31, 2023	469,468,966	\$ 469,469	\$70,328,793	\$ -	\$ (19,299,765)	\$ 152,398	\$ 9,417,847	\$ 60,674,542
Balance at December 31, 2023	488,926,717	\$ 488,926	\$75,130,223	\$ (394,200)	\$ (63,769,469)	\$ 8,510,384	\$ 5,707,261	\$ 25,673,125
Stock-based compensation	-	-	483,466	-	-	-	-	483,466
Soylent Share Adjustment	133,087,875	133,088	17,966,863	-	-	-	-	18,099,951
Equity payable related to Soylent acquisition	16,309,203	16,309	2,430,071	-	-	-	(2,446,380)	-
Equity payable related to AOS acquisition	4,979,731	4,980	941,169	-	-	-	(946,149)	-
Share repurchase			-	65,700	-	-	-	65,700
Net loss		-			(4,462,678)	192,122		(4,270,556)
Balance at March 31, 2024	643,303,526	\$ 643,303	\$ 96,951,792	\$ (328,500)	\$ (68,232,147)	\$ 8,702,506	\$ 2,314,732	\$ 40,051,686

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

STARCO BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

For the Three Months Ended March 31, 2024 March 31, 2023 Cash Flows From Operating Activities: \$ \$ Net loss (4,270,556)(1,663,130)Adjustments to reconcile net loss to net cash provided by (used in) operating activities: Common stock payable for services 81,249 Contributed services 24,049 Stock-based compensation 375,501 483,466 Depreciation 3,719 4,666 Amortization of intangible assets 701,604 3.742 Amortization of debt discount 25,733 1,179,154 Loss on stock payable share adjustment 1,921,949 Changes in operating assets and liabilities: Accounts receivable, related party 208,617 109 Accounts receivable 1,769,887 (418, 176)Prepaid expenses and other assets 590,876 515,963 Inventory (585, 128)(2,005,702)Operating lease right of use asset 19,327 827,692 1,819,071 Accounts payable Other payables and accrued liabilities, related party (5,681)25,479 Other payables and accrued liabilities (824,939)(87,232)Operating lease liability (20,667)Net Cash Provided By (Used In) Operating Activities (121,811)822,453 Cash Flows From Investing Activities: Cash acquired in Acquisition of Business, net of cash paid 172,423 (26,649)Purchases of intangibles (38,620)Purchases of property & equipment (26,850)Net Cash (Used In) Provided By Investing Activities (53,499)133,803 Cash Flows From Financing Activities: Advances / loans from related parties 800,000 Proceeds from notes payable 113,138 Payments on notes payable (105,105)(1,162,276)Payment on Line of Credit (771,252)Repurchase of common stock (32,850)Net Cash Used In Financing Activities (763,219)(395, 126)Net Increase (Decrease) In Cash 5,735 (383, 134)Cash - Beginning of Period 1,761,225 1,480,371 Cash - End of Period 1,766,960 1,097,237 Supplemental Cash Flow Information: Cash paid for: \$ 199,179 \$ 74,523 Interest paid Income taxes \$ Noncash investing and financing activities: Settlement of Soylent share adjustment \$ 18,099,951 \$ Equity payable related to Soylent acquisition \$ 2,446,380 \$ Equity payable related to AOS acquisition \$ 946,149 \$ Estimated fair value of shares issued in acquisitions 26,693,143 \$ \$ Estimated fair value of shares payable to be issued for acquisitions \$ \$ 39,446,695 Debt discount on notes payable issued with warrants 18,282

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

STARCO BRANDS, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Starco Brands, Inc. (STCB) was incorporated in the State of Nevada on January 26, 2010, under the name Insynergy, Inc. On September 7, 2017, STCB filed an Amendment to the Articles of Incorporation to change the corporate name to Starco Brands, Inc. The Board determined the change of STCB's name was in the best interests of the Company due to changes in its current and anticipated business operations. In July 2017, STCB entered into a licensing agreement with The Starco Group ("TSG"), located in Los Angeles, California. The companies pivoted to commercializing novel consumer products manufactured by TSG. TSG is a private label and branded aerosol and liquid fill manufacturer with manufacturing assets in the following verticals: DIY/Hardware, paints, coatings and adhesives, household, hair care, disinfectants, automotive, motorcycle, arts & crafts, personal care cosmetics, personal care FDA, sun care, food, cooking oils, beverages, and spirits and wine.

During the third quarter of 2021, STCB formed two subsidiaries, Whipshots, LLC, a Wyoming limited liability company ("Whipshots LLC") and Whipshots, LLC, a Delaware limited liability company that was subsequently renamed Whipshots Holdings, LLC ("Whipshots Holdings"). Whipshots LLC was a wholly-owned subsidiary of STCB at formation which was subsequently contributed to Whipshots Holdings. Whipshots Holdings is a majority-owned subsidiary of STCB in which STCB owns 85% of the vested voting interests. There are vested interests not owned by the Company for an additional 15% of the equity which has been issued.

On September 12, 2022, STCB, through its wholly-owned subsidiary Starco Merger Sub Inc. ("Merger Sub"), completed its acquisition (the "AOS Acquisition") of The AOS Group Inc., a Delaware corporation ("AOS"). The AOS Acquisition consisted of Merger Sub merging with and into AOS, with AOS being the surviving corporation. AOS is a wholly-owned subsidiary of STCB.

On December 29, 2022, STCB, through its wholly-owned subsidiary Starco Merger Sub II. Inc. ("First Merger Sub") completed its acquisition (the "Skylar Acquisition") of Skylar Body, Inc. ("Skylar Inc."). The Skylar Acquisition consisted of First Merger Sub merging with and into Skylar Inc. ("First Merger") with Skylar Inc. being the surviving corporation, and immediately following the First Merger, and as part of the same overall transaction as the First Merger, Skylar Inc. merged with and into Second Merger Sub (the "Second Merger") with the Second Merger Sub being the surviving entity Skylar Body, LLC ("Skylar"). Skylar is a wholly-owned subsidiary of STCB.

On February 15, 2023, the Company, through its wholly-owned subsidiary Starco Merger Sub I, Inc. ("Starco Merger Sub I"), completed its acquisition (the "Soylent Acquisition") of Soylent Nutrition, Inc., a Delaware corporation ("Soylent"). The Soylent Acquisition consisted of Starco Merger Sub I merging with and into Soylent, with Soylent being the surviving corporation. Soylent is a wholly-owned subsidiary of STCB.

The accompanying consolidated financial statements are of STCB and its subsidiaries AOS, Skylar, Soylent, Whipshots Holdings and its wholly owned subsidiary Whipshots LLC (collectively, the "Company").

On January 3, 2023, the board of directors of the Company approved the Amended and Restated Articles of Incorporation of Starco Brands, Inc. (the "Amended and Restated Articles). On January 6, 2023, the stockholders of the Company representing 53.47% of the Company's outstanding common stock adopted the Amended and Restated Articles. On February 9, 2023, the Company filed the Amended and Restated Articles, which, among other things, (i) increased the authorized shares of common stock, par value \$0.001 per share, from 300,000,000 shares (the "Old Common Stock") to 2,000,000,000 shares, (ii) established two classes of Common Stock, consisting of (y) 1,700,000,000 shares of Class A common stock, par value \$0.001 per share ("Class A common stock"), and (z) 300,000,000 shares of Class B common stock, par value \$0.001 per share and (iii) reclassified all issued, outstanding or authorized Old Common Stock of the Company into Class A common stock on a one-for-one basis. As a result, following the filing of the Amended and Restated Articles with the Nevada Secretary of State, the Company's prior "common stock" was renamed Class A common stock on its trading symbol.

NOTE 2 - GOING CONCERN

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company identified that a substantial doubt exists related to the Company's ability to meet its obligations as they become due within one year of the date of the financial statements being issued. Principal conditions that gave rise to this substantial doubt include historical net losses as indicated by the Company's accumulated deficit of approximately \$68,000,000 at March 31, 2024, which includes the impact of its net loss of \$4,270,556 for the three months ended March 31, 2024, and total debt on the balance sheet of \$7,631,247 as of March 31, 2024, with all debt coming due within one year of the date of the financial statements being issued. Management evaluated the principal conditions that initially give rise to the substantial doubt and note that the historical net losses and accumulated deficit impact are justified as they are primarily made up of non-cash expenses or one-time non-recurring expenses, such as goodwill impairment, stock-based compensation expense, fair value share adjustment loss and acquisition transaction expenses. Total debt of \$7,631,247 on the balance sheet as of March 31, 2024 includes \$4,472,500 of notes payable to Ross Sklar ("Sklar"), who has a large minority ownership of the Company that provides incentive for Mr. Sklar to extend or refinance the notes before the notes become due, as seen historically (see Note 8). Management plans include (i) continuing to increase net cash provided by operating activities, which was \$822,453 for the three months ended March 31, 2024, while decreasing net cash provided by financing activities, and (ii) obtaining an alternative financing source to pay off all current debt outstanding and to provide additional working capital, if needed. To achieve these objectives, management has proposed and approved plans to increase top line revenue for each segment while decreasing overall expenses as a percentage of revenue, as a result of realizing synergies from the acquisitions of AOS, Skylar and Soylent, and utilizing the Company's backend shared service model to reduce expenses. The Company is in ongoing negotiations to obtain additional financing to repay historical debt and provide additional working capital. These conditions and the ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements of the Company do not include any adjustments that may result from the outcome of the aforementioned uncertainties.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The condensed consolidated financial statements of Starco Brands, Inc. include the accounts of STCB, our wholly owned subsidiary AOS, our wholly owned subsidiary Skylar, our wholly owned subsidiary Skylar, our wholly owned subsidiary Soylent, and our 85% owned subsidiary Whipshots Holdings and its wholly owned subsidiary, which are comprised of voting interest entities in which we have a controlling financial interest in accordance with Accounting Standards Codification ("ASC") 810, Consolidation. All significant intercompany profits, losses, transactions and balances have been eliminated in consolidation in the condensed consolidated financial statements.

Our consolidated subsidiaries at March 31, 2024 include: AOS, Skylar, Soylent, Whipshots Holdings and its wholly owned subsidiary Whipshots LLC. Intercompany accounts and transactions have been eliminated upon consolidation.

Basis of Presentation

The condensed consolidated financial statements of the Company and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for the fair presentation of the condensed consolidated financial statements have been included. Such adjustments are of a normal, recurring nature. The condensed consolidated financial statements, and the accompanying notes, are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and do not contain certain information included in the Company's Annual Report and Form 10-K for the year ended December 31, 2023. Therefore, the interim condensed consolidated financial statements should be read in conjunction with that Annual Report on Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and equity-based transactions at the date of the financial statements and the revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of the condensed consolidated financial statements. Significant estimates include the timing for revenue recognition, testing goodwill for impairment, recoverability of long-lived assets, income taxes and related valuation allowances, fair value of contributed services, and assumptions used in the Black-Scholes valuation methods, such as expected volatility, risk-free interest rate and expected dividend rate.

Concentrations of Credit Risk

We maintain our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. We continually monitor our banking relationships and consequently have not experienced any losses in our accounts. We believe we are not exposed to any significant credit risk on cash.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of March 31, 2024 or December 31, 2023.

Accounts Receivable

We measure accounts receivable at net realizable value. This value includes an appropriate allowance for credit losses to present the net amount expected to be collected on the financial asset. We calculate the allowance for credit losses based on available relevant information, in addition to historical loss information, the level of past-due accounts based on the contractual terms of the receivables, reasonable and supportable forecasts, and our relationships with, and the economic status of, our partners and customers. The allowance for credit losses is evaluated quarterly, which is \$431,380 and \$350,112 as of March 31, 2024 and December 31, 2023.

Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP) and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data.

The carrying amount of the Company's condensed consolidated financial assets and liabilities, such as cash and cash equivalents, accounts receivable, accounts payable, prepaid expenses, and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at March 31, 2024 and December 31, 2023.

The following table summarizes the financial instruments of the Company at fair value based on the valuation approach applied to each class of security as of March 31, 2024:

				Fair Value !	Measurement at Repo	surement at Reporting Date Using			
	_	Carrying Value at March 31, 2024	Pr in A Mark Ider As	oted ices active acts for atical sets vel 1)	Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Liabilities:									
Fair Value of potential Share Adjustment	\$	20,753,328	\$	-	\$	- \$	20,753,328		
Total Liabilities	\$	20,753,328	\$	-	\$	- \$	20,753,328		

Pursuant to the Soylent acquisition, the Company may be required to issue the Share Adjustment (as defined in Note 5) to the former owners of Soylent based upon the stock price of the Company on the Adjustment Date (as defined in Note 5). The Company engaged a third-party valuation firm to estimate the fair value of this contingent liability by performing a Monte Carlo simulation to forecast the value of the Company's stock and the implied value of the Share Adjustment. See NOTE 5 – ACQUISITIONS for further discussion. The fair value of the share adjustment on the Soylent acquisition date was \$36,715,800. The inputs to estimate the fair value of the share adjustment were the market price of the Company's common stock, the option expected term, the volatility of the Company's common stock price and the risk-free interest rate. Significant changes to any unobservable input may result in a significant change in the fair value measurement.

The following table presents a reconciliation of the opening and closing balances of the Fair Value of Share Adjustment for the three months ended March 31, 2024:

	 Fair Value of Share Adjustment
Balance at December 31, 2023	\$ 36,931,130
Fair Value of Shares Issued	(18,099,951)
Loss on Fair Value of Share Adjustment	1,921,949
Balance at March 31, 2024	\$ 20,753,328

Property and Equipment, net

Property and equipment is recorded at historical cost, net of depreciation. All property and equipment with a cost of \$2,000 or greater are capitalized. Depreciation is computed using straight-line over the estimated useful lives of the related assets. Expenditures that enhance the useful lives of the assets are capitalized and depreciated. Maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations.

Revenue Recognition

STCB, excluding its subsidiaries, earns a majority of its revenue as royalties from the licensing agreements it has with TSG, a related entity, and other related parties. STCB licenses the right for TSG to manufacture and sell certain Starco Brands products. The amount of the licensing revenue received varies depending upon the product and the royalty percentage is determined beforehand in each agreement. The Company recognizes its revenue under these licensing agreements only when sales are made by TSG or other related parties to a third party.

AOS, one of STCB's wholly owned subsidiaries, earns its revenues through the sale of premium body and skincare products. Revenue from retail sales is recognized at shipment to the retailer. Revenue from eCommerce sales, including Amazon Fulfillment by Amazon ("Amazon FBA"), is recognized upon shipment of merchandise.

Skylar, one of STCB's wholly owned subsidiaries, earns its revenues through the sale of fragrances. Revenue from retail sales is recognized at shipment to the retailer. Revenue from eCommerce sales, including Amazon FBA, is recognized upon shipment of merchandise.

Soylent, one of STCB's wholly owned subsidiaries, earns its revenues through the sale of nutritional drinks. Revenue from retail sales is recognized at shipment to the retailer. Revenue from eCommerce sales, is recognized upon shipment of merchandise.

Whipshots Holdings, an 85% owned subsidiary, earns its revenues as royalties from the licensing agreements it has with Temperance, a related entity. STCB licenses the right for Temperance to manufacture and sell vodka infused whipped cream. The amount of the licensing revenue received varies depending upon the product and the royalty percentage is based on contractual terms. The Company recognizes its revenue under these licensing agreements only when sales are made by Temperance to a third party.

The Company applies the requirements of ASC 606, *Revenue from Contracts with Customers*, which includes the following five-step model in order to determine the recognition of revenue: (i) Identify the contract with a customer; (ii) Identify the performance obligation in the contract; (iii) determine the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the licensee transferring goods or services to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company's licensee must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's licensee's performance obligations are transferred to customers at a point in time, typically upon delivery.

Income Taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the condensed consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25") with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the condensed consolidated financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the condensed consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Stock-based Compensation

The Company accounts for stock-based compensation per the provisions of ASC 718, Share-based Compensation ("ASC 718"), which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants, options, and restricted stock units). The fair value of each warrant and option is estimated on the date of grant using the Black-Scholes option pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. The Company has not paid dividends historically and does not expect to pay them in the future. Expected volatilities are based on the volatility of comparable companies' common stock. The expected term of awards granted is derived using estimates based on the specific terms of each award. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the period of the expected term. The grant date fair value of a restricted stock unit equals the closing price of our common stock on the trading day of the grant date.

Net Income (Loss) Per Common Share

Net income (loss) per share of common stock is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the year. All outstanding options are considered potential common stock. The dilutive effect, if any, of stock payable and warrants are calculated using the treasury stock method. All outstanding convertible notes are considered common stock at the beginning of the period or at the time of issuance, if later, pursuant to the if-converted method. Since the effect of common stock equivalents is anti-dilutive with respect to losses, outstanding warrants have been excluded from the Company's computation of net loss per share of common stock for the three months ended March 31, 2024 and 2023.

The following table summarizes the securities that were excluded from the diluted per share calculation because the effect of including these potential shares was antidilutive due to the Company's net loss position even though the exercise price could be less than the average market price of the common stock:

	Three Months Ende	d March 31,
	2024	2023
Warrants	39,350,000	41,200,000
Stock options	4,660,000	-
Acquisition Stock Consideration Payable	142,146,084	283,063,583
Total	181,156,084	324,263,583

Intangible Assets

Definite-lived intangible assets consist of certain domain names. Definite-lived intangible assets are amortized utilizing the straight-line method over the assets' estimated useful lives, which approximate 10-16 years.

Indefinite-lived intangible assets consist of certain trademarks and formula lists. These intangible assets are not amortized but are tested for impairment annually or whenever impairment indicators exist.

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that an asset or asset group's carrying value may not be recoverable. Factors that are considered important that could trigger an impairment review include a current period operating or cash flow loss combined with a history of operating or cash flow losses and a projection or forecast that demonstrates continuing losses or insufficient income associated with the use of a long-lived asset or asset group. Other factors include a significant change in the manner of the use of the asset or a significant negative industry or economic trend. This evaluation is performed based on estimated undiscounted future cash flows from operating activities compared with the carrying value of the related assets. If the undiscounted future cash flows are less than the carrying value, an impairment loss is recognized, measured by the difference between the carrying value, and the estimated fair value of the assets, with such estimated fair values determined using the best information available and in accordance with FASB ASC Topic 820, Fair Value Measurements. During the three months ended March 31, 2024 and 2023, the Company did not record asset impairment charges related to its intangible assets.

Royalties and Licenses

Royalty-based obligations with content licensors are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of revenue generally at the greater of the contractual rate or an effective royalty rate based on the total projected net revenue for contracts with guaranteed minimums. Prepayments made are generally made in connection with the development of a particular product, and therefore, we are generally subject to risk during the product phase. Payments earned after completion of the product (primarily royalty-based in nature) are generally expensed as cost of revenue.

Our contracts with some licensors include minimum guaranteed royalty payments, which are initially recorded as an asset and as a liability at the contractual amount when no performance remains with the licensor. When performance remains with the licensor, we record guarantee payments as an asset when actually paid and as a liability when incurred, rather than recording the asset and liability upon execution of the contract.

Each quarter, we also evaluate the expected future realization of our royalty-based assets, as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through future revenue. Impairments or losses determined post-launch are charged to cost of revenue. We evaluate long-lived royalty-based assets for impairment using undiscounted cash flows when impairment indicators exist. If an impairment exists, then the related assets are written down to fair value. Unrecognized minimum royalty-based commitments are accounted for as executory contracts, and therefore, any losses on these commitments are recognized when the underlying intellectual property is abandoned (i.e., cease use) or the contractual rights to use the intellectual property are terminated.

Our minimum contractual royalty-based obligations remaining as of March 31, 2024 are approximately \$1,257,500, \$20,000 and \$0 for the years ending December 31, 2024, 2025, and 2026, respectively.

Leases

With the adoption of ASC 842, operating lease agreements are required to be recognized on the balance sheet as Right-of-Use ("ROU") assets and corresponding lease liabilities. ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

AOS, the Company's wholly owned subsidiary leased its corporate office ("AOS Lease"). The AOS Lease was classified as an operating lease and had a term of 2 years, for approximately 1,372 square feet of office space located in West Hollywood, California. The lease expired in September 2023 and had a monthly base rental of \$7,564 which increased 4% each year. At the end of the lease term in September 2023, the Company did not renew the lease. In March 2022, AOS entered into a sublease, whereby, the sublessor took over the entire AOS Lease office space and the lease payment until the completion of the original AOS Lease term.

In accordance with ASC 842, Leases, the Company recognized a ROU asset and corresponding lease liability on the condensed consolidated balance sheet for long-term office leases. See Note 11 – Leases for further discussion, including the impact on the condensed consolidated financial statements and related disclosures.

Inventory

Inventory consists of premium body and skincare products, fragrances and nutritional products. Inventory is measured using the first-in, first-out method and stated at average cost as of March 31, 2024. The value of inventories is reduced for excess and obsolete inventories. We monitor inventory to identify events that would require impairment due to obsolete inventory and adjust the value of inventory when required. We did not record any inventory impairment losses for the three months ended March 31, 2024 and 2023.

Acquisitions, Intangible Assets and Goodwill

The condensed consolidated financial statements reflect the operations of an acquired business beginning as of the date of acquisition. Assets acquired and liabilities assumed are recorded at their fair values at the date of acquisition; goodwill is recorded for any excess of the purchase price over the fair values of the net assets acquired. Significant judgment is required to determine the fair value of certain tangible and intangible assets and in assigning their respective useful lives. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant tangible and intangible assets. The fair values are based on available historical information and on future expectations and assumptions deemed reasonable by management but are inherently uncertain. The Company typically employs an income method to measure the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, economic barriers to entry and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances could affect the accuracy or validity of the estimates and assumptions. Determining the useful life of an intangible asset also requires judgment. Intangible assets are amortized over their estimated lives. Any intangible assets associated with acquired in-process research and development activities ("IPR&D") are not amortized until a product is available for sale.

Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement.

We review goodwill for impairment at least annually or more frequently if indicators of impairment exist. Our goodwill impairment test may require the use of qualitative judgements and fair-value techniques, which are inherently subjective. Impairment loss, if any, is recorded when the fair value of a reporting unit's goodwill is less than its carrying value.

No impairment losses related to goodwill were recognized for the three months ended March 31, 2024 and 2023. As of March 31, 2024 and December 31, 2023 goodwill was \$26,689,391 and \$26,689,391, respectively.

Segments

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's Chief Executive Officer ("CEO") is the Company's chief operating decision maker ("CODM") and views the Company's operations and manages its business in three reportable operating segments: (i) Starco Brands, which includes AOS, Whipshots Holdings and Whipshots LLC, (ii) Skylar, and (iii) Soylent. The CODM assesses performance of operating segments and determines the allocation of resources based primarily on gross profit as a whole.

Recently Issued Accounting Pronouncements

All newly issued but not yet effective accounting pronouncements have been deemed to be not applicable or immaterial to the Company.

NOTE 4 - SEGMENTS

The Company has the following reportable segments:

Starco Brands. The Starco Brands segments generate revenue through the development and sales of consumer good products. The Starco Brands segment includes STCB, AOS, Whipshots Holdings and Whipshots LLC.

Skylar. The Skylar segment generates revenue through the sale of fragrances.

Soylent. The Soylent segment generates revenue through the sale of nutritional products, mainly drinks.

Balance sheet data are reviewed by the CODM on a consolidated basis; therefore, disaggregated balance sheet data are not presented.

The following tables present gross profit by reporting segment:

		I hree Months Ended March 31, 2024									
		Starco Brands		Skylar		Soylent		Total			
Gross revenues	\$	3,984,086	\$	2,075,125	\$	9,431,470	\$	15,490,681			
Cost of revenues		1,376,925		843,068		6,256,544		8,476,537			
Gross profit	\$	2,607,161	\$	1,232,057	\$	3,174,926	\$	7,014,144			

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	<u> </u>	Three Months Ended March 31, 2023									
	Sta	arco Brands	Skylar		Soylent ¹		Total				
Gross revenues	\$	3,513,316	\$	1,914,182	\$	5,716,303	\$	11,143,801			
Cost of revenues		586,343		840,965		4,012,943		5,440,251			
Gross profit	\$	2,926,973	\$	1,073,217	\$	1,703,360	\$	5,703,550			

The Company does not report results for Soylent prior to the date of acquisition, February 15, 2023, as Soylent was not yet a subsidiary of the Company.

Depreciation expense allocated to the Starco Brands, Skylar and Soylent segments was \$0, 3,611 and \$1,055, respectively, for the three months ended March 31, 2024. Depreciation expense allocated to the Starco Brands, Skylar and Soylent segments was \$0, 3,079 and \$640, respectively, for the three months ended March 31, 2023.

NOTE 5 – ACQUISITIONS

Soylent Acquisition

On February 15, 2023, the Company, through its wholly-owned subsidiary Starco Merger Sub I completed the Soylent Acquisition. The Soylent Acquisition consisted of Starco Merger Sub I merging with and into Soylent, with Soylent being the surviving corporation. Soylent is the maker of a wide range of plant-based "complete nutrition" and "functional food" products with a lineup of plant-based convenience shakes, powders and bars that contain proteins, healthy fats, functional amino acids and essential nutrients. Through its relationship with TSG and other strong partners, the Company has access to intellectual property that will allow Soylent to vertically integrate manufacturing and expand, positioning Soylent to be the future of nutritional products. The Soylent Acquisition was completed through a cash and stock deal, where the Company paid \$200,000 in cash as reimbursement of Soylent's closing expenses and the Company's shares were issued at \$0.15 per share, which amount was equal to the fair value of the stock on the acquisition date. As consideration for the Soylent Acquisition, the Company reserved an (a) aggregate of up to 165,336,430 restricted shares of Class A common stock to Soylent shareholders, (b) 12,617,857 restricted shares of Class A common to satisfy existing Soylent change in control obligations, (c) up to 18,571,429 additional restricted shares of Class A common stock based on final determination of calculations of Soylent's working capital, cash at closing, indebtedness at closing and certain unpaid transaction expenses in excess of the amount reimbursed by the Company (the "Opening Balance Holdback"), and (d) an adjustment to the shares of Class A common stock received by the Company Holders (as defined in the agreement) in the event that the trading price for STCB's Class A common stock price per share on the first anniversary of the closing date (February 14, 2024, or the "Adjustment Date") is below \$0.35 per share of Class A common stock based on the Closing Merger Consideration (as define

On March 15, 2024, the Company and certain former stockholders of Soylent and current stockholders of the Company's Class A common stock (the "Consenting Stockholders"), entered into a stockholder agreement ("Stockholder Agreement") with the Company, which modified the treatment of certain terms of the Soylent Acquisition merger agreement with respect to the Consenting Stockholders. The Stockholder Agreement (i) revises the calculation for the Consenting Stockholders' respective pro rata share of the Share Adjustment (as defined in the Soylent Acquisition merger agreement) to utilize a customary 30-day moving volume weighted trading average ("vwap") in calculating the price per share of the Class A common stock at each adjustment date, and (ii) bifurcates the calculation for Consenting Stockholders' respective pro rata share of the Share Adjustment into two adjustments, the first adjustment calculable based on the vwap ending February 14, 2024 ("First Adjustment Date"), and the second adjustment calculable based on the vwap ending May 15, 2025 ("Second Adjustment Date"). Generally, if the trading price of the Acquiror Common Stock (as defined in the Soylent Acquisition merger agreement) based on the vwap, is below \$0.35 per share on each of February 14, 2024 and May 15, 2025, then, at no additional cost to the Consenting Stockholders, additional shares of Acquiror Common Stock are issuable based on the calculation methodology set forth in the Stockholder Agreement. As of the date of this filing, the Consenting Stockholders represent approximately 88.9% of the total shares held by all former stockholders of Soylent issued pursuant to the Soylent Acquisition merger agreement. Certain other former stockholders of Soylent may sign joinders to the Stockholder Agreement following the date of this filing.

The fair value of the rights to receive these shares were estimated by a third-party valuation firm to be \$0.189 per share on the acquisition date or an approximate share adjustment value of \$36,715,800. For the former Soylent shareholders (the "Soylent Shareholders") that did not join the Stockholder Agreement, the fair value of the rights to receive these shares were \$0.136 per share on December 31, 2023, or the Company's stock price as of February 14, 2024, the "Adjustment Date", or a share adjustment value of \$6,101,455. For the Consenting Stockholders, the fair value of the rights to receive these shares were estimated by a third-party valuation firm to be \$0.186 per share on December 31, 2023 or an approximate share adjustment value of \$30,829,876. Included in the Consenting Stockholders approximate share adjustment value of \$30,829,876, are the fair value rights to receive shares on the First Adjustment Date in the Stockholder Agreement of \$15,506,101, or \$0.16 per share, the 30-day wvap of the Company's stock price as of February 14, 2024.

Effective February 14, 2024, the First Adjustment Date, the Company settled \$18,099,951 of the \$36,931,130 fair value liability outstanding on December 31, 2023 by issuing 133,087,875 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent merger agreement and Stockholders Agreement, as applicable. The total share adjustment value as of March 31, 2024 is \$20,753,328. The settlement amount of \$18,099,951 includes an adjustment for additional shareholders that agreed to amend their Stockholders Agreement subsequent to December 31, 2023. As a result, approximately 7.0 million shares were returned to the Company and the liability amount as of December 31, 2023 was amended.

Effective February 14, 2024, the Company settled the Soylent Opening Balance Holdback by issuing 16,309,203 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent merger agreement. The Soylent Opening Balance Holdback was recorded as equity consideration payable on the December 31, 2023 balance sheet in the amount of \$2,446,380.

The Soylent Acquisition was accounted for as a business combination in accordance with ASC 805, Business Combinations.

NOTE 6 - NOTES PAYABLE

In September 2022, the Company received a second financing loan in the amount of \$92,334 for its Directors and Officers Insurance ("D&O Loan #2"). D&O Loan #2 bore interest at 5.82% and required monthly payments through June 2023. D&O Loan #2 was paid off in its entirety in June 2023.

In September 2023, the Company received a third financing loan in the amount of \$98,039 for its Directors and Officers Insurance ("D&O Loan #3", and together with D&O Loan #1 and D&O Loan #2 the "D&O Loans"). D&O Loan #3 bears interest at 9.3% and required monthly payments through July 2024. As of March 31, 2024 the remaining balance of the D&O Loan #3 was \$40,126.

For the three months ended March 31, 2024 and 2023, the D&O Loans incurred approximately \$1,388 and \$756, respectively, of interest expense.

On February 10, 2023 the Company's subsidiary Soylent entered into a line of credit with a revolving credit commitment of \$5,000,000. The revolving credit commitment bore interest at a rate per annum equal to the greater of (a) two and half percent (2.5%) and (b) prime rate plus one percent (1%). The revolving credit commitment had a maturity date of February 10, 2024. If the Company defaults on the revolving credit commitment, the default interest rate will bear an additional interest at a fluctuating rate equal to five percent (5%) per annum higher than the applicable interest rate. As of March 31, 2024 the outstanding balance on the revolving line of credit is \$3,063,995 and has accrued interest of \$16,171. For the three months ended March 31, 2024, the revolving line of credit incurred \$86,904 of interest expense.

The Soylent Line of Credit matured on February 10, 2024 and is in default under the Soylent Line of Credit loan documents for failing to pay off the Soylent Line of Credit balance at maturity. The Company entered into an agreement with the bank to forbear the banks rights to exercise its rights and remedies under the Soylent Line of Credit loan documents until June 10, 2024, for a forbearance fee of \$57,590 and payment of accrued interest of \$10,009.

In December 2023, the Company received a financing loan in the amount of \$29,109 for its General Liability Insurance ("G&A Loan #1"). G&A Loan #1 bears interest at 9.3% and requires monthly payments through July 2024. As of March 31, 2024 the remaining balance of the G&A Loan #1 was \$14,797.

In February 2024, the Company received a second financing loan in the amount of \$20,983 for its General Liability Insurance ("G&A Loan #2, and together with G&A Loan #1 the "G&A Loans"). G&A Loan #2 bears interest at 9.3% and requires monthly payments through July 2024. As of March 31, 2024 the remaining balance of the G&A Loan #2 was \$14,204.

For the three months ended March 31, 2024 and 2023 the G&A Loan #1 incurred approximately \$509 and zero, respectively, of interest expense.

See Note 8 - Related Party Transactions for loans to STCB from the Company's CEO.

NOTE 7- COMMITMENTS & CONTINGENCIES

Whipshots

On September 8, 2021, Whipshots LLC, a Wyoming limited liability company ("Whipshots LLC") entered into an Intellectual Property Purchase Agreement, effective August 24, 2021, with Penguins Fly, LLC, a Pennsylvania limited liability company ("Penguins"). The agreement provided that Penguins would sell the trademarks "Whipshotz" and "Whipshots", the accompanying domain and social media handles of the same nomenclature, and certain intellectual property, documents, digital assets, customer data and other transferable rights under non-disclosure, non-compete, non-solicitation and confidentiality contracts benefiting the purchased intellectual property and documents (collectively, the "Acquired Assets") to Whipshots LLC. The purchase price for the Acquired Assets will be payable to Penguins, over the course of seven years, based on a sliding scale percentage of gross revenues actually received by the Company solely from the sale of Whipshots/Whipshotz Products. The payment are subject to a minimum amount in each contract year and a maximum aggregate amount. In connection with this agreement the Company paid \$20,000 during 2021, zero in 2022 and \$38,620 in 2023 and the Company has accrued \$318,050 to be paid pursuant to this agreement in 2024, all of which has been recorded as an indefinite-lived intangible asset.

On September 14, 2021, Whipshots Holdings, LLC (formerly Whipshots, LLC) a Delaware limited liability company ("Whipshots Holdings"), entered into a License Agreement (the "Washpoppin License Agreement") with Washpoppin Inc., a New York corporation ("Washpoppin"). Pursuant to the Washpoppin License Agreement, Washpoppin licensed certain Licensed Property (as defined therein) of the recording artist professionally known as "Cardi B" (the "Artist") to us. Whipshots Holdings and Washpoppin entered into an amended and restated Washpoppin License Agreement ("A&R Washpoppin License Agreement"), with an effective date of November 27, 2023. As part of the A&R Washpoppin License Agreement, in exchange for royalty rates based on Net Sales (as defined therein) during each applicable contract period, the Washpoppin warrants to cause the Artist to attend certain in person events, media interviews, participate in the development of the Licensed Products (as defined therein), and promote the Licensed Products through social media posts on the Artist's social media platforms. We have committed to a minimum royalty payment under the A&R Washpoppin License Agreement of an aggregate of \$3,300,000 subject to Washpoppin's satisfaction of its obligations. During the three months ended March 31, 2024 and 2023, the Company incurred expenses related to this agreement of approximately \$412,500 and \$275,000, respectively.

Skylar Acquisition

Following the 18-month holdback period from the date of the Skylar Acquisition on December 29, 2022, the Company expects to issue former Skylar shareholders up to an aggregate amount of 11,573,660 shares of Class A common stock, for which it has recorded \$2,314,732 equity consideration payable on the balance sheet as of March 31, 2024.

NOTE 8 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, Sanford Lang, the Company's former Chairman and CEO, advanced STCB \$289,821 to pay for general operating expenses. The advance required a monthly interest payment of \$2,545 and was due on demand. In June 2021, Mr. Lang and Mr. Goldrod executed agreements with STCB whereby the advance from Mr. Lang and all other amounts owed to each were repaid and both Mr. Lang and Mr. Goldrod resigned from the Board of Directors. Further, for a period of 36 months beginning in July 2021, STCB will repurchase an aggregate of \$10,950 worth of shares each month from Mr. Lang and Mr. Goldrod, with the share price for each purchase to be set according to the volume weighted average trading price of the common stock over the last 10 days of the month. In the three months ended March 31, 2024 and March 31, 2023 STCB paid an aggregate of zero and \$32,850, respectively, to Mr. Lang and Mr. Goldrod. As of March 31, 2024, the Company settled final repurchase transfers of 1,862,154 shares in the amount of \$328,500. The share repurchases are recorded as treasury stock payable on the balance sheet. The foregoing agreements terminated and are of no further force or effect.

Ross Sklar, CEO Notes

On August 11, 2023, the Company issued to Sklar a consolidated secured promissory note (the "Consolidated Secured Promissory Note") in the principal sum of \$4,000,000, with a maturity date of December 31, 2023. The Consolidated Secured Promissory Note carries a floating interest rate comprised of the Wall Street Journal Prime Rate (re-assessed on the first date of each month (plus 2%), and is secured by an amended and restated consolidated security agreement (the "Amended and Restated Consolidated Security Agreement"), by and between the Company and Sklar, dated August 11, 2023, The Consolidated Secured Promissory Note consolidated the outstanding loan obligations of the Company to Sklar evidenced pursuant to (i) the January 24, 2020 Amended Note, (ii) the June 28, 2021 Note, (iii) the September 17, 2021 Note, (iv) the December 13, 2021 Note, (v) the December 29, 2022 Note, and (vi) the March 3, 2023 Note, as summarized in the table below. The Amended and Restated Consolidated Security Agreement merged and integrated the December 29, 2022 Security Agreement and the March 3, 2023 Security Agreement, and provides a security interest in the Collateral (as defined in the Amended and Restated Consolidated Security Agreement) to secure the repayment of all principal, interest, costs, expenses and other amounts then or thereafter due under the Consolidated Secured Promissory Note until by the maturity date. Sklar was authorized to file financing statements to perfect the security interest in the Collateral without authentication by the Company. The following table represents Prior Notes that were part of the restructuring and related prior and updated terms (under the Consolidated Secured Promissory Note):

	Outstanding Balance	Original maturity	Original rate	Revised maturity	Revised rate
January 24, 2020 Amended Note	100,000	7/19/2023	4%	12/31/2024	Prime + 2%
June 28, 2021 Note	100,000	6/28/2023	4%	12/31/2024	Prime + 2%
September 17, 2021 Note	500,000	9/17/2023	4%	12/31/2024	Prime + 2%
December 13, 2021 Note	500,000	12/13/2023	4%	12/31/2024	Prime + 2%
December 29, 2022 Note	2,000,000	8/1/2023	Prime + 4%	12/31/2024	Prime + 2%
March 3, 2023 Note	800,000	7/1/2023	Prime + 4%	12/31/2024	Prime + 2%
	4,000,000				

The Company did not include the February 14, 2022 Note in the principal amount of \$472,500 in the note consolidation. The restructuring is accounted for as a debt modification.

The February 14, 2022 Note bears interest at 4% per annum, is unsecured, and matured two years from the original date of issuance. This note may also convert into shares of Company common stock at the 10-day volume weighted average trading price of the Company common stock for the 10-day period prior to the issuance of the Note, which was calculated as \$0.29 per share. On May 10, 2024, the Company and Sklar entered into an amendment to the February 14, 2022 Note to extend the maturity date of the February 14, 2022 Note to December 31, 2024.

As of March 31, 2024 and December 31, 2023, the outstanding principal due to Mr. Sklar under outstanding notes was \$4,472,500. As of March 31, 2024 and 2023, there was zero and \$32,439 of accrued interest due on these notes, respectively.

For the three months ended March 31, 2024 and 2023 the notes to Mr. Sklar incurred interest expense of approximately \$109,528 and \$80,456, respectively.

Other Related Party Transactions

During the three months ended March 31, 2024 and 2023, the Company recognized revenue from related parties of \$2,310,196 and \$2,787,485, respectively. There were \$2,417,096 and \$2,742,508 of accounts receivable and accrued accounts receivable from TSG and Temperance Distilling Company ("Temperance") as of March 31, 2024 and December 31, 2023, respectively. All revenues earned in relation to these accounts receivable is from related parties, TSG and Temperance. Sklar serves as the Chairman of Temperance.

During the three months ended March 31, 2024 and 2023, the Company received contributed services at a value of approximately zero and \$24,049, respectively. Such costs have been expensed and recorded as additional paid-in capital in the period the services were provided.

NOTE 9 – STOCK WARRANTS

On each of September 12, 2022, November 1, 2022, November 3, 2022, and June 1, 2023, the Company entered into agreements with members of the Board and consultants for services to be performed. As consideration therefore, the Company granted those individuals stock warrants to purchase an aggregate of 38,400,000 shares of common stock. The warrants vest over various terms for periods from one to five years. The warrants were valued using the Black-Scholes option pricing model under the assumptions as found in the table below.

On December 29, 2022 and March 3, 2023, the Company entered into agreements with Sklar, for warrants to purchase shares of common stock to be issued as a funding fee for an aggregate principal amount of \$2,800,000 in secured promissory notes (see Note 7). The warrants were valued using the Black-Scholes option pricing model under the following assumptions as found in the table below.

The table below summarizes the grants of stock warrants and includes the assumptions used for valuation under the Black-Scholes option pricing model.

	Number of								Expected		
	Stock	S	tock	St	trike	Expected	Interest	Dividend	Term		Fair
Date	Warrants	P	rice	P	rice	Volatility	Rate	Rate	(years)		Value
9/12/2022	33,150,000	\$	0.19	\$	0.19	103.09%	3.47%	0.00%	3.0	\$ 4	,088,769
11/1/2022	100,000	\$	0.20	\$	0.20	102.86%	4.27%	0.00%	1.0	\$	8,116
11/3/2022	5,000,000	\$	0.19	\$	0.19	102.84%	4.36%	0.00%	3.0	\$	618,176
12/29/2022	285,714	\$	0.20	\$	0.01	103.49%	3.94%	0.00%	1.0	\$	54,401
3/3/2023	114,286	\$	0.17	\$	0.01	137.62%	4.26%	0.00%	1.0	\$	18,710
6/1/2023	150,000	\$	0.12	\$	0.19	150.24%	3.70%	0.00%	3.0	\$	14,013

A summary of the status of the Company's outstanding stock warrants and changes during the periods is presented below:

	Shares available to purchase with warrants	Weighted A	-	Weighted Average Remaining Contractual Term (in years)		Aggregate rinsic Value
Outstanding, December 31, 2023	39,350,000	\$	0.20	3.87	\$	50,800
Issued	-		-	-		-
Exercised	-		-	=		-
Cancelled	-		-	-		-
Expired	-		-	-		-
Outstanding, March 31, 2024	39,350,000	\$	0.20	3.87	\$	50,800
Exercisable, March 31, 2024	17,449,989	\$	0.20	3.41	\$	50,800
		<u>-</u>			_	
Outstanding, December 31, 2022	41,085,714	\$	0.24	4.64	\$	45,714
Issued	114,286		0.01	4.93		52,000
Exercised	-		-	-		-
Cancelled	-		-	-		-
Expired	-		-	=		-
Outstanding, March 31, 2023	41,200,000	\$	0.19	4.65	\$	97,714
Exercisable, March 31, 2023	4 601 042	¢.	0.24	4.4	•	52,000
Exclusione, material, 2023	4,681,943	\$	0.24	4.4	Ф	52,000
	19					

The fair value of stock warrants granted and vested during the three months ended March 31, 2024 was zero and \$241,359, respectively.

The fair value of stock warrants granted and vested during the three months ended March 31, 2023 was \$18,710 and \$278,649 respectively.

The following table summarizes information about stock warrants to purchase shares of the Company's Class A common stock outstanding and exercisable as of March 31, 2024:

		Weighted- Average	Weighted- Average	
Range of	Outstanding	Remaining Life	Exercise	Number
exercise prices	Warrants	In Years	Price	Exercisable
\$ 1.00	250,000	0.50	\$ 1.00	250,000
\$ 0.90	300,000	1.50	\$ 0.90	250,000
\$ 0.19	38,300,000	3.65	\$ 0.19	16,449,989
\$ 0.20	100,000	3.59	\$ 0.20	100,000
\$ 0.01	400,000	3.80	\$ 0.01	400,000
	39,350,000	3.62	\$ 0.20	17,449,989

The compensation expense attributed to the issuance of the stock warrants is recognized as they are vested.

Total compensation expense related to the stock warrants was \$390,747 and \$375,501 for the three months ended March 31, 2024 and 2023, respectively, and was included in compensation expense on the statement of operations. As of March 31, 2024, there was \$2,364,196 in future compensation cost related to non-vested stock warrants

The aggregate intrinsic value as of March 31, 2024 is \$50,800 for total outstanding and exercisable warrants, which was based on our estimated fair value of the common stock of \$0.14, had all warrant holders exercised their warrants as of that date, net of the aggregate exercise price.

NOTE 10- STOCK OPTIONS

On November 27, 2023, the Company's Board of Directors approved the 2023 Equity Incentive Plan (the "Equity Plan"). The Equity Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock awards, restricted stock unit awards, and other stock-based awards, collectively, the "Stock Awards". Stock Awards may be granted under the Equity Plan to the Company's, and its subsidiaries', employees, officers, directors and consultants. The maximum number of shares of Class A common stock available for issuance under the Equity Plan is 100,000,000 shares.

On January 1, 2024, the Company entered into agreements with employees and consultants for services to be performed. As consideration therefore, the Company granted stock options (the "Options") under the Company's Equity Plan to purchase up to 4,660,000 shares of Class A common stock. Options were valued using the Black-Scholes option pricing model under the following assumptions as found in the table below. There were no stock options issued or outstanding for the three months ended March 31, 2023.

	Number of												
	Stock	S	tock	9	Strike	Expected	Intere	est	Div	idend	Exped	eted	Fair
Date	Options	P	rice ¹		Price	 Volatility	Rate	e	F	Rate	Term (y	ears) ²	Value
1/1/2024	4,660,000	\$	0.16	\$	0.17	134.97%	_	4.00%		0.00%		4.0	\$ 731,548

- 1 Grant exercise price is based on the prior trading day's closing price of \$0.164.
- ² Options granted vest over various time periods ranging from two to four years with the majority vesting over a four-year term.

A summary of the status of the Company's outstanding stock options and changes during the periods is presented below:

	Shares available to purchase with options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2023	-	\$		\$ -
Issued	4,660,000	0.1	7 9.76	
Exercised	-			-
Cancelled	-			-
Expired	-		-	-
Outstanding, March 31, 2024	4,660,000	\$ 0.1	7 9.76	\$ -
Exercisable, March 31, 2024	590,624	\$ 0.1	9.76	<u>-</u>

The fair value of stock options granted and vested during the three months ended March 31, 2024 was \$731,548 and zero, respectively.

The compensation expense attributed to the issuance of the stock options is recognized as they are vested. Total compensation expense related to the stock options was \$92,719 and zero for the three months ended March 31, 2024 and 2023, respectively, and was included in compensation expense on the statement of operations. As of March 31, 2024, there was \$638,829 in future compensation cost related to non-vested stock warrants.

The aggregate intrinsic value as of March 31, 2024 is zero for total outstanding and exercisable warrants, which was based on our estimated fair value of the common stock of \$0.14, had all option holders exercised their options as of that date, net of the aggregate exercise price.

NOTE 11 - STOCKHOLDERS' EQUITY

Common Stock Issuances for the Three Months Ended March 31, 2024

Effective February 14, 2024, the First Adjustment Date, the Company settled \$18,099,951 of the \$36,931,130 fair value liability outstanding on December 31, 2023 by issuing 133,087,875 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent merger agreement and Stockholders Agreement, as applicable. The total share adjustment value as of March 31, 2024 is \$20,753,328. The settlement amount of \$18,099,951 includes an adjustment for additional shareholders that agreed to amend their Stockholders Agreement subsequent to December 31, 2023. As a result, approximately 7.0 million shares were returned to the Company and the liability amount as of December 31, 2023 was amended.

Effective February 14, 2024, the Company settled the Soylent Opening Balance Holdback and \$2,446,380 equity consideration payable by issuing 16,309,203 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent merger agreement.

On March 12, 2024, the 18-month holdback period from the date of the AOS Acquisition was completed, the Company had no outstanding claims and issued the former shareholders of AOS an aggregate of 4,979,731 shares of Class A common stock and \$6,137 in cash that was being held back on the December 31, 2023 balance sheet.

NOTE 12 - PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following:

	3/31/2024	12/31/2023
Computer equipment	154,348	127,497
Tools and equipment	147,903	147,903
Furniture and equipment	39,202	39,202
Property and equipment, gross	341,453	314,602
Less: Accumulated depreciation	(261,110)	(256,443)
Property and equipment, net	80,343	58,159

For the three months ended March 31, 2024 and 2023, the Company incurred \$4,666 and \$3,719 of depreciation expense, respectively.

NOTE 13 – INTANGIBLE ASSETS

Intangible assets, net consists of the following:

		Ividicii 31, 2024			
	Gross	Accumulated			
	Carrying Amount	Amortization		Net	
Trade names and trademarks	27,098,319	2,384,097		24,714,222	
Customer relationships	6,915,000	956,380		5,958,620	
Formulas (indefinite life)	-	-		-	
Domain names	25,750	11,159		14,591	
Intangible Assets	\$ 34,039,069	\$ 3,351,636	\$	30,687,433	
		December 31, 2023			
	Gross	Accumulated			
	Carrying Amount	Amortization		Net	
Trade names and trademarks	26,937,670	1,885,389		25,052,281	
Customer relationships	7,049,000	753,914		6,295,086	
Formulas (indefinite life)	-	-		-	
Domain names	25,750	10,729		15,021	
Intangible Assets	\$ 34,012,420	\$ 2,650,032	\$	31,362,388	

March 31 2024

For the three months ended March 31, 2024 and 2023, the Company incurred \$701,604 and \$3,742 of amortization expense, respectively.

As of March 31, 2024, future expected amortization expense of intangible assets was as follows:

Fiscal period:	Ma	rch 31, 2024
Remainder of 2024	\$	2,116,429
2025		2,818,033
2026		2,818,033
2027		2,818,033
2028		2,818,033
Thereafter		17,298,872
Total amortization remaining	\$	30,687,433

NOTE 14 – INVENTORY

Inventory by major class are as follows:

	3/31/2024	12/31/2023		
Raw materials	\$ 1,004,469	\$ 1,283,992		
Finished goods	10,256,199	9,391,548		
Total inventory	\$ 11,260,668	\$ 10,675,540		

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, from the balance sheet date through the date the financial statements were issued, and has determined that the following subsequent event exists:

On May 10, 2024, the February 14, 2022 Note agreement between the Company and Sklar was amended to extend the maturity date to December 31, 2024.

Amendment to the Soylent Voting Agreement

On February 15, 2023 in connection with the closing of the Soylent Acquisition, STCB entered into a Voting Agreement (the "Original Soylent Voting Agreement") with Mr. Sklar and certain other stockholders of STCB. Effective May 14, 2024, STCB, Mr. Sklar and certain other stockholders holding a majority of the shares then held by such stockholders entered into an amendment to the Soylent Voting Agreement (the "Soylent Voting Agreement Amendment" and together with the Original Soylent Voting Agreement, the "Soylent Voting Agreement"). The Soylent Voting Agreement Amendment generally provides that (i) until February 15, 2025, the stockholders and Mr. Sklar vote all shares such person has voting control over in favor of limited acquisitions, with the approval of the Stockholder Representative (defined in the Soylent Merger Agreement); (ii) requires that until the termination of the Soylent Voting Agreement the stockholders and Mr. Sklar shall vote all shares such person has voting control over in favor of the election of (a) a board of directors consisting of seven (7) members, inclusive of (1) Sklar, (2) two such other person as may be designated by Mr. Sklar from time to time, (3) three directors as designated by a majority of the former Soylent preferred stockholders party to the Soylent Voting Agreement (the "Stockholder Directors"), and (4) an independent director designated by mutual agreement of Sklar and a majority of the former Soylent preferred stockholders party to the Soylent Voting Agreement; and (iii) provides that the elected directors adopt a Compensation Committee, Audit Committee and Governance Committee and customary charters. This description does not attempt to be exhaustive and is qualified in its entirety by reference to the Soylent Voting Agreement Amendment which is an exhibit to this Quarterly Report on Form 10-Q.

On February 15, 2023 in connection with the closing of the Soylent Acquisition, STCB entered into a Registration Rights Agreement (the "Original Soylent RRA") with the Stockholder Representative. Effective May 14, 2024, STCB and the Stockholder Representative entered into an amendment to the Soylent Voting Agreement (the "Soylent RRA Amendment" and together with the Original Soylent RRA. the "Soylent RRA"). The Soylent RRA Amendment generally extended the Filing Date to May 15, 2025, and referenced the Second Share Adjustment to align with the Stockholder Agreement. This description does not attempt to be exhaustive and is qualified in its entirety by reference to the Soylent Voting Agreement Amendment which is an exhibit to this Quarterly Report on Form 10-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

THIS QUARTERLY REPORT ON FORM 10-Q INCLUDES FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND OTHER FEDERAL SECURITIES LAWS, PARTICULARLY THOSE ANTICIPATING FUTURE FINANCIAL PERFORMANCE, BUSINESS PROSPECTS, GROWTH, OPERATING STRATEGIES AND SIMILAR MATTERS. WE HAVE BASED THESE FORWARD-LOOKING STATEMENTS ON OUR CURRENT INTENT, EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS, AND THESE FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND ASSUMPTIONS ABOUT US THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. IN SOME CASES, YOU CAN IDENTIFY FORWARD-LOOKING STATEMENTS BY TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "COULD," "WOULD," "INTEND," "PROJECT," "CONTEMPLATE," "POTENTIAL," "EXPECT," "PLAN," "ANTICIPATE," "BELIEVE," "ESTIMATE," "CONTINUE," OR THE NEGATIVE OF SUCH TERMS OR OTHER SIMILAR EXPRESSIONS. THESE STATEMENTS ARE ONLY PREDICTIONS. FACTORS THAT MIGHT CAUSE OR CONTRIBUTE TO SUCH A DISCREPANCY INCLUDE, BUT ARE NOT LIMITED TO, THOSE DESCRIBED IN OUR OTHER SECURITIES AND EXCHANGE COMMISSION FILINGS.

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH OUR FINANCIAL STATEMENTS AND RELATED NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT. ANY OF THE FORWARD-LOOKING STATEMENTS THAT WE MAKE IN THIS QUARTERLY REPORT ON FORM 10-Q AND IN OTHER PUBLIC REPORTS AND STATEMENTS WE MAKE MAY TURN OUT TO BE INACCURATE AS A RESULT OF OUR BELIEFS AND ASSUMPTIONS WE MAKE IN CONNECTION WITH THE FACTORS SET FORTH ABOVE OR BECAUSE OF OTHER UNIDENTIFIED AND UNPREDICTABLE FACTORS. IN ADDITION, OUR BUSINESS AND FUTURE RESULTS ARE SUBJECT TO A NUMBER OF OTHER FACTORS, INCLUDING THOSE FACTORS SET FORTH IN THE "RISK FACTORS" SECTION OF OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") ON APRIL 3, 2024. BECAUSE OF THESE AND OTHER UNCERTAINTIES, OUR ACTUAL FUTURE RESULTS MAY BE MATERIALLY DIFFERENT FROM THE RESULTS INDICATED BY THESE FORWARD-LOOKING STATEMENTS, AND YOU SHOULD NOT RELY ON SUCH STATEMENTS. WE UNDERTAKE NO OBLIGATION TO PUBLISH REVISED FORWARD-LOOKING STATEMENTS TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF. THESE RISKS COULD CAUSE OUR ACTUAL RESULTS FOR 2023 AND BEYOND TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS BY OR ON BEHALF OF US, AND COULD NEGATIVELY AFFECT OUR FINANCIAL CONDITION, LIQUIDITY AND OPERATING AND STOCK PRICE PERFORMANCE.

Business Overview

Starco Brands, Inc. (formerly Insynergy Products, Inc.), which we refer to as "the Company," "our Company," "STCB", "we," "us" or "our," was incorporated in the State of Nevada on January 26, 2010 under the name Insynergy, Inc. On September 7, 2017, the Company filed an Amendment to the Articles of Incorporation to change the corporate name to Starco Brands, Inc. The Board determined the change of the Company's name was in the best interests of the Company due to changes in our current and anticipated business operations at that time. In July 2017, the Company entered into a licensing agreement with The Starco Group ("TSG"), located in Los Angeles, California. TSG is a private label and branded aerosol and liquid fill manufacturer with manufacturing assets in the following verticals: DIY/Hardware, paints, coatings and adhesives, household, hair care, disinfectants, automotive, motorcycle, arts & crafts, personal care cosmetics, personal care FDA, sun care, food, cooking oils, beverages, and spirits and wine. Upon entering into the licensing agreement with TSG, the Company pivoted to commercializing novel consumer products manufactured by TSG.

In 2022, the Company embarked on a strategy to grow its consumer product line offerings through the acquisition of multiple subsidiaries with established behavior changing products and brands. With an increased product line and its existing partner relationships, the Company has continued expanding its vertical and consumer base through 2024.

Executive Overview

In July 2017, our Board of Directors entered into a licensing agreement with TSG to pursue a new strategic marketing plan involving commercializing leading edge products with the intent to sell them through brick and mortar and online retailers. We are a company whose mission is to create behavior-changing products and brands. Our core competency is inventing brands, marketing, building trends, pushing awareness and social marketing. The licensing agreement with TSG provided STCB with certain products on an exclusive and royalty-free basis and other products on a non-exclusive and royalty basis, in the categories of food, household cleaning, air care, spirits and personal care.

The current CEO and owner of TSG, Ross Sklar, was named the CEO of STCB in August of 2017. Mr. Sklar has spent his career commercializing technology in industrial and consumer markets. Mr. Sklar has built teams of manufacturing personnel, research and development, and sales and marketing professionals over the last 20 years and has grown TSG into a successful and diversified manufacturer supplying a wide range of products to some of the largest retailers in the United States. As the Company continues to grow the number of products and brands under the STCB umbrella, it will continue to leverage its relationship with TSG to streamline its product manufacturing.

Product Development

We have conducted extensive research and have identified specific channels to penetrate with a portfolio of novel technologies. We are executing on this vision and, since our inception, have launched and /or served as the marketer of record for various product lines.

Winona®

STCB is the marketer of record, but not the owner of record of, the Winona® Butter Flavor Popcorn Spray. STCB provides marketing services for Winona pursuant to a licensing agreement. Winona Popcorn Spray is also sold in H-E-B grocery stores. STCB also launched the Winona Popcorn Spray on Amazon through our strategic partner Pattern (formally iServe), who is a stockholder in STCB. Sales grew significantly in 2022 and 2023, the Company expects sales to continue to grow in this space as management plans to increase the Company's sales personnel in 2024 for this product line.

Whipshots®

In December 2021, the Company launched a new product line consisting of vodka-infused, whipped-cream aerosols, under the brand name "Whipshots." The launch event was held at Art Basel in Miami and garnered over 1 billion impressions world-wide. The Company launched the product on whipshots.com with a limited quantity of cans to be sold each day for the month of December. Whipshots® sold out every single day of the month. The Company launched brick and mortar retail distribution in the first quarter of 2022, signed a distribution agreement with RNDC, one of the largest spirits distributors in the nation, as distribution agreements with others. Whipshots® is currently distributed in 41 of 50 states. The Company also signed distribution deals with GoPuff and BevMo. Initially the Company introduced three flavors of Whipshots® to the market – Vanilla, Mocha and Caramel. Since the initial launch, the Company has introduced new and Limited Time flavors such as Peppermint, Lime, Pumpkin Spice and Strawberry. We plan to continue to offer various additional Limited Time flavors in 2024. Whipshots® is produced by Temperance Distilling Company ("Temperance"), of which Sklar is the majority shareholder.

Whipshots® and Whipshotz® Trademarks

On September 8, 2021, Whipshots LLC, a Wyoming limited liability company ("Whipshots LLC") entered into an Intellectual Property Purchase Agreement, effective August 24, 2021, with Penguins Fly, LLC, a Pennsylvania limited liability company ("Penguins"). The agreement provided that Penguins would sell the trademarks "Whipshotz" and "Whipshots", the accompanying domain and social media handles of the same nomenclature, and certain intellectual property, documents, digital assets, customer data and other transferable rights under non-disclosure, non-compete, non-solicitation and confidentiality contracts benefiting the purchased intellectual property and documents (collectively, the "Acquired Assets") to Whipshots LLC. The purchase price for the Acquired Assets will be payable to Penguins, over the course of seven years, based on a sliding scale percentage of gross revenues actually received by us solely from our sale of Whipshots/Whipshotz Products. The payment are subject to a minimum amount in each contract year and a maximum aggregate amount.

Whipshots® Licensing/Marketing

On September 14, 2021, Whipshots Holdings, LLC (formerly Whipshots, LLC) a Delaware limited liability company ("Whipshots Holdings"), entered into a License Agreement (the "Washpoppin License Agreement") with Washpoppin Inc., a New York corporation ("Washpoppin"). Pursuant to the Washpoppin License Agreement, Washpoppin licensed certain Licensed Property (as defined therein) of the recording artist professionally known as "Cardi B" (the "Artist") to us. Whipshots Holdings and Washpoppin entered into an amended and restated Washpoppin License Agreement ("A&R Washpoppin License Agreement"), with an effective date of November 27, 2023.

As part of the A&R Washpoppin License Agreement, in exchange for royalty rates based on Net Sales (as defined therein) during each applicable contract period, the Company granted Whipshots Holdings shares to Washpoppin to cause the Artist to attend certain in person events, media interviews, participate in the development of the Licensed Products (as defined therein), and promote the Licensed Products through social media posts on the Artist's social media platforms. We have committed to a minimum royalty payment under the A&R Washpoppin License Agreement of an aggregate of \$3,300,000 through 2025, subject to Washpoppin's satisfaction of its obligations.

The Art of Sport® and AOS®

On September 12, 2022, STCB, through its wholly-owned subsidiary Starco Merger Sub Inc. ("Merger Sub"), completed its acquisition (the "AOS Acquisition") of The AOS Group Inc., a Delaware corporation ("AOS"). The AOS Acquisition consisted of Merger Sub merging with and into AOS, with AOS being the surviving corporation. AOS® is a wholly-owned subsidiary of STCB. AOS® is the maker of Art of Sport® premium body and skincare products engineered to power and protect athletes and brings over the counter respiratory, sun care, women and children, pain management, performance supplements, food, beverage and apparel product lines under STCB auspices.

Skylar®

On December 29, 2022, STCB, through its wholly-owned subsidiary Starco Merger Sub II, Inc. ("Merger Sub II"), completed its acquisition (the "Skylar Acquisition") of Skylar Body, Inc., a Delaware corporation ("Skylar Inc.") through the merger of Merger Sub II with and into Skylar Inc. Immediately following the Skylar Acquisition Skylar Inc. merged with and into Skylar Body, LLC ("Skylar") a wholly-owned subsidiary of STCB, with Skylar as the surviving entity. Skylar® is a wholly-owned subsidiary of STCB. Skylar® is the maker of fragrances that are hypoallergenic and safe for sensitive skin.

Soylent®

On February 15, 2023, STCB, through its wholly-owned subsidiary Starco Merger Sub I, Inc. ("Merger Sub I"), completed its acquisition (the "Soylent Acquisition") of Soylent Nutrition, Inc., a Delaware corporation ("Soylent"). The Soylent Acquisition consisted of Merger Sub I merging with and into Soylent, with Soylent being the surviving corporation. Soylent® is a wholly-owned subsidiary of STCB. Soylent® is the maker of a wide range of plant-based "complete nutrition" and "functional food" products with a lineup of plant-based convenience shakes, powders and bars that contain proteins, healthy fats, functional amino acids and essential nutrients.

Distribution Agreements

In November of 2021, we entered into separate Distribution Agreements (each a "Distribution Agreement" and, collectively, the "Distribution Agreements") with each of (i) National Distributing Company, Inc., a Georgia corporation, (ii) Republic National Distributing Company, LLC, a Delaware limited liability company, and (iii) Young's Market Company, LLC, a Delaware limited liability company (each a "Distributor" and, collectively, the "Distributors") each with an effective date as of November 1, 2021. Pursuant to the Distribution Agreements, the Distributors will act as the exclusive distributor for STCB in the Territories set forth on Exhibit B for the Products set forth on Exhibit A, to each such Distribution Agreement, as amended from time to time. The Distribution Agreements cover 41 U.S. States and the District of Columbia.

Pursuant to the terms of the Distribution Agreements, the Distributors serve as the exclusive distributors in such Territories for Whipshots®. The Distribution Agreements provide the Distributors rights to expand the Territories and Products covered under each such Distribution Agreement as we expand our product lines and distribution channels. The expansion of Territories and Products may be exercised under various rights, including rights of first refusal to serve as an exclusive distributor of new Products in new Territories. The Company has also agreed to grant the Distributors "most favored nations" pricing providing for the lowest price available across the United States and its territories and possessions (the "US Territory"), and to grant Distributors any volume or other discounts that are offered to any other distributor in the US Territory by us, provided such action is not a violation of applicable law.

Broker Agreements

In November of 2021, we entered into separate Broker Agreements (each a "Broker Agreement" and, collectively, the "Broker Agreements") with both Republic National Distributing Company, LLC, a Delaware limited liability company, and Young's Market Company, LLC, a Delaware limited liability company (each a "Broker" and, collectively, the "Brokers") each with an effective date as of November 1, 2021. Pursuant to the Broker Agreements, the Broker acts as the exclusive broker for us in the Territories set forth on Exhibit B for the Products set forth on Exhibit A, to each such Broker Agreement, as amended from time to time. Each Broker will receive a commission rate of 10%. The foregoing Broker Agreements now cover 9 U.S. States.

Competition

The household, personal care and beverage consumer products market in the U.S. is mature and highly competitive. Our competitive set has grown with our recent acquisitions and consists of consumer products companies, including large and well-established multinational companies as well as smaller regional and local companies. These competitors include Johnson & Johnson, The Procter & Gamble Company, Unilever, Diageo, CytoSport, Inc., Abbott Nutrition, Nestlé, Owyn, Clean Reserve, The 7 Virtues and others. Within each product category, most of our products compete with other widely advertised brands and store brand products.

Competition in our product categories is based on a number of factors including price, quality and brand recognition. We benefit from the strength of our brands, a differentiated portfolio of quality branded and store brand products, as well as significant capital investment in our manufacturing facilities. We believe the strong recognition of the Whipshots® and Soylent® brands among U.S. consumers, along with the growing brand recognition of Skylar®, gives us a competitive advantage.

Growth Strategy

As long as the Company can raise capital, the Company plans to launch other products in spray foods and condiments, over the counter respiratory, air care, sun care, hair care, personal care, pain management, performance supplements, plant-based convenience shakes, powders and bars, apparel, fragrances, spirits and beverages over the next 36 months. Financing growth and launching of new products through our key subsidiaries is key to the Company's ability to raise further capital.

We will need to rely on sales of our Class A common stock and other sources of financing to raise additional capital. The purchasers and manner of any share issuance will be determined according to our financial needs and the available exemptions to the registration requirements of the Securities Act. This provides significant support for our current retail and online distribution. We also plan to raise capital in the future through a compliant offering.

We continue to strive towards becoming a leading brand owner and third-party marketer of cutting edge technologies in the consumer products marketplace whose success is expected to increase stockholder value. The Company will continue to evaluate this and other opportunities to further set its strategy for 2024 and beyond.

For more information and to view our products, you may visit our websites at www.starcobrands.com, www.breathecleaning.com, www.breathesanitizer.com, www.whipshots.com, www.bingeworthyflavor.com, www.artofsport.com, www.skylar.com and www.soylent.com. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Quarterly Report.

Offices

Our principal executive offices are located at 706 N Citrus Ave, Los Angeles, California, 90038, and our telephone number is (323) 266-7111. Our website is www.starcobrands.com and the Company makes its SEC reports available on the website. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Quarterly Report.

Results of Operations

Comparison of the three months ended March 31, 2024 to the three months ended March 31, 2023

	March 31, 2024		March 31, 2023		Change
Revenues	\$	15,490,681	\$	11,143,801	\$ 4,346,880
Cost of goods sold		8,476,537		5,440,251	3,036,286
Gross profit		7,014,144		5,703,550	1,310,594
Operating expenses:					
Compensation expense		2,574,728		1,425,617	1,149,111
Professional fees		1,196,118		1,399,302	(203,184)
Marketing, general and administrative		5,315,953		3,332,165	1,983,788
Fair value share adjustment loss		1,921,949		1,179,154	742,795
Total operating expense		11,008,748		7,336,238	3,672,510
Loss from operations		(3,994,604)		(1,632,688)	(2,361,916)
Other expense (income):					
Interest expense		199,173		97,313	101,860
Other (income)		76,779		(66,871)	143,650
Total other expense, net		275,952		1,209,596	245,510
Loss before provisions for income taxes		(4,270,556)		(1,663,130)	(2,607,426)
Provision for income taxes		-		-	-
Net loss		(4,270,556)		(1,663,130)	(2,607,426)
Net income attributable to non-controlling interest		192,122		58,416	133,706
Net loss attributable to Starco Brands	\$	(4,462,678)	\$	(1,721,546)	\$ (2,741,132)
	27				

Revenues

For the three months ended March 31, 2024, the Company recorded revenues of \$15,490,681 compared to \$11,143,801 for the three months ended March 31, 2023, an increase of \$4,346,880 or 39%. The increase in the current period was largely due to sales from Soylent for the full quarter compared to prior year's partial quarter from the date of acquisitions. Royalty revenue represented 15%, or \$2.3 million. The increase in royalty revenue in the current period was largely due to growth in royalties from sales of Whipshots® as its market distribution and penetration continue to grow.

Operating Expenses

For the three months ended March 31, 2024, compensation expense increased \$1,149,111, or 81% to \$2,574,728 compared to \$1,425,617 for the three months ended March 31, 2023. The increase is a result of increases in warrant-based expense on independent contractors and the addition of compensation costs from the acquisitions of AOS, Skylar and Soylent.

For the three months ended March 31, 2024, the Company incurred \$1,196,118 in professional fees compared to \$1,399,302 in the prior period, a decrease of \$203,184, or 15%. Professional fees are mainly for contractors, accounting, auditing and legal services associated with business operations, merger activity, and our quarterly filings as a public company, and advisory and valuation services. The increase in the current period ended March 31, 2024 2023 is primarily due to an increase in contractor fees, banking, legal, and audit fees related to the acquired businesses Soylent, Skylar, and AOS.

For the three months ended March 31, 2024 the Company incurred \$5,315,953 in marketing, general and administrative expense as compared to \$3,332,165 for the three months ended March 31, 2023, an increase of \$1,983,788, or 60%. The increase can be attributed to addition of the acquired businesses and an increase in spending on marketing and increased amortization expense.

For the three months ended March 31, 2024, the Company incurred a fair value share adjustment loss of \$1,921,949. This was due to an increase in the fair value of the Soylent sellers' rights to potentially receive additional Starco shares, increasing from \$0.136 per share as of December 31, 2023 to \$0.204 per share as of March 31, 2024.

Other Income and Expense

For the three months ended March 31, 2024, we had total other expense of \$275,952 compared to total other expense of \$30,442 for the three months ended March 31, 2023. For the three months ended March 31, 2024, the Company had interest expense of \$199,173 compared to interest expense of \$97,313 for the three months ended March 31, 2023. For the three months ended March 31, 2024, the Company had other expense of \$76,779 compared to \$66,871 of other income for the three months ended March 31, 2023.

Net Income (Loss)

For the three months ended March 31, 2024, the Company recorded net loss of \$4,462,678 as compared to a net loss of \$1,721,546 for the three months ended March 31, 2023. The increase in net loss to net income is primarily due to a loss on the change in fair value of the stock payable for shares due to Soylent Stockholders, in addition to increases in expenses from the acquired businesses AOS, Skylar and Soylent.

Liquidity and Capital Resources

As reflected in the accompanying condensed consolidated financial statements, the Company has an accumulated deficit of \$68.2 million at March 31, 2024. Our net cash used in financing activities was \$763,219 for the three months ended March 31 2024, due primarily to payments on the line of credit and notes payable of approximately \$876,000, offset by proceeds from notes payable of approximately \$113,000. This compared to net cash used in financing activities of \$395,126, for the three months ended March 31, 2023, due primarily to \$1.2 million of repayments of notes payable and \$800,000 of loan advances from Sklar.

Our net cash provided by operating activities was \$822,453 for the three months ended March 31, 2024. Operating expenses for the three months ended March 31, 2024 totaling \$11,202,903 include items such as marketing and administrative costs, consultant compensation, insurance, legal and other professional fees, compliance, website maintenance and loss on share fair value adjustment.

On January 24, 2020, STCB executed a promissory note for \$100,000 with Sklar. The note bore interest at 4% per annum, compounded monthly, was unsecured, and matured two years from the original date of issuance. This loan was subsequently amended to mature on July 19, 2023. On June 28, 2021, STCB executed an additional promissory note with Sklar in the principal amount of \$100,000 with the same terms as the January 24, 2020 note and a maturity date of June 28, 2023. On September 17, 2021, STCB executed a third promissory note with Sklar in the principal amount of \$500,000 with the same terms as the prior notes and a maturity date of September 17, 2023. On December 13, 2021, STCB executed a fourth promissory note with Sklar in the principal amount of \$500,000 with the same terms as the prior notes and a maturity date of December 12, 2023. On February 14, 2022, STCB executed a fifth promissory note with Sklar in the principal amount of \$472,500 with the same terms as the prior notes and a maturity date of February 14, 2024. This note is also convertible into the Class A common stock at Sklar's option with a conversion price of \$0.29 per share. On May 10, 2024, the maturity date of this note was extended to December 31, 2024. On December 29, 2022, STCB executed a sixth promissory note with Sklar in the principal amount of \$2,000,000. This note bore interest at Prime + 4% per annum, compounds monthly, is secured, matures on August 1, 2023, and included warrants to purchase 285,714 shares of our common stock at a price of \$0.01 per share. On March 3, 2023, STCB executed a seventh promissory note with Sklar in the principal amount of \$800,000. This note bore interest at Prime + 4% per annum, compounds monthly, is secured, matures on July 1, 2023, and included warrants to purchase 114,286 shares of our common stock at a price of \$0.01 per share.

On August 11, 2023, we issued to Sklar a consolidated secured promissory note (the "Consolidated Secured Promissory Note") in the principal sum of \$4,000,000, with a maturity date of December 31, 2024. The Consolidated Secured Promissory Note carries a floating interest rate comprised of the Wall Street Journal Prime Rate (reassessed on the first date of each month (plus 2%), and is secured by an amended and restated consolidated security agreement (the "Amended and Restated Consolidated Security Agreement"), by and between the Company and Sklar, dated August 11, 2023, The Consolidated Secured Promissory Note consolidated the outstanding loan obligations of the Company to Sklar evidenced pursuant to (i) the January 24, 2020 Amended Note, (ii) the June 28, 2021 Note, (iii) the September 17, 2021 Note, (iv) the December 13, 2021 Note, (v) the December 29, 2022 Note, and (vi) the March 3, 2023 Note. The Amended and Restated Consolidated Security Agreement merged and integrated the December 29, 2022 Security Agreement and the March 3, 2023 Security Agreement, and provides a security interest in the Collateral (as defined in the Amended and Restated Consolidated Security Agreement) to secure the repayment of all principal, interest, costs, expenses and other amounts then or thereafter due under the Consolidated Secured Promissory Note until by the maturity date. Sklar was authorized to file financing statements to perfect the security interest in the Collateral without authentication by the Company. The following table represents Prior Notes that were part of the restructuring and related prior and updated terms (under the Consolidated Secured Promissory Note):

	Outstanding Balance	Original maturity	Original rate	Revised maturity	Revised rate
January 24, 2020 Amended Note	100,000	7/19/2023	4%	12/31/2024	Prime + 2%
June 28, 2021 Note	100,000	6/28/2023	4%	12/31/2024	Prime + 2%
September 17, 2021 Note	500,000	9/17/2023	4%	12/31/2024	Prime + 2%
December 13, 2022 Note	500,000	12/13/2023	4%	12/31/2024	Prime + 2%
December 29, 2022 Note	2,000,000	8/1/2023	Prime + 4%	12/31/2024	Prime + 2%
March 3, 2023 Note	800,000	7/1/2023	Prime + 4%	12/31/2024	Prime + 2%
	4,000,000				

The Company did not include the February 14, 2022 Note with the principal amount of \$472,500 in the note consolidation. The restructuring is accounted for as a debt modification.

On May 10, 2024, the Company and Sklar entered into an amendment to the February 14, 2022 Note to extend the maturity date of the February 14, 2022 Note to December 31, 2024.

Going Concern

The unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company identified that a substantial doubt exists related to the Company's ability to meet its obligations as they become due within one year of the date of the financial statements being issued. Principal conditions that gave rise to this substantial doubt include historical net losses as indicated by the Company's accumulated deficit of approximately \$68,000,000 at March 31, 2024, which includes the impact of its net loss of \$4,270,556 for the three months ended March 31, 2024, and total debt on the balance sheet of \$7,631,247 as of March 31, 2024, with all debt coming due within one year of the date of the financial statements being issued. Management evaluated the principal conditions that initially give rise to the substantial doubt and note that the historical net losses and accumulated deficit impact are justified as they are primarily made up of non-cash expenses or one-time non-recurring expenses, such as goodwill impairment, stock-based compensation expense, fair value share adjustment loss and acquisition transaction expenses. Total debt of \$7,631,247 on the balance sheet as of March 31, 2024 includes \$4,472,500 of notes payable to Ross Sklar ("Sklar"), who has a large minority ownership of the Company that provides incentive for Mr. Sklar to extend or refinance the notes before the notes become due, as seen historically (see Note 8). Management plans include (i) continuing to increase net cash provided by operating activities, which was \$822,453 for the three months ended March 31, 2024, while decreasing net cash provided by financing activities, and (ii) obtaining an alternative financing source to pay off all current debt outstanding and to provide additional working capital, if needed. To achieve these objectives, management has proposed and approved plans to increase top line revenue for each segment while decreasing overall expenses as a percentage of revenue, as a result of realizing synergies from the acquisitions of AOS, Skylar and Soylent, and utilizing the Company's back-end shared service model to reduce expenses. The Company is in ongoing negotiations to obtain additional financing to repay historical debt and provide additional working capital. These conditions and the ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements of the Company do not include any adjustments that may result from the outcome of the aforementioned uncertainties.

Working Capital Surplus Deficit

	March 31, 2024		December 31, 2023
Current assets	\$ 23,257,073	\$	25,235,590
Current liabilities	40,662,554		57,672,403
Working capital deficit	\$ (17,405,481)	\$	(32,436,813)

The decrease in current assets is primarily due to the decrease in accounts receivable of \$1,978,504 and a decrease in prepaid expenses and other assets of \$590,876. The decrease in current liabilities is primarily a result of the decrease in the fair value of share adjustment of \$16,178,002.

Cash Flows

	Three Mor Marc	nths Ended ch 31,	i
	 2024		2023
Net cash provided by (used in) operating activities	\$ 822,453	\$	(121,811)
Net cash (used in) provided by investing activities	(53,499)		133,803
Net cash used in financing activities	(763,219)		(395,126)
Increase (decrease) in cash	\$ 5 735	\$	(383 134)

Operating Activities

Net cash provided by operating activities was \$822,453 for the three months ended March 31, 2024 and was primarily due to the loss on stock payable share adjustment of \$1,921,949, a decrease in accounts receivable of \$1,769,887, an increase in accounts payable of \$827,692, and a decrease in prepaid expenses and other assets of \$590,876, which was partially offset by an increase in inventory of \$585,128 and a decrease in other payables and accrued liabilities of \$824,939.

Net cash used in operating activities was \$121,811 for the three months ended March 31, 2023 was primarily due to an increase of inventory of \$2,005,702, which was partially offset by a decrease of accounts payable of \$1,891,071.

Investing Activities

Net cash used in investing activities was \$53,499 for the three months ended March 31, 2024 and was due to the purchase of property and equipment and intangibles.

Net cash provided by investing activities was \$133,803 for the three months ended March 31, 2023 and was primarily due to cash paid in acquisition of business, net of \$172,423 and was partially offset by the purchase of intangibles in the amount of \$38,620.

Financing Activities

For the three months ended March 31, 2024 net cash used in financing activities was \$763,219, which primarily includes payments of \$876,357 on the line of credit and notes payable, which was partially offset by proceeds of \$113,138 from notes payable.

For the year three months ended March 31, 2023 net cash used by financing activities was \$395,126, which primarily includes \$1,162,276 of repayments on notes payable and \$800,000 from advances from related parties.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

Effects of Inflation

Inflationary factors such as increases in the costs to acquire goods and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of revenues if the selling prices of our services do not increase with these increased costs.

Critical Accounting Policies and Estimates

Our Condensed Consolidated Financial Statements have been prepared in conformity with US GAAP. The preparation of our Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs, expense and related disclosures. These estimates and assumptions are often based on historical experience and judgements that we believe to be reasonable under the circumstances at the time made. However, all such estimates and assumptions are inherently uncertain and unpredictable, and actual results may differ. It is possible that other professionals, applying their own judgement to the same facts and circumstances, could develop and support alternative estimates and assumptions that could result in material changes to our operating results and financial condition. We evaluate our estimates and assumptions on an ongoing basis.

We consider our critical accounting estimates to include the assumptions and estimates associated with timing for revenue recognition, testing goodwill for impairment, recoverability of long-lived assets, income taxes, fair value of contributed services, and assumptions used in the Black-Scholes valuation methods, such as expected volatility, risk-free interest rate and expected dividend rate. Our significant accounting policies are more fully described in the notes to our Condensed Consolidated Financial Statements. We believe that the following accounting policies and estimates are critical to our business operations and understanding our financial results.

Acquisition Accounting

We account for acquisitions in accordance with the acquisition method of accounting pursuant to ASC 805, *Business Combinations*. Accordingly, for each acquisition, we record the fair value of the assets acquired and liabilities assumed as of the acquisition date and recognize the excess of the consideration paid over the fair value of the net assets acquired as goodwill. For each acquisition, the fair value of assets acquired and liabilities assumed is determined based on assumptions that reasonable market participants would use to value the assets in the principal (or most advantageous) market.

In determining the fair value of the assets acquired and the liabilities assumed in connection with acquisitions, management engages third-party valuation experts. Management is responsible for these internal and third-party valuations and appraisals.

Revenue Recognition

STCB, excluding its subsidiaries, earns a majority of its revenues through the sale of food products, primarily through Winona. Revenue from retail sales is recognized at shipment to the retailer.

AOS, one of STCB's wholly owned subsidiaries, earns its revenues through the sale of premium body and skincare products. Revenue from retail sales is recognized at shipment to the retailer. Revenue from eCommerce sales, including Amazon Fulfillment by Amazon ("Amazon FBA"), is recognized upon shipment of merchandise or FOB destination.

Skylar, one of STCB's wholly owned subsidiaries, earns its revenues through the sale of fragrances. Revenue from retail sales is recognized at shipment to the retailer. Revenue from eCommerce sales, including Amazon FBA, is recognized either upon shipment of merchandise or FOB destination.

Soylent, one of STCB's wholly owned subsidiaries, earns its revenues through the sale of nutritional drinks. Revenue from retail sales is recognized at shipment to the retailer. Revenue from eCommerce sales, is recognized upon shipment of merchandise.

Whipshots Holdings, an 85% owned subsidiary, earns its revenues as royalties from the licensing agreements it has with Temperance, a related entity. STCB licenses the right for Temperance to manufacture and sell vodka infused whipped cream. The amount of the licensing revenue received varies depending upon the product and the royalty percentage is based on contractual terms. The Company recognizes its revenue under these licensing agreements only when sales are made by Temperance to a third party.

The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the licensee transferring goods or services to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company's licensee must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's licensee's performance obligations are transferred to customers at a point in time, typically upon delivery.

Goodwill Impairment

Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement.

We review goodwill for impairment at least annually or more frequently if indicators of impairment exist. Our goodwill impairment test may require the use of qualitative judgements and fair-value techniques, which are inherently subjective. Impairment loss, if any, is recorded when the fair value of goodwill is less than its carrying value for each reporting unit.

No impairment losses related to goodwill were recognized for the three months ended March 31, 2024 and 2023.

Recoverability of Long-Lived Assets

We review intangible assets, property, equipment and software with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future undiscounted cash flows that the asset or asset group is expected to generate. If assets are determined to be impaired, the impairment loss to be recognized equals the amount by which the carrying value of the asset or group of assets exceeds its fair value. Significant estimates include but are not limited to future expected cash flows, replacement cost and discount rates. There were no impairment losses related to long-lived assets for the three months ended March 31, 2024 and 2023.

Income Taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the condensed consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25") with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the condensed consolidated financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the condensed consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Contributed Services

The Company uses contributed services from related parties on an as needed basis for a portion of Company operations. Depending on the amount of time related parties spend working on STCB, the Company allocates a percentage of the related parties' salaries to be accounted for as contributed services expense. There was no contributed services expense for the three months ended March 31, 2024.

Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the condensed consolidated financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its condensed consolidated financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable as we are a "smaller reporting company."

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Interim Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) and through the COSO 2013 framework as of the end of the period covered by this report. The disclosure controls and procedures ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rule and forms; and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, the Chief Executive Officer and Interim Chief Financial Officer concluded that, as of March 31, 2024, these disclosure controls and procedures were not effective.

A material weakness, as defined in the standards established by the Sarbanes-Oxley, is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim condensed consolidated financial statements will not be prevented or detected on a timely basis.

The ineffectiveness of the Company's internal control over financial reporting was due to the following material weaknesses:

- Lack of an audit committee
- Lack of corporate documentation

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2024 that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to that certain Agreement and Plan of Merger, (the "Soylent Merger Agreement") by and among, Starco Brands, Inc. ("Starco"), Starco Merger Sub I, Inc., Soylent Nutrition, Inc. ("Soylent") and Hamilton Start, LLC ("Hamilton") in its capacity as the appointed stockholder representative of the former shareholders of Soylent. On November 7, 2023, Hamilton filed a Complaint against Starco in the Delaware Court of Chancery, C.A. No. 2023-1129-PAF (the "Delaware Complaint"). Pursuant to the Soylent Merger Agreement, certain shares of consideration were held back until a working capital true up calculation (the "Working Capital True-up") and relevant adjustments were made, prior to release and issuance of the holdback and certain conditions were imposed with respect to employees in the months immediately following the Soylent Merger Agreement. Hamilton (whose managing member is Demir Vangelov, a director of Starco) and Starco were obligated to resolve the Working Capital True-up and any Soylent Merger Agreement disputes in good faith, or submit the disputes as stipulated in the Soylent Merger Agreement. No resolution was made between the parties and the Delaware Complaint was filed by Hamilton. Starco disputed the allegations in the Delaware Complaint and the mechanisms for resolution pursued by Hamilton.

On February 8, 2024, Hamilton filed an amended version of the Delaware Complaint and alleged additional claims regarding a Share Adjustment (as defined in the Soylent Merger Agreement) in respect to shares of Starco Class A common stock held by the former shareholders of Soylent (the "Former Shareholders"). On February 29, 2024, the Former Shareholders voted to remove Hamilton as the stockholder representative and appointed a new stockholder representative, YL Management LLC (the "Successor Stockholder Representative"). YL Management LLC became the Successor Stockholder Representative effective March 11, 2024. On March 8, 2024, Hamilton's legal counsel in Delaware filed a Motion to Withdraw as counsel. On March 19, 2024, the Delaware Court of Chancery granted the Motion to Withdraw, and has indicated that it would dismiss the action underlying the Delaware Complaint unless successor counsel and a plaintiff with standing appear by or before April 9, 2024. On April 1, 2024, YL Management LLC filed an entry of appearance with the Delaware Court of Chancery as the new stockholder representative along with new legal counsel and took over the Delaware Complaint. On March 15, 2024, Starco, the Successor Stockholder Representative, and certain of the Former Shareholders accounting for approximately 88.9% of the total shares of Starco Class A common stock held by all Former Shareholders (the "Consenting Stockholders"), entered into a Stockholder Agreement which modifies certain terms of the Soylent Merger Agreement with respect to the Consenting Stockholders, including the Share Adjustment.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item. For a list of risk factors, please refer to our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on April 3, 2024.

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

Issuer Purchase of Securities.

On June 13, 2021, the Company entered into Separation Agreements (the "Separation Agreements") with Sanford Lang ("Mr. Lang") and Martin Goldrod ("Mr. Goldrod") whereas, effective as of June 16, 2021, Mr. Lang and Mr. Goldrod each resigned from their positions as members of the Board of Directors in exchange for certain separation benefits (the "Separation Benefits"). As consideration for the Separation Benefits, and not in addition to the same, the Company agreed to purchase an amount of the shares of the Company per month from Mr. Lang and Mr. Goldrod at a price per share that when aggregated with all shares purchased in each month would equal monthly Separation Benefit payments of \$7,950 to Mr. Lang and monthly Separation Benefit payments of \$3,000 to Mr. Goldrod (the "Repurchases"). As of the date of this report, the Separation Agreements have terminated and the Repurchases have ceased.

Issuer Sale of Securities.

On January 1, 2024, the Company entered into agreements with employees and consultants for services to be performed. As consideration therefore, the Company granted Options to purchase 4,660,000 shares of common stock. The Options expire ten years from the grant date and vest over various time periods ranging from two to four years, with the majority vesting over a four year term.

Effective February 14, 2024, the Soylent Share Adjustment Date, the Company settled \$18,099,951 of the \$36,931,130 fair value liability outstanding on December 31, 2023 by issuing 133,087,875 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent merger agreement and Stockholders Agreement. The total share adjustment value as of March 31, 2024 is \$20,753,328. The settlement amount of \$18,099,951 includes an adjustment for additional shareholders that agreed to amend their Stockholders Agreement subsequent to December 31, 2023. As a result, approximately 1.9 million shares were returned to the company and the liability amount as of December 31, 2023 was amended.

Effective February 14, 2024, the Company settled the Soylent Opening Balance Holdback and \$2,446,380 equity consideration payable by issuing 16,309,203 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent merger agreement.

On March 12, 2024, the 18-month holdback period from the date of the AOS Acquisition was completed, the Company had no outstanding claims and issued the former shareholders of AOS an aggregate 4,979,731 shares of Class A common stock and \$6,137 in cash that was being held back on the December 31, 2023 balance sheet.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Exhibit Description
2.1 (*)†	Agreement and Plan of Merger, by and among (i) Starco Brands, Inc., a Nevada corporation, (ii) Starco Merger Sub Inc., a Delaware corporation, (iii) The AOS Group Inc., a Delaware corporation, and (iv) Matthias Metternich, solely in his capacity as the Company Stockholder Representative of The AOS Group stockholders, dated September 12, 2022, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on September 15, 2022.
2.2 (*)†	Agreement and Plan of Merger, by and among (i) Starco Brands, Inc., a Nevada corporation, (ii) Starco Merger Sub II, Inc., a Delaware corporation, (iii) Skylar Body, LLC, a Delaware limited liability company, (iv) Skylar Body, Inc., a Delaware corporation, and (v) Shareholder Representative Services LLC, solely in its capacity as the representative of the Company Holders, dated December 29, 2022, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on January 4, 2023.
2.3 (*)†	Agreement and Plan of Merger, by and among Starco Brands, Inc., Starco Merger Sub I Inc., Soylent Nutrition, Inc., and Hamilton Start, LLC, solely in its capacity as stockholders' representative and solely for purposes of Article IX, Article X, Section 2.08 and Section 6.11 therein, dated February 14, 2023, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023.
3.1 (*)	Amended and Restated Articles of Incorporation of Starco Brands, Inc., filed as Exhibit 3.1 to the Company's Current Report on Form 10-K filed with the Commission on April 18, 2023.
3.2 (*)	Amended and Restated Bylaws of Starco Brands, Inc., filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on July 1, 2022.
4.1 (*)†	Registration Rights Agreement, by and between Starco Brands, Inc., a Nevada corporation, and the Investors listed on Schedule A thereto, dated September 12, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on September 15, 2022.
4.2 (*)†	Voting Agreement, by and among Starco Brands, Inc., a Nevada corporation, and the stockholders listed on Schedule A thereto, dated September 12, 2022, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on September 15, 2022.
4.3 (*)†	Registration Rights Agreement, by and between Starco Brands, Inc., a Nevada corporation, and the Investors listed on Schedule A thereto, dated December 29, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 4, 2023.
4.4 (*)	Voting Agreement, by and among Starco Brands, Inc., a Nevada corporation, and the stockholders listed on Schedule A thereto, dated December 29, 2022, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on January 4, 2023.
4.5 (*)	Registration Rights Agreement, by and between Starco Brands, Inc., and Hamilton Start, LLC in its capacity as Stockholder Representative on behalf of the Investors (as defined therein) dated February 15, 2023, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023.
4.6 (#)	Amendment to Registration Rights Agreement, dated May 14, 2024, by and among Starco Brands, Inc. and YL Management LLC in its capacity as Stockholder Representative on behalf of the Investors (as defined in the Registration Rights Agreement, by and between Starco Brands, Inc. and Hamilton Start, LLC, dated February 15, 2023).
4.7 (*)	Voting Agreement, by and among Starco Brands, Inc., Ross Sklar, and the stockholders of the Company listed on Schedule A thereto, dated February 15, 2023, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023.
4.8 (#)	Amendment to Voting Agreement, dated May 14, 2024, by and among Starco Brands, Inc., Ross Sklar, and the stockholders of the Company listed on Schedule A to the Voting Agreement, by and between Starco Brands, Inc., Ross Sklar, and the stockholders of the Company listed on Schedule A thereto, dated February 15, 2023.

10.1 (*) Form of Indemnification Agreement by and between Starco Brands, Inc. and each of its current directors, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023. Brand License Agreement, by and between Starco Brands, Inc. and The Starco Group, effective as of July 12, 2017, filed as Exhibit 6.2 to the Company's 10.2 (*)(+)Regulation A+ offering statement filed with the Commission on August 31, 2021. License Agreement by and between Sklar Holdings, Inc., and Starco Brands, Inc. executed April 1, 2018, filed as Exhibit 99.2 to the Company's Current Report 10.3 (*)(+) on Form 8-K filed with the Commission on February 19, 2021. 10.4(*)(+)License Agreement by and between Winona Pure, Inc. and Starco Brands, Inc. executed April 1, 2018, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on February 19, 2021 Amended and Restated License Agreement, by and between Whipshots Holdings LLC, Washpoppin Inc., and "Cardi B," effective as of November 27, 2023, 10.5 (*)(+) filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 8, 20A Intellectual Property Purchase Agreement, by and between Whipshots LLC and PENGUINS FLY, LLC, dated as of August 24, 2021, filed as Exhibit 10.1 to the 10.6 (*)(+)Company's Current Report on Form 8-K filed with the Commission on September 14, 2021. Form of Distribution Agreement, by and between Starco Brands, Inc. and "Distributor", filed as Exhibit 10.1 to the Company's Current Report on Form 8-K 10.7 (*) filed with the Commission on November 10, 2021. 10.8 (*) Form of Broker Agreement, by and between Starco Brands, Inc. and "Broker", filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on November 10, 2021. Convertible Promissory Note issued in favor of Ross Sklar, dated February 14, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed 10.9 (*) with the Commission on February 22, 2022. 10.10 (#) Amendment to Convertible Promissory Note, by and between Starco Brands, Inc. and Ross Sklar, dated May 10, 2024. Consolidated Secured Promissory Note of Starco Brands, Inc., issued in favor of Ross Sklar, dated August 11, 2023, filed as Exhibit 10.1 to the Company's 10.11 (*) Current Report on Form 8-K filed with the Commission on August 11, 2023. 10.12 (*) Amended and Restated Consolidated Security Agreement, by and between Starco Brands, Inc. and Ross Sklar, dated August 11, 2023, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on August 11, 2023. 10.13 (*) Warrant to Purchase Common Stock, issued to Ross Sklar, dated December 29, 2022, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on January 5, 2023. 10.14(*) Warrant to Purchase Class A Common Stock, issued to Ross Sklar, dated March 3, 2023, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on March 9, 2023. 10.15 (*) (+) License Agreement by and between Starco Brands, Inc. and Temperance Distilling Company, executed January 24, 2022, filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K filed with the Commission on April 18, 2023. 10.16(*) Starco Brands, Inc. - 2023 Equity Incentive Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on November 29, 2023. 14.1 (*) Code of Business Conduct and Ethics of Starco Brands, Inc., filed as Exhibit 14.1 to the Company's Current Report on Form 8-K filed with the Commission on

August 28, 2023.

21.1 (#)	Subsidiaries of the Company.		
31.1 (#)	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).		
31.2 (#)	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).		
32.1 (#)(##)	Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.		
32.2 (#)(##)	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.		
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 Presentation Linkbase Document.		

(#) Filed herewith.

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(*) Incorporated by reference to the filing indicated.

In accordance with Item 601(a)(5) of Regulation S-K, certain schedules (or similar attachments) to this exhibit may have been omitted from this filing. The Registrant will provide a copy of any omitted schedule to the SEC or its staff upon request.

(+)
In accordance with Item 601(b)(10)(iv) of Regulation S-K, certain provisions or terms of the Agreement may have been redacted. The Registrant will provide an unredacted copy of the exhibit on a supplemental basis to the SEC or its staff upon request.

Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

- Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.
- The certifications attached as Exhibits 32.1 and 32.2 that accompany this report, are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Starco Brands, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this report irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

STARCO BRANDS, INC

(Registrant)

By: /s/ Kevin Zaccardi

Kevin Zaccardi Interim-Chief Financial Officer and duly authorized officer (Principal Financial and Accounting Officer) May 15, 2024

AMENDMENT TO REGISTRATION RIGHTS AGREEMENT

This Amendment (this "Amendment") to the Registration Rights Agreement, dated as of February 15, 2023 (the "Registration Rights Agreement"), by and between Starco Brands, Inc., a Nevada corporation (the "Acquiror"), and Hamilton Start, LLC, in its capacity as the Stockholder Representative ("Hamilton"), on behalf of the Investors and any Transferee thereof that becomes party to the Registration Rights Agreement, is made and entered into as of May 14, 2024. This Amendment shall form a part of the Registration Rights Agreement for all purposes, and each party thereto shall be bound hereby. Except as otherwise indicated, capitalized terms used but not defined herein shall have the meanings set forth in the Registration Rights Agreement.

RECITALS

WHEREAS, on February 29, 2024, the Requisite Company Major Stockholders (as defined in the Merger Agreement) (i) removed the Stockholder Representative as the representative of the former stockholders of Soylent in connection with the Merger Agreement and (ii) appointed YL Management LLC as the "Successor Stockholder Representative", and such appointment became effective on March 11, 2024, in accordance with Section 10.01(c) of the Merger Agreement;

WHEREAS, pursuant to such removal and appointment, the Successor Stockholder Representative shall assume, in all respects, the roles, duties, powers and obligations of Hamilton as of March 11, 2024, including, without limitation, entering into amendments to the Registration Rights Agreement;

WHEREAS, each Investor is party to that certain Voting Agreement, dated as of February 15, 2023 (the "Voting Agreement"), by and among Acquiror, Ross Sklar ("Sklar") and the stockholders of the Company listed on Schedule A thereto, and on or about the date hereof, stockholders holding a majority of the shares then held by all stockholders under the Voting Agreement entered into an amendment of the Voting Agreement (the "Voting Agreement Amendment");

WHEREAS, pursuant to Section 4.03 of the Registration Rights Agreement, the Registration Rights Agreement may be amended by Acquiror and the Successor Stockholder Representative; and

WHEREAS, in connection with the Voting Agreement Amendment the Acquiror and Successor Stockholder Representative have determined that it is in the best interests of the Acquiror and the Investors to amend the Registration Rights Agreement, and desire to amend the Registration Rights Agreement on the terms and conditions as provided berein

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency is hereby acknowledged, and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

- 1. <u>Incorporation of Recitals</u>. The foregoing recitals are true and correct and are incorporated herein by reference.
- 2. Amendment of Section 1.01 of the Registration Rights Agreement. Section 1.01 of the Registration Rights Agreement is amended as follows:
 - (a) The definition of "Filing Date" shall be deleted in its entirety and replaced with the following:

""Filing Date" means May 15, 2025."

- (b) The definition of "Share Adjustment" shall be deleted and all prior references to Share Adjustment shall refer to "Second Share Adjustment".
- (c) The definition of "Second Share Adjustment" shall be inserted immediately following the definition of "Selling Expenses", and shall read as follows:
- ""Second Share Adjustment" has the meaning set forth in that certain Stockholder Agreement, by and among Acquiror, Successor Stockholder Representative, and certain holders of Acquiror Common Stock which are signatories to such agreement, dated on or around the date of the Amendment."
- 3. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules of such state.
- 4. <u>Counterparts</u>. This Amendment may be executed in two or more counterparts for the convenience of the parties hereto, each of which shall be deemed an original and all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page, including any electronic signature complying with the U.S. federal ESIGN Act of 2000, the Uniform Electronic Transactions Act or other applicable law to this Amendment by facsimile or by e-mail in "portable document format" shall be effective as delivery of a mutually executed counterpart to this Amendment.
- 5. Remainder of the Registration Rights Agreement Unaffected. Except as expressly amended, modified or revised by this Amendment, all terms and provisions of the Registration Rights Agreement shall be unchanged and remain in full force and effect. On and after the date hereof, each reference to the Registration Rights Agreement shall mean and be a reference to the Registration Rights Agreement as amended hereby, and this Amendment and the Registration Rights Agreement shall be read together and construed as a single instrument. In the event of any conflict between the terms and conditions of the Registration Rights Agreement and the terms and conditions of this Amendment, this Amendment shall be controlling with respect to the language set forth in Sections 1 and 2 of this Amendment.

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COMPANY:

STARCO BRANDS, INC.

By: /s/ Ross Sklar

Name: Ross Sklar

Title: Chief Executive Officer

SUCCESSOR STOCKHOLDER REPRESENTATIVE:

YL MANAGEMENT LLC

By: /s/ Bharat Vasan
Name: Bharat Vasan
Title: Manager

[Signature Page to Amendment to Registration Rights Agreement]

AMENDMENT TO VOTING AGREEMENT

This Amendment (this "Amendment") to the Voting Agreement, dated as of February 15, 2023 (the "Voting Agreement"), by and among Starco Brands, Inc., a Nevada corporation (the "Company"), Ross Sklar ("Sklar") and the stockholders of the Company listed on Schedule A thereto (the "Stockholders" and each a "Stockholder"), is made and entered into as of May 14, 2024. The Company, Sklar and Stockholders, the "Parties" and each a "Party"). This Amendment shall form a part of the Voting Agreement for all purposes, and each Party shall be bound hereby. Except as otherwise indicated, capitalized terms used but not defined herein shall have the meanings set forth in the Voting Agreement.

RECITALS

WHEREAS, the Company, Sklar, and the Stockholders holding a majority of the Shares then held by all Stockholders under the Voting Agreement have determined that it is in the best interests of the Company and the stockholders to amend the Voting Agreement, to provide for, among other things, the extension of certain voting obligations, the modification of the Company's board of directors, and certain restrictive covenants;

WHEREAS, on February 29, 2024, the Requisite Company Major Stockholders (as defined in the Merger Agreement) (i) removed the Stockholder Representative as the representative of the former stockholders of Soylent in connection with the Merger Agreement and (ii) appointed YL Management LLC as the "Successor Stockholder Representative", and such appointment became effective on March 11, 2024, in accordance with Section 10.01(c) of the Merger Agreement;

WHEREAS, pursuant to Section 8.7 of the Voting Agreement, the Voting Agreement may be amended by the Company and the Stockholders holding a majority of the Shares then held by the Stockholders, and such amendment shall be binding upon all Stockholders;

WHEREAS, the undersigned Stockholders hold a majority of the Shares held by all Stockholders under the Voting Agreement; and

WHEREAS, the Company, Sklar, and the Stockholders holding a majority of the Shares then held by all Stockholders under the Voting Agreement desire to amend the Voting Agreement on the terms and conditions as provided herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency is hereby acknowledged, and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

- 1. <u>Incorporation of Recitals</u>. The foregoing recitals are true and correct and are incorporated herein by reference.
- 2. Amendment of Section 2.2 of the Voting Agreement. Section 2.2 of the Voting Agreement is hereby deleted in its entirety and restated as follows:

- "2.2 Voting. From the date hereof until February 15, 2025, each Stockholder agrees to vote or consent, or cause all Shares owned by such Stockholder or over which such Stockholder has voting control, from time to time and at all times, to be voted or consent given in the same manner as Sklar votes or gives his consent with respect to his shares of capital stock of the Company, and where the Successor Stockholder Representative has separately approved or given its consent in writing to the manner in which Sklar proposes to vote or give his consent with respect to his shares of capital stock of the Company, and which do not adversely affect the rights or obligations of such Stockholder in a manner different from the rights or obligations of the other holders of the Class A Common Stock of the Company in respect of such Class A Common Stock, with respect to any stockholder votes or approvals (if required) to enter into any acquisition, merger or consolidation with an entity listed on the New York Stock Exchange ("NYSE") or Nasdaq Stock Market ("NASDAQ") (a "Target Acquisition"). In addition, each Stockholder agrees to appear or not appear at each meeting or otherwise cause all of such Stockholder's Shares to be counted or not counted as present thereat for purposes of calculating a quorum and responding to any other request by the Company for written consent, if any, in the same manner as Sklar with respect to a Target Acquisition. Each Stockholder agrees to execute any written consents or other documents requested by Sklar which are required or appropriate to perform the obligations set forth in this Section 2.2 with respect to a Target Acquisition for which the Successor Stockholder Representative has separately approved or given its consent. Notwithstanding anything in this Section 2.2 to the contrary, the voting or consent rights in favor of Sklar in this Section 2.2 may not be used to:
- (a) require any Stockholder to be bound by any restrictive covenant in connection with a Target Acquisition or any release of claims other than a release in customary form of claims arising solely in such Stockholder's capacity as a stockholder of the Company;
- (b) except as set forth in the Merger Agreement, require such Stockholder and its Affiliates to amend, extend or terminate any contractual or other relationship with the Company or its Affiliates in connection with any such action, except that the Stockholder may be required to agree to terminate the investment-related documents between or among such Stockholder, the Company and/or other stockholders of the Company;
- (c) upon the consummation of any Target Acquisition, if the net proceeds therefrom are distributed to the Company's stockholders, require any Stockholder to receive a different amount of consideration per class of Share as is received by other holders in respect of their same class of Shares;
- (d) waive, on behalf of any Stockholder, such Stockholder's express rights under this Agreement, including the protective provisions set forth in Section 4 and preemptive rights set forth in Section 5;
- (e) vote the Shares to approve any transaction with Sklar or the Company's Affiliates, including with Sklar; provided, that this clause (e) shall not apply with respect to approval of a Target Acquisition as a result of Sklar being party to a voting agreement, stockholders' agreement or similar ancillary agreement in connection with such Target Acquisition; and
 - (f) Approve any amendment, revision or other change, or waiver to this Agreement, including, but not limited to, the termination of this Agreement."
 - 3. Amendment of Section 2.3 of the Voting Agreement. Section 2.3 of the Voting Agreement is hereby deleted in its entirety and restated as follows:
 - "2.3 Voting Provisions Regarding the Board.
- (a) <u>Board Composition</u>. As of the date of this Amendment, the Company has three (3) directors. One director is designated by the Stockholders holding a majority of the Shares then held by all Stockholders (the "<u>Initial Stockholder Director</u>"), and on or about the date hereof, the Stockholders holding a majority of the Shares held by all Stockholders voted, by written consent, to elect Bharat Vasan as the Initial Stockholder Director, who may be replaced, from time to time, as set forth in this Agreement. Until the termination of this Agreement, Sklar and each Stockholder agrees to vote, or cause to be voted, all Shares owned by such Person, or over which such Person has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that the Company's board of directors (the "<u>Board</u>") be increased to, and at all times consist of, seven (7) members; three (3) members as designated by Sklar (the "<u>Company Directors</u>"), three (3) members as designated by the Stockholders holding a majority of the Shares then held by all Stockholder <u>Directors</u>"), and one (1) member (the "<u>Independent Director</u>") designated by mutual agreement of Sklar and the Stockholders holding a majority of the Shares then held by all Stockholders.

- (b) <u>Board Expansion</u>. Pursuant to Section 3.2 of the Company's Amended and Restated Bylaws, dated June 28, 2022 (the "<u>Bylaws</u>"), the number of directors constituting the Board may be fixed from time to time by the current directors of the Board, and pursuant to Section 3.4 of the Bylaws, any newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority vote of the remaining directors then in office. Promptly following the date hereof, the Board shall increase the size of the Board to seven (7) members, and the Board shall appoint new directors to the four (4) open directorships in the following order:
 - (i) one (1) Stockholder Director as designated by the Initial Stockholder Director;
- (ii) the Independent Director, as designated by mutual agreement of Sklar and the Initial Stockholder Director (the appointment of a fifth director to the Board, the "Initial Board Composition Event"); and
- (iii) simultaneously, one (1) Company Director as designated by Sklar and one (1) Stockholder Director as designated by the Initial Stockholder Director.
- (c) <u>Committees</u>. Promptly following the date hereof, the Board will approve (i) a compensation committee ("<u>Compensation Committee</u>"), (ii) an audit committee ("<u>Audit Committee</u>"), and (iii) a governance committee ("<u>Governance Committee</u>" and collectively with the Compensation Committee and Audit Committee, the "<u>Committees</u>" and each a "<u>Committee</u>"). Each Committee shall consist initially of the Initial Stockholder Director until the Initial Board Composition Event, at which time each such Committee shall automatically increase to three (3) directors, and will adopt customary charters.
- (i) The Compensation Committee will be constituted by the Initial Stockholder Director, the Independent Director, and to the extent qualified, a Company Director who is not a member of Company management. In the event that all Company Directors are management directors, the full Board shall determine the member of the Compensation Committee who is not the Initial Stockholder Director or the Independent Director (a "Compensation Designation" and a "Compensation Designation, a Company Director becomes qualified to sit on the Compensation Committee, Sklar shall have the right, but not the obligation, to replace the Compensation Designate with such qualified Company Director on the Compensation Committee. In the event that any of the foregoing directors are unqualified, removed, resign or are otherwise unable to serve on the Compensation Committee, then (i) in the event that the Initial Stockholder Director is unqualified, removed, resign or is otherwise unable to serve on the Compensation Committee, the Initial Stockholder Director and Sklar shall designate a qualified director to the Compensation Committee, and (iii) in the event that the Compensation Committee, removed, resigns or is otherwise unable to serve on the Compensation Committee, sklar shall designate a qualified director who is not a member of Company management to the Compensation Committee.
- 1. The Initial Stockholder Director, shall, no later than sixty (60) days from the establishment of the Compensation Committee, determine and recommend for approval by the full Board a base salary and bonus compensation packages for Sklar and the Company's COO, Darin Brown, in conjunction with the Company's Board-approved 2024 financial plan, in each case consistent with similarly-sized and profitable companies listed on an OTC.

2. Within ninety (90) days after the Initial Board Composition Event, the 3-member Compensation Committee shall recommend to the full Board equity incentive packages for the Company's executive management team as well as stock option grants to the Board.

(ii) The Audit Committee will be constituted by (to the extent each is qualified to serve) the Initial Stockholder Director, the Independent Director, and a Company Director who is not a member of management. In the event that all Company Directors are management directors, the full Board shall determine the member of the Audit Committee who is not the Initial Stockholder Director or the Independent Director. In the event that any of the foregoing directors are unqualified, removed, resigns or are otherwise unable to serve on the Audit Committee, then (i) in the event that the Initial Stockholder Director is unqualified, removed, resigns or is otherwise unable to serve on the Audit Committee, the majority of the Stockholder Directors shall designate a qualified director to the Audit Committee, (ii) in the event that the Independent Director is unqualified, removed, resigns or is otherwise unable to serve on the Audit Committee, the Initial Stockholder Director and Sklar shall designate a qualified director to the Audit Committee, shall designate a qualified director who is not a member of Company management to the Audit Committee.

(iii) The Governance Committee will initially be constituted by the Initial Stockholder Director, the Independent Director, and a Company Director who is not a member of Company management. In the event that all Company Directors are management directors, the full Board shall determine the member of the Governance Committee who is not the Initial Stockholder Director or the Independent Director. In the event that any of the foregoing directors are unqualified, removed, resign or are otherwise unable to serve on the Governance Committee, then (i) in the event that the Initial Stockholder Director is unqualified, removed, resigns or is otherwise unable to serve on the Governance Committee, the majority of the Stockholder Directors shall designate a qualified director to the Governance Committee, (ii) in the event that the Independent Director is unqualified, removed, resigns or is otherwise unable to serve on the Governance Committee, the Initial Stockholder Director and Sklar shall designate a qualified director to the Governance Committee, and (iii) in the event that the Company Director serving on the Governance Committee is unqualified, removed, resigns or is otherwise unable to serve on the Governance Committee, Sklar shall designate a qualified director who is not a member of Company management to the Governance Committee.

(iv) Following the March 18, 2025, the requirement of the Initial Stockholder Director constituting a member of the Committees will be replaced with any Stockholder Director sitting on such Committee.

(d) Initial Stockholder Director Approval. Until the Initial Board Composition Event, any Board approval for (i) any proposed material acquisition of a company or an acquisition of or merger with the Company by or into a third party, or (ii) any uplisting to NASDAQ or NYSE (via a de-SPAC transaction, merger or otherwise), shall require the approval of the Initial Stockholder Director. The Initial Stockholder Director shall consult with Sklar on nominations for the Board and the Initial Stockholder Director will have the right to approve any proposed members to the Committees to be nominated by Sklar or the Company Directors (such approval not to be unreasonably withheld), until the occurrence of the Initial Board Composition Event.

(e) Failure to Designate a Director. Until the termination of this Agreement, in the absence of any designation from Sklar, the Stockholders or groups with the right to designate the a director as specified above, the director previously designated by them and then serving shall be reelected if still eligible and willing to serve unless such individual has been removed as provided herein, and Sklar and each of the Stockholders hereby agree not to vote for or nominate any other director to fill such vacant Board seat unless filled as provided above."

- 4. Amendment of Section 3.1 of the Voting Agreement. Section 3.1 of the Voting Agreement is hereby deleted in its entirety and restated as follows:
- "3.1 Irrevocable Proxy and Power of Attorney. From the date hereof until February 15, 2025, each Stockholder hereby irrevocably constitutes and appoints as the proxy of such Stockholder and hereby grants a power of attorney to Sklar (in his capacity as a shareholder of the Company and not as a director or officer), with full power of substitution, with respect to the matters set forth in Section 2.2, and hereby authorizes Sklar to represent and vote, and execute and deliver any written consent, on behalf of such Stockholder if and only if such Stockholder (i) fails to vote all of such Stockholder's Shares in accordance with Section 2.2 by the date specified by Ross Sklar, or (iii) attempts to vote (whether by proxy, in person or by written consent) any of such Stockholder's Shares in a manner which is inconsistent with Section 2.2. Each of the proxy and power of attorney granted pursuant to this Section 3.1 is given in consideration of the agreements and covenants of the Company and the parties in connection with the transactions contemplated by the Merger Agreement and the Registration Rights Agreement and, as such, each is coupled with an interest and shall be irrevocable until February 15, 2024. Each party hereto hereby revokes any and all previous proxies or powers of attorney with respect to the Shares and shall not hereafter, unless and until this Agreement terminates or expires pursuant to Section 2 hereof, purport to grant any other proxy or power of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of the Shares, in each case, with respect to any of the matters set forth herein. The power of attorney granted by Stockholder herein is a durable power of attorney and shall survive the bankruptcy, death, or incapacity of Stockholder."
 - 5. Amendment of Section 4 of the Voting Agreement. Section 4 of the Voting Agreement is hereby deleted in its entirety and restated as follows:
- "4 Company Covenants; Stockholders Protective Provisions." Until the occurrence of the Initial Board Composition Event, the Company covenants that it will not, without the prior written consent of the Successor Stockholder Representative: (i) liquidate, dissolve or wind-up the affairs of the Company; (ii) amend, alter, or repeal any provision of the Company's certificate of incorporation or bylaws in a manner that would adversely and disproportionately affect the Stockholders' rights, preferences, privileges or protections in respect of their Class A Common Stock compared to the other holders of Class A Common Stock; (iii) enter into, amend or terminate any employment, severance, change of control, option or similar agreement with Sklar; (iv) (excluding existing agreements and arrangements, and new agreements or arrangements entered into on arms' length terms) enter into any transaction between the Company, on the one hand, or any director, shareholder officer or employee of the Company or any family member or Affiliate of such director, shareholder officer or employee or their respective family members, on the other hand; (v) issue any shares of the Company's Class B Common Stock, par value \$0.001 per share, or Preferred Stock, par value \$0.001 per share, to Sklar or any family member or any Affiliate of Sklar or the Company; (vi) adopt, change (including the increase of option shares available) or terminate an equity (or equity-linked) incentive plan, phantom stock plan, cash bonus plan or similar employee incentive plan of the Company or one of its subsidiaries; (vii) assign, sell, offer to sell, pledge, mortgage, hypothecate, encumber, dispose of or any other like transfer or encumbering of any equity interest in the Company by Sklar or any Affiliate of Sklar; or (viii) create, or authorize the creation of, or issue, or authorize the issuance of any debt security or create any lien or security interest (except for purchase money liens or statutory liens of landlords, mechanics, materialmen, workmen, warehou

- 6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules of such state.
- 7. <u>Counterparts</u>. This Amendment may be executed in two or more counterparts for the convenience of the parties hereto, each of which shall be deemed an original and all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page, including any electronic signature complying with the U.S. federal ESIGN Act of 2000, the Uniform Electronic Transactions Act or other applicable law to this Amendment by facsimile or by e-mail in "portable document format" shall be effective as delivery of a mutually executed counterpart to this Amendment.
- 8. Remainder of the Voting Agreement Unaffected. Except as expressly amended, modified or revised by this Amendment, all terms and provisions of the Voting Agreement shall be unchanged and remain in full force and effect. On and after the date hereof, each reference to the Voting Agreement shall mean and be a reference to the Voting Agreement as amended hereby, and this Amendment and the Voting Agreement shall be read together and construed as a single instrument. In the event of any conflict between the terms and conditions of the Voting Agreement and the terms and conditions of this Amendment, this Amendment shall be controlling with respect to the language set forth in Sections 1 through 5 of this Amendment.

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COMPANY:

STARCO BRANDS, INC.

By: /s/ Ross Sklar

Name: Ross Sklar

Title: Chief Executive Officer

/s/ Ross Sklar

Ross Sklar

ANDREESSEN HOROWITZ FUND IV, L.P.

for itself and as nominee for

Andreessen Horowitz Fund IV-A, L.P., Andreessen Horowitz Fund IV-B, L.P. and Andreessen Horowitz Fund IV-Q, L.P.

By: AH Equity Partners IV, L.L.C.

its general partner

By: /s/ Phil Hathaway

Name: Phil Hathaway Its: COO

Cc: Peter Blackwood

for itself and as nominee for

AH PARALLEL FUND IV, L.P.

AH Parallel Fund IV-A, L.P., AH Parallel Fund IV-B, L.P. and

AH Parallel Fund IV-Q, L.P.

By: AH Equity Partners IV (Parallel), L.L.C.

its general partner

By: /s/ Phil Hathaway

Name: Phil Hathaway
Its: COO

Cc: Peter Blackwood

AH PARALLEL FUND III, L.P.

for itself and as nominee for

AH Parallel Fund III -A, L.P.,

AH Parallel Fund III -B, L.P. and AH Parallel Fund III -Q, L.P.

By: AH Equity Partners III, L.L.C.

its general partner

By: /s/ Phil Hathaway

Name: Phil Hathaway

Its: COO

Cc: Peter Blackwood

a16z Seed-III, LLC

(formerly known as AH Fund III Seed, L.L.C)

By: /s/ Phil Hathaway

Name: Phil Hathaway

Its: COO

Cc: Peter Blackwood

The Production Board, LLC

By: /s/ David Friedberg
Name: David Friedberg

Its: CEO

GV 2016, L.P.

By: GV 2016 G.P, L.P., its General Partner By: GV 2016 G.P, L.L.C., its General Partner

By: /s/ Inga Goldbard

Name: Inga Goldbard Its: General Counsel

AMENDMENT TO CONVERTIBLE PROMISSORY NOTE

This Amendment to Promissory Note (this "Amendment") is entered into as of May 10, 2024, by and between Starco Brands, Inc., a Nevada corporation ("Maker"), and Ross Sklar, an individual "Payee"). Capitalized terms used in this Amendment without definition shall have the meanings given to them in the Note (as defined below).

- A. Maker previously issued to Payee a Convertible Promissory Note dated February 14, 2022 in the principal amount of \$472,500.00 (the "Note").
- B. Maker has requested that Payee extend the Maturity Date of the Note (the "Extension").
- C. Payee has agreed, subject to the terms, amendments, conditions and understandings expressed in this Amendment, to grant the Extension.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Recitals. Each of the parties hereto acknowledges and agrees that the recitals set forth above in this Amendment are true and accurate and are hereby incorporated into and made a part of this Amendment.
 - 2. Maturity Date Extension. The Maturity Date for the Note is hereby extended until December 31, 2024.
- 3. Representations and Warranties. In order to induce Payee to enter into this Amendment, Maker, for itself, and for its affiliates, successors and assigns, hereby acknowledges, represents, warrants and agrees as follows:
- a. Maker has full power and authority to enter into this Amendment and to incur and perform all obligations and covenants contained herein, all of which have been duly authorized by all proper and necessary action. No consent, approval, filing or registration with or notice to any governmental authority is required as a condition to the validity of this Amendment or the performance of any of the obligations of Maker hereunder.
- b. There is no fact known to Maker or which should be known to Maker which Maker has not disclosed to Payee on or prior to the date of this Amendment which would or could materially and adversely affect the understanding of Payee expressed in this Amendment or any representation, warranty, or recital contained in this Amendment.
- c. Except as expressly set forth in this Amendment, Maker acknowledges and agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of Maker under the terms of any other agreement between Payee and Maker.
- d. Maker has no defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Payee, directly or indirectly, arising out of, based upon, or in any manner connected with, the transactions contemplated hereby, whether known or unknown, which occurred, existed, was taken, permitted, or begun prior to the execution of this Amendment and occurred, existed, was taken, permitted or begun in accordance with, pursuant to, or by virtue of any of the terms or conditions of any agreements between Payee and Maker. To the extent any such defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action exist or existed, such defenses, rights, claims, counterclaims, actions and causes of action are hereby waived, discharged and released. Maker hereby acknowledges and agrees that the execution of this Amendment by Payee shall not constitute an acknowledgment of or admission by Payee of the existence of any claims or of liability for any matter or precedent upon which any claim or liability may be asserted.

- e. Maker represents and warrants that as of the date hereof no events of default or other material breaches exist under any agreements between Payee and Maker, or have occurred prior to the date hereof.
- 4. <u>Certain Acknowledgements</u>. Each of the parties acknowledges and agrees that no property or cash consideration of any kind whatsoever has been or shall be given by Maker to Payee in connection with the Extension or any other amendment to the Note granted herein.
- 5. Other Terms Unchanged. The Note, as amended by this Amendment, remains and continues in full force and effect, constitutes legal, valid, and binding obligations of each of the parties, and is in all respects agreed to, ratified, and confirmed. Any reference to the Note after the date of this Amendment is deemed to be a reference to the Note as amended by this Amendment. If there is a conflict between the terms of this Amendment and the Note, the terms of this Amendment shall control. No forbearance or waiver may be implied by this Amendment. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment to, any right, power, or remedy of Maker under the Note, as in effect prior to the date hereof. For the avoidance of doubt, this Amendment shall be subject to the governing law and venue provisions, as set forth in the Note.
- 6. No Reliance. Maker acknowledges and agrees that neither Payee nor any of its officers, directors, members, managers, equity holders, representatives or agents has made any representations or warranties to Maker or any of its agents, representatives, officers, directors, or employees except as expressly set forth in this Amendment and, in making its decision to enter into the transactions contemplated by this Amendment, Maker is not relying on any representation, warranty, covenant or promise of Maker or its officers, directors, members, managers, equity holders, agents or representatives other than as set forth in this Amendment.
- 7. <u>Counterparts</u>. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The parties hereto confirm that any electronic copy of another party's executed counterpart of this Amendment (or such party's signature page thereof) will be deemed to be an executed original thereof.
- 8. <u>Further Assurances</u>. Each party shall do and perform or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Amendment and the consummation of the transactions contemplated hereby.

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T	N WITNESS	WHEREOF	the undersigned b	have executed this	Amendment as c	of the date set forth above.
- 1	IN MILINESS	WEEKEUE.	the undersigned i	iave executed this i	Amendment as c	n the date set forth above.

"Maker"

STARCO BRANDS, INC.

By: /s/Bharat Vasan

Name: Bharat Vasan
Title: Director

Accepted on and as of the date of this Amendment:

/s/ Ross Skla

Ross Sklar

Subsidiaries of Starco Brands, Inc.

Subsidiary Name	Jurisdiction of Incorporation
Whipshots Holdings, LLC	Delaware
Whipshots, LLC	Wyoming
The AOS Group Inc.	Delaware
Skylar Body, LLC	Delaware
Soylent Nutrition, Inc.	Delaware

CHIEF EXECUTIVE OFFICER CERTIFICATION

- I, Ross Sklar, hereby certify that:
 - (1) I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 (the "report") of Starco Brands, 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 condensed consolidated 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 condensed 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 the condensed consolidated 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 officers 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 functions):
- (a) All significant deficiencies 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, 2024

By: /s/ Ross Sklar

Ross Sklar, Chief Executive Officer (Principal Executive Officer)

CHIEF FINANCIAL OFFICER CERTIFICATION

- I, Kevin Zaccardi, hereby certify that:
 - (1) I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 (the "report") of Starco Brands, 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 condensed consolidated 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 condensed 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 the condensed consolidated 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 officers 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 functions):
- (a) All significant deficiencies 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.

Dated: May 15, 2024

By: /s/ Kevin Zaccardi

Kevin Zaccardi, Interim Chief Financial Officer (Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Starco Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on or about the date hereof (the "report"), the undersigned, in the capacities and on the date 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; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2024

By: /s/Ross Sklar

Ross Sklar, Chief Executive Officer (Principal Executive 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 Starco Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on or about the date hereof (the "report"), the undersigned, in the capacities and on the date 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; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2024

By: /s/ Kevin Zaccardi

Kevin Zaccardi, Interim Chief Financial Officer (Principal Financial Officer)