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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE YEAR ENDED DECEMBER 31, 2025

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

FOR THE TRANSITION PERIOD FROM__________ TO__________

Commission File Number **000-54892**

STARCO BRANDS, INC.
(Exact name of registrant as specified in its charter)

Nevada	**27-1781753**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
706 N Citrus Avenue, Los Angeles, CA	**90402**
(Address of principal executive offices)	(Zip Code)

(844) 478-2726
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	**STCB**	**OTC Markets Group OTCQB Tier**

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

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

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 ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes ☐ No ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). Yes ☐ No ☒

The aggregate market value of the 682,560,043 shares of voting and non-voting common equity held by non-affiliates computed by reference to the closing price $0.028 on the OTC Market as of the last business day of its most recently completed second fiscal quarter of June 30, 2025, was approximately $19,111,681.

As of April 10, 2026, there were 784,192,033 shares of the registrant's Class A common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

STARCO BRANDS, INC.
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PART I

Forward-Looking Statements

This Annual Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Annual Report may not occur. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words “may,” “will,” “expect,” “believe,” “anticipate,” “project,” “plan,” “intend,” “estimate,” and “continue,” and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control that may influence the accuracy of the statements and the projections upon which the statements are based. Factors which may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 1A of this Annual Report (“Risk Factors”).

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Item 1. Business

Starco Brands, 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. and adopted the name “Starco Brands, Inc.” on September 7, 2017. In July 2017, the Company entered into a licensing agreement with The Starco Group, Inc. (“TSG”), a related party entity, 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 and 2023, 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.

Executive Overview

In July 2017, our Board 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 with a mission 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 Pure®

STCB is the marketer of record, but not the owner of record for the Winona Pure® line of products. This line originated with Winona Butter Flavor Popcorn Spray and has since expanded with additional flavors of popcorn spray (Caramel, Garlic Butter and Hot Sauce). Additionally, the brand has launched a Sauce Spray line of products (Hot Sauce, Garlic Butter and Butter). STCB provides marketing services for Winona pursuant to a licensing agreement. The Winona line of products is sold in Walmart, H-E-B, Meijer and Food Lion grocery stores, among other retailers. STCB also offers the Winona Popcorn Spray line on Amazon through our strategic partner Pattern (formally iServe), who is a stockholder in STCB.

Whipshots®

In December 2021, the Company launched a new product line consisting of vodka-infused, whipped-cream aerosols, under the brand name "Whipshots" at Art Basel in Miami and garnered over 1 billion impressions world-wide, and sold-out of its limited quantity can launches on whipshots.com each day of the month of the December launch month. The Company launched brick and mortar retail distribution in the first quarter of 2022, signed a distribution agreement with Republic National Distributing Company ("RNDC"), one of the largest spirits distributors in the nation, and signed distribution agreements with others. Whipshots® is currently distributed in 47 of 50 states. The base flavors of Whipshots®– Vanilla, Mocha, Caramel and Chocolate – are accompanied by new and Limited Time flavors such as Peppermint, Lime, Pumpkin Spice, Strawberry and King Cake. We plan to continue to offer various additional Limited Time flavors over time. Whipshots® is produced by Temperance Distilling Company ("Temperance"), where Sklar is a majority shareholder.

Whipshots® and Whipshotz® Trademarks

On September 8, 2021, Whipshots LLC, a Wyoming limited liability company ("Whipshots LLC"), an indirect subsidiary of the Company, entered into an Intellectual Property Purchase Agreement, effective August 24, 2021, with Penguins Fly, LLC, a Pennsylvania limited liability company ("Seller"). The agreement provided that the Seller 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 is payable to Seller, 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 payments are subject to a minimum amount in each contract year and a maximum aggregate amount.

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 47 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, skin 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 purchases 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 remain committed to establishing ourselves as a premier brand owner and third-party marketer of innovative, cutting-edge technologies within the consumer products marketplace, with the ultimate goal of driving success and enhancing stockholder value. The Company will continue to evaluate its opportunities to further set the strategy for 2026 and beyond.

For more information and to view our products, you may visit our websites at www.starcobrands.com, www.whipshots.com, www.winonapure.com, www.artofsport.com, www.skylar.com and www.soylent.com.

Offices

Our principal executive offices are located at 706 N Citrus Avenue, Los Angeles, California, 90038, and our telephone number is (844) 478-2726. 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 Annual Report.

Employees

As of December 31, 2025, STCB and its subsidiaries employed 30 full-time employees and no part-time employees; the Company engages independent contractors and consultants on an as-needed basis.

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; however, we have chosen to include the following risk factors.

The Company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events, pandemics and government lockdowns and technological developments (such as cyber-attacks and the ability to prevent those attacks). Additionally, early-stage companies are inherently riskier than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.

Risks Related to Our Company and its Business

We are reliant on related parties for some of our revenues, manufacturing certain of our products, and much of our administrative activities.

Starco Brands uses independent contractors and consultants from related parties on an as needed basis for some administration of Company operations. As set forth in these Risk Factors, some of our revenues and manufacturing depend on the operations of related parties.

We are highly dependent on the services of Ross Sklar, our Chief Executive Officer.

We are highly dependent on the services of Ross Sklar, our Chief Executive Officer. Although Mr. Sklar spends significant time with the Company and is highly active in our management, he does not devote his full time and attention to the Company. Mr. Sklar currently serves as a Chief Executive Officer of TSG and a Chairman of Temperance, among other positions and activities.

In certain voting situations, Ross Sklar has the ability to direct votes of certain shares which he does not own. As a result, Mr. Sklar has the ability to prevent or influence certain actions by us.

As of April 10, 2026, Mr. Sklar beneficially controls, directly or indirectly, the voting power of up to 221,483,611 shares of the Company's Class A common stock representing 28.2% of the total voting power of STCB pursuant to certain stockholder actions as described in the respective voting agreements.

As a result of his stock ownership and various voting agreements, Mr. Sklar can exercise significant control and influence over our business, including many matters requiring stockholder approval (e.g., election of directors, and significant corporate transactions, such as a merger or other sale of our Company or its securities or assets).

We rely on related parties and our business could be adversely affected if relationships with such related parties change, are terminated, or are not renewed.

Some of the Company's products are dependent on TSG and Temperance which are wholly or majority owned by our CEO, Ross Sklar. There is no assurance that TSG or Temperance will produce, supply or distribute sufficient quantities of those products needed by the Company. Difficulties in developing alternative sources of supply, if required, or failure of TSG or Temperance to provide the products to the Company could have a material adverse effect on the Company's business, financial condition, and result of operations.

We have incurred significant net losses and have only occasionally generated profits. We cannot assure you that we will continue to achieve profitable operations.

We have historically incurred significant net losses since inception. We incurred a net loss of $20,673,058 in the year ended December 31, 2025, incurred a net loss of $17,334,549 in the year ended December 31, 2024, incurred a net loss of $46,402,121 in the year ended December 31, 2023, generated net income of $977,858 in the year ended December 31, 2022 and incurred a net loss of $2,325,074 in the year ended December 31, 2021. As of December 31, 2025, we had an accumulated deficit of $102,347,578. We may not be able to maintain profitability and may incur significant losses again in the future for a number of reasons, including unforeseen expenses, difficulties, complications, delays, and other unknown events.

We cannot assure you that we will achieve sustainable operating profits as we continue to expand our brand and product offerings, further develop our marketing efforts, and otherwise implement our growth initiatives. Any failure to achieve and maintain profitability would have a materially adverse effect on our ability to implement our business plan, our results and operations, and our financial condition, and could cause the value of our Class A common stock to decline, resulting in a significant or complete loss of your investment.

An impairment in the carrying value of goodwill, trade names and other long-lived assets could negatively affect our consolidated results of operations and net worth.

Goodwill and indefinite-lived intangible assets, such as trade names, are recorded at fair value at the time of acquisition and are not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. In evaluating the potential for impairment of goodwill and trade names, we make assumptions regarding future operating performance, business trends and market and economic conditions. Such analyses further require us to make certain assumptions about our sales, operating margins, growth rates and discount rates. There are inherent uncertainties related to these factors and in applying these factors to the assessment of goodwill and trade name recoverability. Goodwill reviews are prepared using estimates of the fair value of reporting units based on the estimated present value of future discounted cash flows. We could be required to evaluate the recoverability of goodwill or trade names prior to the annual assessment if we experience disruptions to the business, unexpected significant declines in operating results, a divestiture of a significant component of our business or market capitalization declines.

We also continually evaluate whether events or circumstances have occurred that indicate the remaining estimated useful lives of its definite-lived intangible assets, excluding goodwill, and other long-lived assets may warrant revision or whether the remaining balance of such assets may not be recoverable. We use an estimate of the related undiscounted cash flow over the remaining life of the asset in measuring whether the asset is recoverable.

In 2025, the Company recognized impairment charges on goodwill within the Soylent segment of $1,127,208. In 2024, the Company recognized $11,383,000 of impairment charges on goodwill within the Soylent segment and $2,944,871 of impairment charges on goodwill within the Starco Brands segment.

We cannot assure you that the remaining $11,234,312 of goodwill on the balance sheet as of December 31, 2025 will not be impaired in the future as it is not certain we will achieve sustainable operating profits and revenue growth in the future. Failure to achieve and maintain profitability could lead to a triggering event that would require analysis of whether the remaining goodwill should be impaired.

If we do not obtain adequate capital funding or improve our financial performance, we may not be able to continue as a going concern.

The report of our independent registered public accounting firm for the year ended December 31, 2025 included herein contains an explanatory paragraph indicating that there is substantial doubt as to our ability to continue as a going concern as a result of recurring losses from operations. This report is dated April 14, 2026. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which contemplate that we will continue to operate as a going concern. Our consolidated financial statements do not contain any adjustments that might result if we are unable to continue as a going concern. Our ability to continue as a going concern will be determined by our ability to continue generating revenues from our operations, which will enable us to fund our expansion plans and realize our business objectives. If we are unable to continue to grow our revenue and to and sustain profitability, we may not be able to continue as a going concern.

Our success depends on our ability to uphold the reputation of our brands and our clients' brands, which will depend on the effectiveness of our marketing, our product quality, and our client experience.

We believe that our and our company-clients' brand image and brand awareness is vital to the success of our business. We also believe that maintaining and enhancing the image of ours and our clients' brands, particularly in new markets where we have limited brand recognition, is important to maintaining and expanding our and our clients' customer base. As we execute our acquisition and growth strategy, our ability to successfully expand into new markets or to maintain the strength and distinctiveness of the image of ours and our clients' brands, our existing markets will be adversely impacted if we fail to connect with ours and our clients' target customers. Among other things, we rely on our marketing, strategy, and media partners, as well as social media platforms, such as Instagram and Twitter, to help implement our marketing strategies and promote our and our clients' brands. Ours and our clients' brands and reputation may be adversely affected if we fail to achieve these objectives, if ours or our clients' public image was to be tarnished by negative publicity, if we fail to deliver innovative and high-quality products acceptable to our customers, or if we face a product recall. Negative publicity regarding the production methods of our manufacturer The Starco Group or those of the client-companies we work with could adversely affect our reputation and sales. Additionally, while we devote considerable efforts and resources to protecting our and our clients' intellectual property, if these efforts are not successful the value of our brand may be harmed. Any harm to our brand and reputation could have a material adverse effect on our financial condition.

If we are unable to anticipate consumer preferences and successfully develop and introduce new, innovative and updated products, we may not be able to maintain or increase our sales or achieve profitability.

Our success depends to a significant degree on our ability to timely identify and originate product trends as well as to anticipate and react to changing consumer demands. All of our products are subject to changing consumer preferences and we cannot predict such changes with any certainty. Product trends in food, household cleaning, air care, spirits and personal care markets can change rapidly. We will need to anticipate, identify and respond quickly to changing trends and consumer demands in order to provide the products our customers seek and maintain the image of our brands. If we cannot identify changing trends in advance, fail to react to changing trends or misjudge the market for a trend, our sales could be adversely affected, and we may be faced with a substantial amount of unsold inventory or missed opportunities. As a result, we may be forced to mark down our merchandise in order to dispose of slow-moving inventory, which may result in lower profit margins, negatively impacting our financial condition and results of operations.

Even if we are successful in anticipating consumer demands, our ability to adequately react to and execute on those demands will in part depend upon our continued ability to develop and introduce high-quality products. If we fail to introduce products in the categories that consumers want, demand for our products could decline and our brand image could be negatively impacted. Our failure to effectively introduce new products and enter into new product categories that are accepted by consumers could result in excess inventory, inventory write-downs, decreases in gross margins and a decrease in net revenues, which could have a material adverse effect on our financial condition.

Our ability to anticipate consumer preferences also goes hand-in-hand with our ability to provide effective marketing services for our clients. If we are unable to predict what might be attractive to the target consumers of our client's products, our marketing efforts in connection with those products may be unsuccessful, which would negatively affect our reputation within the industry, and negatively affect our operating results.

An economic downturn or economic uncertainty in the United States may adversely affect consumer discretionary spending and demand for our products.

Our operating results are affected by the relative condition of the United States economy as many of our products may be considered discretionary items for consumers. In an economic downturn, our customers may reduce their spending and purchases due to job loss or fear of job loss, foreclosures, bankruptcies, higher consumer debt and interest rates, reduced access to credit, falling home prices, increased taxes, and/or lower consumer confidence. Consumer demand for our products may not reach our targets, or may decline, when there is an economic downturn or economic uncertainty. Current, recent past, and future conditions may also adversely affect our pricing and liquidation strategy; promotional activities, product liquidation, and decreased demand for consumer products could affect profitability and margins. Online customer traffic is difficult to forecast. Consequently, sales, operating, and financial results for a particular period are difficult to predict, and, therefore, it is difficult to forecast expected results for future periods. Any of the foregoing factors could have a material adverse effect on our business, results of operations, and financial condition and could adversely affect our stock price.

Additionally, many of the effects and consequences of U.S. and global financial and economic conditions could potentially have a material adverse effect on our liquidity and capital resources, including the ability to raise additional capital, if needed, or could otherwise negatively affect our business and financial results. For example, global economic conditions may also adversely affect our suppliers' access to capital and liquidity with which to maintain their inventory, production levels, and product quality and to operate their businesses, all of which could adversely affect our supply chain. Market instability could make it more difficult for us and our suppliers to accurately forecast future product demand trends, which could cause us to carry too much or too little merchandise in various product categories.

Additionally, inflationary factors such as increases in the costs to purchase products, acquire product rights and overhead costs may adversely affect our operating results. A continued 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.

We are subject to risks from changes to the trade policies, including tariff and import/export regulations by the U.S. and/or other foreign governments.

Changes in trade policy, including trade restrictions, new or increased tariffs or quotas, embargoes, sanctions and countersanctions, safeguards or customs restrictions by the U.S. and/or other foreign governments could have a material adverse impact on our business. The imposition of new tariffs or increases in existing tariffs on products imported from countries where we or our suppliers operate could result in increased costs for our consumer goods. These cost increases may reduce our margins, require us to raise prices, or make our products less competitive in the marketplace. In addition, other countries may change their business and trade policies in anticipation of or in response to increased import tariffs and other changes in trade policy and regulations already enacted or that may be enacted in the future. If we are unable to mitigate these risks through supply chain adjustments, pricing strategies, or other measures, our financial performance and growth prospects could be negatively affected.

Fluctuations in prices of raw materials and other inputs may adversely impact our results.

Some of our products are built with aluminum and other commodities with price volatility. Steel, aluminum and other commodity prices have historically been highly volatile and the costs for these items may increase in the future due to a variety of factors, including: the level of tariffs that the U.S. imposes on imported steel, aluminum and other commodities; an outbreak of conflicts in regions of the world that produce the commodities or the raw materials that go into the commodities or through which the commodities are transported; or a weakening U.S. dollar.

In addition, the cost of parts, materials, components or final assemblies has increased and may continue to increase for reasons other than changes in commodity prices. Factors such as the imposition of duties and tariffs and other trade barriers, supply and demand, the level of imports, freight costs, availability of transportation, the cost of manufacturing labor, availability of labor, inventory levels and general economic conditions may affect the price of parts, materials, or components of our CPG products.

Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products.

To ensure adequate inventory supply, our manufacturers, TSG and Temperance, forecast inventory needs and estimate future demand for particular products on our behalf. Their ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in demand for our products or for products of our competitors, their failure to accurately forecast acceptance of new products, product introductions by competitors, unanticipated changes in general market conditions, and weakening of economic conditions or consumer confidence in future economic conditions. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices or in less preferred distribution channels, which could impair our brand image and have an adverse effect on gross margin, which ultimately impacts our revenues. In addition, if the manufacturers underestimate the demand for our products, they may not be able to produce products to meet our customer requirements, and this could result in delays in the shipment of our products and our ability to recognize revenue, lost sales, as well as damage to our reputation and distributor relationships.

In addition, our growth strategy has resulted in STCB acquiring three subsidiaries through mergers, in each case expanding our product line offerings. Each of AOS, Skylar and Soylent bring a new demographic of consumer to the forefront of the STCB consumer products space, spanning premium body and skincare products, to hypoallergenic fragrances, and plant-based complete nutrition. If under our stewardship we are unable to accurately forecast the demand for these new product lines we may damage brand image for these new segments.

We operate in a highly competitive market and the size and resources of some of our competitors may allow them to compete more effectively than we can, resulting in a loss of our market share and a decrease in our net revenue.

The categories in which we operate are highly competitive, both in the U.S. and globally, as a limited number of large manufacturers compete for consumer acceptance, limited retail shelf space and e-commerce opportunities. Because of the highly competitive environment in which we operate as well as increasing retailer concentration, our retailer customers, including online retailers, frequently seek to obtain pricing concessions or better trade terms, resulting in either reduction of our margins or losses of distribution to lower cost competitors. Competition is based upon brand perceptions, product performance and innovation, customer service and price. Our ability to compete effectively may be affected by a number of factors, including:

- We face competition from large, established companies, including The Procter & Gamble Company, Unilever, Johnson & Johnson, Diageo and others, that have significantly greater financial, marketing, research and development and other resources and greater market share than we do, which provides them with greater scale and negotiating leverage with retailers;
- Our competitors may have lower production, sales and distribution costs, and higher profit margins, which may enable them to offer aggressive retail discounts and other promotional incentives; and
- Our competitors may be able to obtain exclusive distribution rights at particular retailers or favorable in-store placement.

In general, the greater capabilities of these large competitors in these areas enable them to better withstand periodic product campaign failures, and more general downturns in the industry, compete more effectively on the basis of price and production and more quickly develop or locate and license new products. In addition, new companies may enter the markets in which we expect to compete, further increasing competition in our industry.

We rely on a licensing agreement with Temperance Distilling Company.

We are party to a licensing agreement with Temperance Distilling Company (the "TDC Agreement"), dated January 24, 2022. In the TDC Agreement, STCB licenses to Temperance the right to manufacture and sell products using the brand name Whipshots®. In return, Temperance agrees to pay STCB royalties based on net unit sales of products licensed by STCB to Temperance. At this time, Temperance is the sole manufacturer for Whipshots® products, thus we are reliant on the TDC Agreement for all royalties related to the Whipshots® products.

Certain of our products rely on a single manufacturer.

Whipshots®, a significant contributor to our revenue for fiscal years 2024 and 2025, is manufactured by Temperance. Temperance is responsible for the procurement of all raw materials and components required to manufacture Whipshots®. Due to the unique nature of Whipshots®, the Company is reliant on Temperance as the manufacturer of Whipshots® and would not be able to easily find a comparable third-party manufacturer if needed. The operations of Temperance can be subject to additional risks beyond our control, including shipping delays, labor disputes, trade restrictions, tariffs and embargos, or any other change in local conditions. Temperance may experience a significant disruption in the supply or raw materials from current sources and, in the event of such a disruption, it may be unable to locate alternative materials suppliers of comparable quality at an acceptable price, or at all. There have occasionally been, and there may again in the future be, shipments of products by Temperance to the Company's customers that fail to comply with our specifications or that fail to conform to our quality control standards or those of our customers. Under these circumstances, we may incur substantial expense to remedy the problems and may be required to obtain replacement products. If we fail to remedy any such problem in a timely manner, we risk the loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs. Additionally, if the unacceptability of our products is not discovered until after such products are purchased by our customers, our customers could lose confidence in our products or we could face a product recall. In such an event our brand reputation may be negatively impacted which could negatively impact our results of operations.

Another manufacturer of a significant number of our products is Gehl Foods, LLC ("Gehl"), a non-affiliate, whom we are reliant on to a meaningful degree. The operations of Gehl can be subject to risks beyond our control, including shipping delays, labor disputes, trade restrictions, tariffs and embargos, or any other change in local conditions. Gehl may experience a significant disruption in the supply or raw materials from current sources and, in the event of such a disruption, it may be unable to locate alternative materials suppliers of comparable quality at an acceptable price, or at all. There may be shipments of products by Gehl to the Company's customers that fail to comply with our specifications or that fail to conform to our quality control standards or those of our customers. Under these circumstances, we may incur substantial expense to remedy the problems and may be required to obtain replacement products. If we fail to remedy any such problem in a timely manner, we risk the loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs. Additionally, if the unacceptability of our products is not discovered until after such products are purchased by our customers, our customers could lose confidence in our products or we could face a product recall. In such an event our brand reputation may be negatively impacted which could negatively impact our results of operations.

Our sales and gross margins may decline as a result of increasing product costs and may not keep up with inflation.

Our business is subject to significant pressure on costs and pricing caused by many factors, including intense competition, constrained sourcing capacity and related inflationary pressure, pressure from consumers to reduce the prices we charge for our products, and changes in consumer demand. These factors may cause us to experience increased costs, reduce our prices to consumers or experience reduced sales in response to increased prices, any of which could cause our operating margin to decline if we are unable to offset these factors with reductions in operating costs and could have a material adverse effect on our financial conditions, operating results and cash flows.

In addition, the United States and the countries in which our products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty or tariff levels. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us or may require us to modify our supply chain organization or other current business practices, any of which could harm our business, financial condition and results of operations.

Our margins may decline as a result of increasing freight costs.

Freight costs are impacted by changes in fuel prices through surcharges, among other factors. Fuel prices and surcharges affect freight costs both on inbound freight from suppliers to the distribution center as well as outbound freight from the distribution center to stores/shops, supplier returns and third-party liquidators, and shipments of product to customers. The cost of transporting our products for distribution and sale is also subject to fluctuation due in large part to the price of oil. Our products must be transported by third parties over large geographical distances and an increase in the price of oil can significantly increase costs. Manufacturing delays or unexpected transportation delays can also cause us to rely more heavily on airfreight to achieve timely delivery to our customers, which significantly increases freight costs. Increases in fuel prices, surcharges, and other potential factors may increase freight costs. These fluctuations may increase our cost of products and have an adverse effect on our margins, results of operations and financial condition.

If we fail to adequately protect our intellectual property rights, competitors may manufacture and market similar products, which could adversely affect our market share and results of operations.

All of our product sales are from products bearing proprietary trademarks and brand names. In addition, we own or license patents and patent applications for certain products we sell. We rely on trademark, trade secret, patent and copyright laws to protect our intellectual property rights. There is a risk that we will not be able to obtain and perfect or maintain our own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions. In addition, even if such rights are protected in the U.S., the laws of some other countries in which our products are or may be sold do not protect intellectual property rights to the same extent as the laws of the U.S. Our intellectual property rights could be invalidated, circumvented or challenged in the future, and we could incur significant costs in connection with legal actions relating to such rights. As patents expire, we could face increased competition or decreased royalties, either of which could negatively impact our operating results. If other parties infringe our intellectual property rights, they may dilute the value of our brands in the marketplace, which could diminish the value that consumers associate with our brands and harm our sales.

We may be subject to liability if we infringe upon the intellectual property rights of third parties.

We may be subject to liability if we infringe upon the intellectual property rights of third parties. If we were to be found liable for any such infringement, we could be required to pay substantial damages and could be subject to injunctions preventing further infringement. Such infringement claims could harm our brand image.

Our business involves the potential for product liability and other claims against us, which could affect our results of operations and financial condition and result in product recalls or withdrawals.

We face exposure to claims arising out of alleged defects in our products, including for property damage, bodily injury or other adverse effects. We do not currently maintain product liability insurance, which puts us at a greater risk of harm to our business operations should we receive a monetary judgment against us in relation to a product liability lawsuit. We intend on obtaining product liability insurance in the future. However, even with product liability insurance, we would not be covered against all types of claims, particularly claims other than those involving personal injury or property damage or claims that exceed the amount of insurance coverage. Further, we may not be able to maintain such insurance in sufficient amounts, on desirable terms, or at all, in the future. In addition to the risk of monetary judgments not covered by insurance, product liability claims could result in negative publicity that could harm our products' reputation and in certain cases require a product recall. Product recalls or product liability claims, and any subsequent remedial actions, could have a material adverse effect on our business, reputation, brand value, results of operations and financial condition.

Our failure to comply with trade and other regulations could lead to investigations or actions by government regulators and negative publicity.

The labeling, distribution, importation, marketing and sale of our products are subject to extensive regulation by various federal agencies, including the Federal Trade Commission, Consumer Product Safety Commission, the Food and Drug Administration ("FDA") and state attorneys general in the U.S., as well as by various other federal, state, provincial, local and international regulatory authorities in the locations in which our products are distributed or sold. If we fail to comply with those regulations, we could become subject to significant penalties or claims or be required to recall products, which could negatively impact our results of operations and disrupt our ability to conduct our business, as well as damage our brand image with consumers. In addition, the adoption of new regulations or changes in the interpretation of existing regulations may result in significant unanticipated compliance costs or discontinuation of product sales and may impair the marketing of our products, resulting in significant loss of net revenues.

Should we choose to pursue international sales, we will be subject to compliance with the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-bribery laws applicable to our operations. Although we have policies and procedures to address compliance with the FCPA and similar laws, there can be no assurance that all of our employees, agents and other partners will not take actions in violations of our policies. Any such violation could subject us to sanctions or other penalties that could negatively affect our reputation, business and operating results.

Our future success depends on our key executive officers and our ability to attract, retain, and motivate qualified personnel.

Our future success largely depends upon the continued services of our executive officers and management team, especially our Chief Executive Officer, Ross Sklar. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. Additionally, we may incur additional expenses to recruit and retain new executive officers. If any of our executive officers joins a competitor or forms a competing company, we may lose some or all of our customers. Finally, we do not maintain "key person" life insurance on any of our executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect our business, financial condition, and results of operations, and thereby an investment in our stock.

In addition, our continuing ability to attract and retain highly qualified personnel, especially employees with experience in branding and marketing, will also be critical to our success because we will need to hire and retain additional personnel as our business grows. There can be no assurance that we will be able to attract or retain highly qualified personnel. We face significant competition for skilled personnel in our industries. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, we may not be able to effectively manage or grow our business, which could adversely affect our financial condition or business. As a result, the value of your investment could be significantly reduced or completely lost.

If the technology-based systems that give our customers the ability to shop with us online do not function effectively, our operating results could be materially adversely affected.

A portion of our customers shop with us through our e-commerce websites, which currently sells certain of our *Skylar® and Soylent®* products. While many of our products are sold in retail stores, increasingly, customers are using tablets and smart phones to shop online, and we do plan on increasing our product offerings on ecommerce websites in the future. Any failure on our part to provide an attractive, effective, reliable, user-friendly e-commerce platform that offers a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place us at a competitive disadvantage, result in the loss of sales, harm our reputation with customers, and could have a material adverse impact on our business and results of operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information, and financial and other personally identifiable information of our customers and employees. The secure processing, maintenance, and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Advanced attacks are multi-staged, unfold over time, and utilize a range of attack vectors with military-grade cyber weapons and proven techniques, such as spear phishing and social engineering, leaving organizations and users at high risk of being compromised. The vast majority of data breaches, whether conducted by a cyber attacker from inside or outside of the organization, involve the misappropriation of digital identities and user credentials. These credentials are used to gain legitimate access to sensitive systems and high-value personal and corporate data. Many large, well-known organizations have been subject to cyber-attacks that exploited the identity vector, demonstrating that even organizations with significant resources and security expertise have challenges securing their identities. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, a disruption of our operations, damage to our reputation, or a loss of confidence in our business, any of which could adversely affect our business, revenues, and competitive position.

Organizations face growing regulatory and compliance requirements.

New and evolving regulations and compliance standards for cyber security, data protection, privacy, and internal IT controls are often created in response to the tide of cyber-attacks and will increasingly impact organizations. Existing regulatory standards require that organizations implement internal controls for user access to applications and data. In addition, data breaches are driving a new wave of regulation with stricter enforcement and higher penalties. Regulatory and policy-driven obligations require expensive and time-consuming compliance measures. The fear of non-compliance, failed audits, and material findings has pushed organizations to spend more to ensure they are in compliance, often resulting in costly, one-off implementations to mitigate potential fines or reputational damage. Any substantial costs associated with failing to meet regulatory requirements, combined with the risk of fallout from security breaches, could have a material adverse effect on our business and brand.

We have reported material weaknesses in internal controls.

We have reported material weaknesses in internal controls over financial reporting as of December 31, 2025, and we cannot provide any assurances that additional material weaknesses will not be identified in the future or that we can effectively remediate our reported weaknesses. If our internal controls over financial reporting or disclosure controls and procedures are not effective, there may be errors in our financial statements that could require a restatement, or our filings may not be timely, and investors may lose confidence in our reported financial information.

Section 404 of Sarbanes-Oxley requires us to evaluate the effectiveness of our internal control over financial reporting every quarter and as of the end of each year, and to include a management report assessing the effectiveness of our internal controls over financial reporting in each Annual Report on Form 10-K. Our management, including our Chief Executive Officer and Interim Chief Financial Officer, do not expect that our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in the conditions or deterioration in the degree of compliance with policies or procedures may occur. Because the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As a result, we cannot assure you that additional significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future or that we can effectively remediate our reported weaknesses. Any failure to maintain or implement required new or improved controls, or any difficulties we may encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our consolidated financial statements. Any such failure could also adversely affect the results of periodic management evaluations regarding disclosure controls and the effectiveness of our internal control over financial reporting required under Section 404 of Sarbanes-Oxley and the rules promulgated thereunder. The existence of material weaknesses could result in errors in our consolidated financial statements and subsequent restatements of our consolidated financial statements, cause us to fail to timely meet our reporting obligations and cause investors to lose confidence in our reported financial information.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Cybersecurity attacks impact businesses and organizations of all sizes and sectors on a global basis. At STCB, we recognize the importance of developing, implementing and maintaining a cybersecurity risk management program. We maintain resources to protect our systems and data against cybersecurity threats. We are dependent on internal and external information technology systems and infrastructure to securely process, transmit, and store critical information. We engage an outsourced security firm to oversee our cybersecurity. We reduce cybersecurity risks through a variety of cybersecurity risk management activities that are designed to identify, assess, manage and mitigate cybersecurity threats.

Risk Management Strategy

The Company's cybersecurity risk management program focuses on the following key areas:

- Governance: The cybersecurity risk management program is led by our outsourced security team. At present our Board does not oversee the cybersecurity risk management program, however, the Audit Committee receives regular updates on our cybersecurity program, including recent developments, key initiatives to strengthen our systems, applicable industry standards, vulnerability assessments, third-party and independent reviews, and other information security considerations.
- Approach: We use a cross-functional approach to identifying, preventing, assessing, and mitigating cybersecurity threats and incidents, while also implementing controls and procedures designed to provide for the prompt escalation of cybersecurity incidents and support appropriate public disclosure and reporting of incidents when required. Our cybersecurity efforts include the use of risk-based administrative, technical, and physical controls. STCB maintains an extensive set of policies, procedures, systems and tools designed to help safeguard our systems and data, including firewalls, intrusion detection systems, access controls including multi-factor authentication, vulnerability scanning, penetration testing, independent third-party control audits, an internal bug bounty program, and other systems and processes.
- Incident Response Planning: We maintain a breach reporting and resolution plan that includes defined processes, roles, communications, responsibilities and procedures for responding to cybersecurity incidents and other events that impact our operations. Our incident response plans are tested and evaluated on a regular basis.
- Education and Awareness: We maintain a security and privacy awareness program that runs throughout the year and includes training for all company personnel to enhance employee awareness of how to detect and respond to cybersecurity threats as well as more targeted training for company personnel that have increased responsibility for mitigating certain potential cybersecurity risks.

We review and update our policies, procedures, processes and practices to address changes in the threat landscape and based on lessons learned from suspected, actual or simulated incidents. We also review industry best practices to assist in evaluating responses to new challenges and risks. These evaluations include testing both the design and operational effectiveness of security controls.

Cybersecurity Risks

While we dedicate significant efforts and resources to our cybersecurity program, we may be unable to successfully identify threats, prevent attacks, satisfactorily resolve cybersecurity incidents, or implement adequate mitigating controls. Any breach of our network security and information systems or other cybersecurity-related incidents that results in, or may result in, the loss, theft or unauthorized disclosure of data, or any delay in determining the full extent of a potential breach, could have a material adverse impact on our business, results of operations, and financial condition, including harm to our reputation and brand, reduced demand for our solutions, time-consuming and expensive litigation, fines, penalties, and other damages. To date and except as otherwise may be noted in this Annual Report, we are not aware of any cybersecurity threats, nor have we had any cybersecurity incidents.

Item 2. Properties

Our principal offices are located at 706 N Citrus Avenue, Los Angeles, California, 90038.

Item 3. Legal Proceedings

Global Brands, Ltd. vs. Starco Brands, Inc., USDC Central District of California, Case No. 2:25-cv-12147-HDV-BFM

Global Brands, Ltd. is suing the Company for breach of contract based on a distribution agreement to distribute Whipshots in the United Kingdom. The Company filed an answer and counter claims for breach of contract. The Company is currently unable to estimate the potential range of recoverable damages or the potential loss or range of loss, if any, resulting from a favorable or unfavorable outcome.

Nesco Resource, LLC vs. The Starco Group, Inc., Ohio State Court, Case No. CV26131502

Nesco Resource, LLC filed a complaint against the Company and other defendants seeking approximately $150,000 for staffing services allegedly rendered. The matter is being informally negotiated to be resolved. The Company is currently unable to estimate the potential range of recoverable damages or the potential loss or range of loss, if any, resulting from a favorable or unfavorable outcome.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities

Market Information

Our Class A common stock is listed to trade on the OTC Markets Group OTCQB tier under the symbol "STCB." Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-downs or commissions, and may not necessarily represent actual transactions.

Our Class A common stock shares are subject to Section 15(g) and Rule 15g-9 of the Securities and Exchange Act, commonly referred to as the "penny stock" rule. The rule defines penny stock to be any equity security that has a market price less than $5.00 per share, subject to certain exceptions. These rules may restrict the ability of broker-dealers to trade or maintain a market in our Class A common stock and may affect the ability of stockholders to sell their shares. Broker-dealers who sell penny stocks to persons other than established customers and accredited investors must make a special suitability determination for the purchase of the security. Accredited investors, in general, include individuals with assets in excess of $1,000,000 (not including their personal residence) or annual income exceeding $200,000 or $300,000 together with their spouse, and certain institutional investors. The rules require the broker-dealer to receive the purchaser's written consent to the transaction prior to the purchase and require the broker-dealer to deliver a risk disclosure document relating to the penny stock prior to the first transaction. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the security. Finally, monthly statements must be sent to customers disclosing recent price information for the penny stocks.

On April 10, 2026, the closing price for our Class A common stock as reported on the OTCQB was $0.02. As of such date, we had 784,192,033 shares of Class A common stock issued and outstanding. We had no shares of Class B common stock or Preferred Stock outstanding.

Holders

As of April 10, 2026, we had 339 stockholders of record, which does not include stockholders who hold shares in "street accounts" of securities brokers.

Dividends

We have not paid cash or stock dividends and have no present plan to pay any dividends, intending instead to reinvest our earnings, if any. For the foreseeable future, we expect to retain any earnings to finance the operation and expansion of our business and the payment of any cash dividends on our Class A common stock is unlikely.

Equity Compensation Plans

On November 27, 2023, our Board adopted an equity compensation plan (the "Equity Plan") for employees and service providers of the Company, which authorized for issuance 100,000,000 shares of our Class A common stock. On March 18, 2024, certain stockholders constituting a majority of the voting rights of the Class A common stock, approved by written consent in lieu of a special meeting the stockholders the Equity Plan. The Company filed a Schedule 14C Definitive Information Statement (a "Definitive 14C") relating to such corporate action on March 29, 2024, which became effective as of April 18, 2024.

Recent Sales of Unregistered Securities

All sales of unregistered Class A common stock of the Company during fiscal years 2024 and 2025 and through the date of this report were made in reliance upon Section 4(a)(2) of the Securities Act and are set forth below:

Date	Shares of Common Stock Issuable	Cash Proceeds / Value in Kind from Shares Issuable	Recipient(s) of Shares
February 14, 2024	16,309,203(3)	$ 2,446,380(4)	20 entities 4 individuals
February 14, 2024	125,642,385(5)	$ 14,515,341	21 entities 4 individuals
March 12, 2024	4,979,731(6)	$ 946,149(7)	3 entities 11 individuals
June 30, 2024	11,573,660(1)	$ 2,314,732(2)	15 entities 22 individuals
May 15, 2025	136,760,337	$ 5,607,174	15 entities

(1) Shares recorded for this issuance are holdback shares issued as part of the Skylar Merger Agreement.

(2) The value recorded was previously recorded and recognized in 2022 pursuant to the initial Form D offering/Cash proceeds calculations in the Registrant’s prior filings with respect to the Skylar Merger Agreement.

(3) Shares recorded for this issuance are holdback shares issued as part of the Soylent Merger Agreement.

(4) The value recorded was previously recorded and recognized in 2023 pursuant to the initial Form D offering/Cash proceeds calculations in the Registrant’s prior filings with respect to the Soylent Merger Agreement.

(5) Shares recorded for this issuance are contingent shares issued as part of a true-up relating to the Soylent Merger Agreement.

(6) Shares recorded for this issuance are holdback shares issued as part of the AOS Merger Agreement.

(7) The value recorded was previously recorded and recognized in 2022 pursuant to the initial Form D offering/Cash proceeds calculations in the Registrant’s prior filings with respect to the AOS Merger Agreement.

Item 6. **[Reserved]**

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the consolidated results of operations and financial condition of Starco Brands, Inc. and subsidiaries as of December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this Annual Report following Item 16 ("Form 10-K Summary"). References in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "us," "we," "our," and similar terms refer to Starco Brands, Inc. This Annual Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Annual Report may not occur. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions that may be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that could cause our actual results of operations and financial condition to differ materially are set forth in Item 1A, "Risk Factors" section of this Annual Report on Form 10-K.

We caution that these factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time, and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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 TSG, a related party entity, 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.

Executive Overview

In July 2017, our Board 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 Pure®

STCB is the marketer of record, but not the owner of record for the Winona Pure® line of products. This line originated with Winona Butter Flavor Popcorn Spray and has since expanded with additional flavors of popcorn spray (Caramel, Garlic Butter and Hot Sauce). Additionally, the brand has launched a Sauce Spray line of products (Hot Sauce, Garlic Butter and Butter). STCB provides marketing services for Winona pursuant to a licensing agreement. The Winona line of products is sold in Walmart, H-E-B, Meijer and Food Lion grocery stores, among other retailers. STCB also offers the Winona Popcorn Spray line on Amazon through our strategic partner Pattern (formally iServe), who is a stockholder in STCB.

Whipshots®

In December 2021, the Company launched a new product line consisting of vodka-infused, whipped-cream aerosols, under the brand name “Whipshots” at Art Basel in Miami and garnered over 1 billion impressions world-wide, and sold-out of its limited quantity can launches on whipshots.com each day of the month of the December launch month. The Company launched brick and mortar retail distribution in the first quarter of 2022, signed a distribution agreement with Republic National Distributing Company (“RNDC”), one of the largest spirits distributors in the nation, and signed distribution agreements with others. Whipshots® is currently distributed in 47 of 50 states. The base flavors of Whipshots®– Vanilla, Mocha, Caramel and Chocolate – are accompanied by new and Limited Time flavors such as Peppermint, Lime, Pumpkin Spice, Strawberry and King Cake. We plan to continue to offer various additional Limited Time flavors over time. Whipshots® is produced by Temperance Distilling Company (“Temperance”), where Sklar is a majority shareholder.

Whipshots® and Whipshotz® Trademarks

On September 8, 2021, Whipshots LLC, a Wyoming limited liability company (“Whipshots LLC”), an indirect subsidiary of the Company, entered into an Intellectual Property Purchase Agreement, effective August 24, 2021, with Penguins Fly, LLC, a Pennsylvania limited liability company (“Seller”). The agreement provided that the Seller 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 is payable to Seller, 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 payments are subject to a minimum amount in each contract year and a maximum aggregate amount.

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 47 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, skin 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.

To support this strategy, the Company continues to pursue strategic partnerships and acquisitions. In July 2025, our subsidiary Skylar entered into a license agreement with BlueUTA-I LLC, granting rights to the likeness and trademarks of artist Leah Kateb for use in commercial products. This agreement includes base and royalty compensation, equity grants, and stock options, and is expected to enhance brand visibility and drive product innovation across multiple categories.

Additionally, on July 29, 2025, the Company executed a non-binding exclusive Letter of Intent to acquire its contract manufacturers, collectively referred to as The Starco Group. This proposed transaction is expected to provide greater scale and margin efficiency through vertical integration and would result in the Company being renamed "STARCO," with two primary operating subsidiaries: Starco Brands and Starco Manufacturing.

We will need to rely on sales of our Class A common stock and other sources of financing to raise additional capital. The purchases 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 remain committed to establishing ourselves as a premier brand owner and third-party marketer of innovative, cutting-edge technologies within the consumer products marketplace, with the ultimate goal of driving success and enhancing stockholder value. The Company will continue to evaluate its opportunities to further set the strategy for 2026 and beyond.

For more information and to view our products, you may visit our websites at www.starcobrands.com, www.whipshots.com, www.spraywinona.com, www.artofsport.com, www.skylar.com and www.soylent.com.

Results of Operations

Comparison of the year ended December 31, 2025 to the year ended December 31, 2024

	December 31, 2025	December 31, 2024	Change
Revenues, net	$ 37,314,827	$ 52,527,130	$ (15,212,303)
Revenues, related parties, net	3,164,581	6,140,172	(2,975,591)
Cost of goods sold	21,577,400	33,907,301	(12,329,901)
Cost of goods sold, related parties	3,249,562	3,896,551	(646,989)
Gross profit	15,652,446	20,863,450	(5,211,004)
Operating expenses:			
Compensation expense	7,188,607	9,037,123	(1,848,516)
Professional fees	2,662,177	3,533,052	(870,875)
Marketing, general and administrative	13,150,677	18,890,738	(5,740,061)
Fair value share adjustment	(3,692,529)	(10,544,263)	6,851,734
Goodwill impairment	1,127,208	14,327,871	(13,200,663)
Intangibles impairment	14,000,000	13,304	13,986,696
Total operating expense	34,436,140	35,257,825	(821,685)
Loss from operations	(18,783,694)	(14,394,375)	(4,389,319)
Other expense:			
Interest expense	1,082,104	961,588	120,516
Other expense	807,260	1,978,586	(1,171,326)
Total other expense	1,889,364	2,940,174	(1,050,810)
Loss before provision for income taxes	(20,673,058)	(17,334,549)	(3,338,509)
Provision for income taxes	-	-	-
Net loss	(20,673,058)	(17,334,549)	(3,338,509)
Net loss attributable to non-controlling interest	254,163	316,339	(62,176)
Net loss attributable to Starco Brands	$ (20,927,221)	$ (17,650,888)	$ (3,276,333)

Revenues

For the year ended December 31, 2025, we recorded revenues of $37,314,827, compared to $52,527,130 for the year ended December 31, 2024 for a decrease of $15,212,303 or 29%. The decrease was primarily driven by reduced product sales of Soylent due to an intentional focus on de-emphasizing lower margin sales channels, and some impact from inventory constraints which limited our capacity to accept and fulfill customer orders.

Revenues, related parties

For the year ended December 31, 2025, the Company recorded related party revenues of $3,164,581 compared to $6,140,172 for the year ended December 31, 2024, resulting in a decrease of $2,975,591 or 48%. This decline was primarily attributable to a reduction in royalties received during the current period.

Cost of Goods Sold

For the year ended December 31, 2025, we recorded cost of goods sold of $21,577,400, compared to $33,907,301 for the year ended December 13, 2024, a decrease of $12,329,901 or 36%. The decrease is primarily a result of the reduction in sales volumes.

Cost of Goods Sold, Related Parties

For the year ended December 31, 2025, our cost of goods sold, related parties amounted to $3,249,562, reflecting a decrease of $646,989 or 17%, compared to $3,896,551 for the year ended December 13, 2024. The decrease can be attributed to a reduction in sales volumes of Winona.

Operating Expenses

For the year ended December 31, 2025, our compensation expense amounted to $7,188,607, reflecting a decrease of $1,848,516 or 20%, compared to $9,037,123 for the year ended December 31, 2024. The decline primarily reflects workforce reductions implemented by the Company, as well as the absence of bonus accruals in fiscal year 2025.

For the year ended December 31, 2025, our professional fees totaled $2,662,177, representing a decrease of $870,875 or 25%, compared to $3,533,052 in the prior year. 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 decline was mainly driven by a reduction in consulting and contractor services during the current period. Additionally, the prior-year period reflects the impact of a transition to a new accounting system that occurred during Q3 2024. As part of this implementation, certain expense accounts—specifically contractor and consultant costs—were reclassified from professional fees to marketing and advertising. As a result, professional fees in the prior-year period may not be directly comparable

For the year ended December 31, 2025, our marketing, general and administrative expenses amounted to $13,150,677, reflecting a decrease of $5,740,061 or 30%, compared to $18,890,738 for the year ended December 31, 2024. The year-over-year reduction was primarily driven by lower royalty costs and the termination of several vendor services, implemented as part of a broader cost-savings initiative.

For the year ended December 31, 2025, we incurred a fair value share adjustment gain of $3,692,529 compared to a fair value share adjustment gain of $10,544,263 in the prior year; this was due to a decrease in the fair value of the Soylent sellers' rights to potentially receive additional Starco shares and included the final settlement of the liability in May 2025.

For the year ended December 31, 2025, we incurred a goodwill impairment loss of $1,127,208 related to the Soylent segment, reducing it to zero. As of December 31, 2024, the Starco Brands segment and the Soylent segment were impaired by $2,944,871 and $11,383,000, respectively, and had remaining goodwill balances of $0 and $1,127,208, respectively.

For the year ended December 31, 2025, we incurred an intangibles impairment loss related to the Soylent segment of $14,000,000; as of December 31, 2024, we incurred an intangibles impairment loss of $13,304 to the AOS component of the Starco Brands segment.

Other Expense

Total other expense for the year ended December 31, 2025, was $1,889,364, compared to $2,940,174 in the same period of 2024. The year-over-year decrease was primarily driven by a rise in interest expense, which increased to $1,082,104 from $961,588 in the prior-year period, and a lower level of other expense, totaling $807,260 in 2025 compared to $1,978,586 in 2024.

Net Loss

For the year ended December 31, 2025, we reported a net loss of $20,673,058 compared to a net loss of $17,334,549 for the same period in 2024. The increase in net loss was primarily driven by a $14.0 million non-cash impairment charge related to the write-down of certain definite-lived intangibles associated with the Soylent reporting unit. Excluding this impairment charge, our underlying operating performance improved year-over-year, reflecting a reduction in goodwill impairment of $13,200,663 and decreases in compensation expense and marketing, general and administrative expenses of $1,848,516 and $5,740,061, respectively. These improvements were more than offset by the intangible asset impairment recorded in 2025, resulting in the higher reported net loss for the period.

Liquidity and Capital Resources

As reflected in the accompanying consolidated financial statements, we had an accumulated deficit of $102,347,578 as of December 31, 2025. Net cash provided by financing activities for the year ended December 31, 2025 was $1,644,720. Financing activities during the period included net payments of $3,917,955 on our revolving loan, net proceeds of $62,675 from notes payable, receipts of $1,000,000 from related parties, and $4,500,000 in borrowings under a new line of credit.

For the year ended December 31, 2024, net cash used in financing activities was $2,329,940. Financing activities for that period included net proceeds of $3,541,543 from our revolving loan, net payments of $36,236 on notes payable, payments of $2,000,000 to related parties, and payments of $3,835,247 on a line of credit.

We used $900,770 of net cash in operating activities for the year ended December 31, 2025. Operating cash outflows were primarily driven by our net loss of $20,673,058 and a non-cash gain of $3,692,529 related to a stock-payable share adjustment. These impacts were partially offset by non-cash expenses, including $2,039,315 of stock-based compensation, $2,861,749 of amortization of intangible assets, goodwill impairment of $1,127,208 and intangibles impairment of $14,000,000.

Net cash provided by operating activities was $2,215,446 for the year ended December 31, 2024. Operating cash inflows for that period were primarily attributable to a goodwill impairment charge of $14,327,871, a net decrease of $6,324,556 in operating assets, and a net decrease of $4,738,571 in payables and other liabilities.

Notes Payable - Ross Sklar (Chief Executive Officer)

On August 11, 2023, we issued a Consolidated Secured Promissory Note to Ross Sklar in the principal amount of $4,000,000, consolidating several prior notes. The note bears interest at the Wall Street Journal Prime Rate plus 2 percent, reassessed monthly, and is secured by substantially all of our assets pursuant to an Amended and Restated Consolidated Security Agreement. On May 31, 2024, we and Mr. Sklar entered into an amendment extending the maturity date to August 31, 2026, with an automatic extension to August 31, 2027 if amounts remain outstanding at maturity. The restructuring was accounted for as a debt modification.

During 2024, we repaid $1,527,500 of principal using proceeds from the Gibraltar Loan. As of December 31, 2024, the outstanding principal balance under the Amended Consolidated Secured Promissory Note was $2,472,500, with no accrued interest outstanding.

On August 13, 2025, we and Mr. Sklar entered into a Second Amendment to the Amended Consolidated Secured Promissory Note. The Second Amendment consolidated two additional loans made by Mr. Sklar to us in the aggregate principal amount of $1,000,000, consisting of a $500,000 loan funded on July 15, 2025 and a $500,000 loan funded on August 15, 2025. After giving effect to these additional loans and prior repayments, the principal balance under the note was adjusted to $3,472,500. The Second Amendment reaffirmed that the note remains subject to the Subordination Agreement dated May 24, 2024 between Mr. Sklar and Gibraltar Business Capital, LLC. Except as modified by the Second Amendment, all other terms of the Amended Consolidated Secured Promissory Note, including interest rate, repayment provisions, and maturity, remained unchanged.

As of December 31, 2025, the outstanding principal balance owed to Mr. Sklar under the amended note was $3,472,500. Interest expense related to notes held by Mr. Sklar was $286,144 and $328,207 for the years ended December 31, 2025 and 2024, respectively.

We previously issued an unsecured note to Mr. Sklar on February 14, 2022 in the principal amount of $472,500. The note was amended on May 10, 2024 to extend its maturity to December 31, 2024 and was fully repaid during 2024 using proceeds from the Gibraltar Loan. No amounts were outstanding under this note as of December 31, 2025 or December 31, 2024.

Gibraltar Loan and Security Agreement – Revolving Loan

On May 24, 2024, we and our subsidiaries entered into a Loan and Security Agreement (the "Loan and Security Agreement") with Gibraltar Business Capital, LLC ("Gibraltar"), providing a senior secured revolving line of credit of up to $12.5 million (the "Gibraltar Loan"). The facility included a $1.5 million Permitted Overadvance Amount, which decreased by $125,000 per month beginning June 1, 2024. Borrowings under the facility were secured by a first-priority security interest in substantially all of the assets of us and our subsidiaries. The revolving line of credit was scheduled to mature on May 24, 2026, with a one-year automatic extension subject to the satisfaction of certain conditions.

Revolving loans accrued interest at One Month Term SOFR plus an applicable margin, with an additional 2.00% per annum applied to any portion of the loan classified as a Permitted Overadvance. Interest was payable monthly. As of December 31, 2024, the interest rate on the Gibraltar Loan was 10.00%. As of September 30, 2025, the interest rate was 12.28%.

The Loan and Security Agreement contained customary affirmative and negative covenants, including limitations on indebtedness, liens, asset sales, investments, dividends, stock repurchases, and other restricted payments. The agreement also included financial covenants, including a minimum EBITDA covenant and a maximum Unfinanced Capital Expenditures covenant. The Loan and Security Agreement further contained customary events of default, including nonpayment, covenant violations, breaches of representations and warranties, insolvency events, and cross-defaults.

As of December 31, 2024, we were in default under the Loan and Security Agreement due to reporting deficiencies and failure to maintain the minimum EBITDA financial covenant. We were not in payment default. We engaged in discussions with Gibraltar regarding a waiver and amendment of the financial covenants.

During 2025, we continued to experience covenant violations, including failure to satisfy minimum EBITDA requirements and certain reporting obligations. On July 18, 2025, we and Gibraltar entered into a Forbearance Agreement, under which Gibraltar agreed, subject to specified conditions, to forbear from exercising remedies related to existing events of default through September 16, 2025. The forbearance period could be extended to October 16, 2025 and November 15, 2025 if we achieved minimum EBITDA thresholds for the periods ended July 31, 2025 and August 31, 2025, respectively.

On November 24, 2025, we and Gibraltar entered into Amendment No. 1 to the Forbearance Agreement, extending the forbearance period through December 31, 2025, subject to the satisfaction of certain conditions. The amendment did not constitute a waiver of any defaults, and Gibraltar expressly reserved all rights and remedies under the Loan and Security Agreement.

As of December 31, 2024, the outstanding principal balance under the Gibraltar Loan was $3,917,956, with a debt discount of $266,626, resulting in a net carrying amount of $3,651,330. Interest expense related to the Gibraltar Loan was $395,184 for the year ended December 31, 2024.

As of September 30, 2025, the outstanding principal balance was $4,282,214, with a net carrying amount of $4,156,743 after discounts. Interest expense was $155,243 and $432,651 for the three and nine months ended September 30, 2025, respectively.

In December 2025, we fully repaid all outstanding obligations under the Gibraltar Loan and Security Agreement. Upon repayment, all liens and security interests held by Gibraltar were released, and the Loan and Security Agreement, including the Forbearance Agreement and related amendments, was terminated. As of December 31, 2025, no amounts were outstanding under the Gibraltar Loan, and we had no remaining obligations to Gibraltar.

Related Party Bridge Loan – The Starco Group, Inc.

On December 22, 2025, we entered into a Bridge Term Loan Promissory Note with The Starco Group, Inc. ("TSGI"), a company wholly owned by Ross Sklar, the Company's Chief Executive Officer. The Promissory Note provides for a bridge term loan of up to $5,000,000, including an initial disbursement of $4,500,000 and additional delayed drawdowns of up to $500,000 through December 31, 2026. The proceeds were used to repay our outstanding obligations under the Gibraltar Loan and to support working capital needs.

The Bridge Loan bears interest at the lesser of (i) the Highest Lawful Rate or (ii) the Prime Rate (not less than 6.00 percent) plus 4.25 percent. Interest is payable monthly beginning January 1, 2026. Principal payments begin January 1, 2027 and continue through 2030, with scheduled monthly payments ranging from $28,000 to $66,000. We may prepay the loan at any time without penalty. The loan matures on the earlier of (i) five years from issuance, (ii) acceleration upon default, or (iii) full repayment.

As of December 31, 2025, the outstanding principal balance under the Bridge Loan was $4,500,000.

Going Concern

The audited consolidated financial statements included in this Annual Report on Form 10-K have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. We have concluded that substantial doubt exists about our ability to continue as a going concern within one year after the date the financial statements are issued. The principal conditions giving rise to substantial doubt include our history of recurring net losses and continued working capital deficiencies. As of December 31, 2025, we had an accumulated deficit of $102,347,578, including a net loss of $20,673,058 for the year then ended, and a working capital deficit of approximately $1.4 million.

Management has evaluated the factors contributing to these conditions. Our historical net losses and accumulated deficit are primarily attributable to non-cash or one-time, non-recurring expenses, including goodwill impairment, stock-based compensation, fair value share adjustment losses, and acquisition-related transaction costs.

As of December 31, 2025, our total debt was $8,085,658, consisting of $3,472,500 of notes payable to our CEO, Ross Sklar; $4,500,000 outstanding under a new bridge loan; and $113,158 on a note payable related to directors' and officers' insurance. Mr. Sklar holds a significant minority ownership interest, and historically, certain notes payable to him have been extended or refinanced; however, there can be no assurance that such extensions or refinancings will continue in the future.

To address the conditions giving rise to substantial doubt, management intends to pursue additional financing sources to enhance liquidity, provide working capital, and support repayment of existing obligations, if necessary. Management also continues to implement strategic initiatives to increase revenue in our most profitable sales channels and reduce overall expenses as a percentage of revenue. Improvements to date have resulted, and are expected to continue to result, from operational synergies achieved through our shared services model and our focus on profitable sales channels.

Despite these plans, the conditions described above continue to raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Working Capital Deficit

	December 31, 2025	December 31, 2024
Current assets	$ 11,899,737	$ 17,818,439
Current liabilities	(13,285,278)	(32,011,304)
Working capital deficiency	$ (1,385,541)	$ (14,192,865)

The decrease in current assets is primarily due to decreases in accounts receivable and inventory of $4,431,698 and $3,743,423, respectively, offset by an increase in prepaid expenses of $1,645,419. The decrease in current liabilities is primarily a result of a decrease in fair value of share adjustment of $9,299,703, the repayment of a revolving loan from the prior year of $3,651,330 and a decrease in accounts payable of $3,921,436.

Cash Flows

	Year Ended December 31,	
	2025	**2024**
Net cash (used in) provided by operating activities	$ (900,770)	$ 2,215,446
Net cash used in investing activities	(132,950)	(439,325)
Net cash provided by (used in) financing activities	1,644,720	(2,329,940)
Increase (decrease) in cash	$ 611,000	$ (553,819)

Operating Activities

Net cash used in operating activities was $900,770 for the year ended December 31, 2025 and was primarily due to an increase in prepaid expenses and other assets of $1,645,419 as well as net decreases in accounts payable, other payables and accrued liabilities of $3,379,404. The net loss for the year of $20,673,058 was impacted by non-cash amortization of intangible assets, goodwill impairment, intangibles impairment and stock-based compensation of $2,861,749, $1,127,208, $14,000,000 and $2,039,315, respectively, as well as a fair value share adjustment gain in the amount of $3,692,529.

Net cash provided by operating activities was $2,215,446 for the year ended December 31, 2024 and was primarily due to a combined decrease in accounts receivable and accounts receivable-related parties of $2,240,241, a decrease in inventory in the amount of $2,425,895 and a combined increase in accounts payable and accounts payable-related parties of $2,344,959. The net loss for the year of $17,334,549 was mostly offset by non-cash expenses of goodwill impairment and amortization of intangible assets of $14,327,871 and $2,831,972, respectively.

Investing Activities

Net cash used in investing activities was $132,950 for the year ended December 31, 2025 and was primarily due to cash paid for purchase of property and equipment of $112,950.

Net cash used in investing activities was $439,325 for the year ended December 31, 2024 and was primarily due to cash paid for purchase of property and equipment of $310,590.

Financing Activities

For the year ended December 31, 2025, net cash provided by financing activities was $1,644,720, which primarily resulted from $4,500,000 in proceeds from a bridge loan and $1,000,000 in receipts from related parties, offset by net payments made on loans of $3,855,280.

For the year ended December 31, 2024, net cash used in financing activities was $2,329,940 which primarily resulted from $3,541,543 of net proceeds from the revolving loan, offset by payments made on loans from related parties and on the line of credit of $2,000,000 and $3,835,247, respectively.

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 Consolidated Financial Statements have been prepared in conformity with US GAAP. The preparation of our 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 of goodwill and intangibles for impairment, recoverability of long-lived assets, estimating the allowance for doubtful accounts, determining the net realizable value of inventory, assessing the value of certain share-based adjustments, 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 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, 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) 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.

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.

The Company experienced a triggering event in 2025 due to lower than expected revenue for the Soylent segment, prompting the write-off of Soylent goodwill of $1,127,208 to a zero balance as of December 31, 2025.

The Company experienced triggering events in 2024 due to lower than expected revenue for each segment, prompting impairment assessments of goodwill as of November 31, 2024.

The Company engaged a third-party valuation firm to determine the fair value of the reporting units under ASC 350. The Company recorded total goodwill impairment losses in the amount of $14,327,871 for the year ended December 31, 2024. The goodwill impairment losses are allocated as follows: $2,944,871 to the Starco Brands segment and $11,383,000 to the Soylent segment.

As of December 31, 2025 and December 31, 2024, goodwill was $11,234,312 and $12,361,520, respectively.

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.

The Company experienced triggering events in 2025 due to lower-than-expected revenue for the Soylent segment, prompting a qualitative and quantitative impairment assessment of its definite-lived intangible assets as of November 30, 2025. The Company recorded a loss on impairment for the definite-lived intangible assets of its Soylent subsidiary in the amount of $14,000,000 for the year ended December 31, 2025.

The Company experienced triggering events in 2024 due to lower-than-expected revenue for the AOS component of its Starco Brands segment, prompting a qualitative impairment assessment of its definite-lived intangible assets as of November 30, 2024. The Company recorded a loss on impairment for the definite-lived intangible assets of its AOS subsidiary in the net amount of $13,304 for the year ended December 31, 2024.

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, and our relationships with, and the economic status of, our partners and customers.

Inventory

Inventory consists of premium body and skincare products, fragrances and nutritional products. Inventory is measured and stated at average cost as of December 31, 2025. 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.

Fair Value of Financial Instruments

We follow 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 our 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. Our 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 December 31, 2025 and December 31, 2024.

We may be required to contemplate the fair value of certain share-based adjustments, which require assumptions about market conditions, volatility and other relevant factors which are often obtained from third-party valuation firms. Significant changes to any unobservable input may result in a significant change in the fair value measurement.

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 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 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 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.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*, which requires enhanced disclosures related to the effective tax rate reconciliation and income taxes paid. The Company adopted this standard in the current year. The adoption did not affect the Company's financial position or results of operations, but it resulted in expanded income tax disclosures within the notes to the consolidated financial statements. Management does not expect the adoption of this standard to have a material impact on the Company's critical accounting estimates.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*, which requires public business entities to provide additional tabular disaggregation of specified natural expense categories for each relevant income statement caption. The Company has not yet adopted this standard. Management does not expect the adoption of this standard to have a material impact on the Company's financial position, results of operations, or cash flows, but the standard may require expanded disclosures and changes to internal reporting processes. Management does not expect the adoption to have a material impact on the Company's critical accounting estimates.

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides an optional practical expedient and related policy election for estimating expected credit losses on certain current accounts receivable and current contract assets. The Company has not yet adopted this standard. Management is evaluating whether to elect the practical expedient and does not expect the adoption to have a material impact on the Company's consolidated financial position, results of operations, or cash flows; management also does not expect a material effect on the Company's critical accounting estimates unless the Company elects the policy and the quantitative effect is material.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this Item 8 of this Annual Report are included in this Annual Report following Item 16 ("Form 10-K Summary"). As a smaller reporting company, we are not required to provide supplementary financial information.

Item 9. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and interim principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives.

Under the supervision and with the participation of our management, including our principal executive officer and interim principal financial officer, we are required to perform an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act, as of December 31, 2025.

Management has completed such evaluation and has concluded that our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is appropriate to allow timely decisions regarding required disclosures. As a result of the material weakness in internal controls over financial reporting described below, we concluded that our disclosure controls and procedures as of December 31, 2025 were not effective.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officer and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with GAAP.

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

Material Weaknesses in Internal Control over Financial Reporting

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025 based on the framework established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2025 was 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 consolidated financial statements will not be prevented or detected on a timely basis.

The ineffectiveness of our internal control over financial reporting was due to a material weakness related to lack of corporate documentation, which we had previously reported as of December 31, 2024, 2023 and 2022, and lack of segregation of duties which was reported as of December 31, 2024.

Management's Plan to Remediate Material Weaknesses

During the year ended December 31, 2025, management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include:

- Engagement of separate external financial consulting firms to continue to enhance financial reporting, financial operations, internal controls including segregation of duties; as well as improve tax analysis, fair value estimates and reporting;
- Expansion of the Board to four (4) directors in 2024, including two (2) non-management directors, each of which are serving as a financial expert to sit on the Audit Committee; and
- Management plans to develop formal policies and procedures over accounting and reporting.

Management will continue to monitor and evaluate the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that exempt smaller reporting companies from this requirement.

Changes in Internal Control Over Financial Reporting

Other than described above there have been no changes in our internal control over financial reporting that occurred during our fourth quarter of 2025 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Item 9A. Other Information

None.

Item 9B. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The following table sets forth the names and ages of our current directors and named executive officers. Our bylaws require that the total number of directors constituting our Board shall be not less than one (1) nor more than seven (7), to serve until the earlier occurrence of the election of his or her successor at the next meeting of stockholders, death, resignation or removal by the Board. Our executive officers are appointed by our Board and serve at its discretion. There are no family relationships among our directors, executive officers, or director nominees.

Name	Age	Position	Term of Director/Officer
Ross Sklar	51	President, CEO, Interim Chief Financial Officer, Director and Chairman of the Board	Officer: August 2017 until successor is duly appointed and qualified Director: August 2015 until successor is duly elected and qualified Interim CFO: November 2024 until successor is duly appointed and qualified
Darin Brown	49	Chief Operating Officer, Secretary, and Director	Officer: June 2023 until successor is duly appointed and qualified Director: June 2020 until successor is duly elected and qualified
Bharat Vasan	50	Director, Audit Committee Chair	March 2024 until successor is duly elected and qualified
Joe Schimmelpfennig	53	Director, Audit Committee member	July 2024 until successor is duly elected and qualified

Ross Sklar – Director, Chief Executive Officer and Interim-Chief Financial Officer

Ross Sklar was appointed to fill a vacancy on our Board on August 13, 2015. Mr. Sklar is the founder and current Chief Executive Officer of The Starco Group, located in Los Angeles, California. On August 9, 2017, Mr. Sklar was appointed President and Chief Executive Officer of Starco Brands. On November 8, 2024, Mr. Sklar was appointed interim-Chief Financial Officer. He started The Starco Group in January 2010. The Starco Group is a diversified aerosol and liquid fill producer of private label and branded industrial and consumer products that manufactures for almost every consumer category. For over 20 years Mr. Sklar has developed technology in industrial and consumer markets. He holds a Bachelor's degree in Political Science from the University of Manitoba.

Darin Brown – Director, Chief Operating Officer

Darin Brown joined the Company as a Director on June 4, 2020, and was appointed as its Chief Operating Officer and Secretary on June 8, 2023. Mr. Brown has over 20 years of experience in chemical operations and consumer package goods distribution. He also currently serves as a Board member for The Starco Group. Mr. Brown has exceptional leadership experience, having overseen teams of over 200 people during his time at The Starco Group.

Bharat Vasan - Director

Bharat Vasan is an experienced Board member, executive and investor, with more than 20 years of leading businesses across multiple industries, including in consumer packaged goods, digital health, AI, software, electronics and games. Mr. Vasan has a track record of growing and scaling businesses across different stages of their lifecycle, including raising capital, and mergers and acquisitions. Mr. Vasan is currently the CEO & Founder of Intangible, a venture-backed AI startup. Prior to that, he was Chief Operating Officer of The Production Board ("TPB"), a San Francisco-based venture capital firm. At TPB, Mr. Vasan sat on private and public boards, including Uplifting Results Labs and TPB Acquisition Corp I. Prior to joining TPB, Mr. Vasan was the Chief Executive Officer and a Board Member of PAX Labs. He has led multiple businesses to successful financings and acquisitions, including as the President and Chief Operating Officer at August Home (acquired by Assa Abloy), and as the co-founder and Chief Operating Officer of BASIS Science (acquired by Intel, Inc.). Mr. Vasan also played various roles in corporate development and executive leadership at Electronic Arts. He is active with non-profit causes and currently sits on the Board of the San Francisco Society for the Prevention of Cruelty to Animals (SPCA). Mr. Vasan received his undergraduate degree from Middlebury College and his graduate degree from Columbia University.

Joe Schimmelpfennig - Director

Joe Schimmelpfennig is an experienced investment banking and finance executive with more than 30 years of experience successfully building and scaling a consumer investment banking team as well as executing transactions. During that time, Mr. Schimmelpfennig has successfully closed sell-side and buy-side M&A transactions, minority equity and debt capital raises, and has lead managed and co-managed public offerings for a number of companies in the consumer sector. Mr. Schimmelpfennig is currently the Head of Consumer Investment Banking at D.A. Davidson, a middle market investment banking firm. Prior to joining D.A. Davidson, Mr. Schimmelpfennig was the Head of Investment Banking and the Consumer Group at Wunderlich Securities, which was majority-owned and managed by Altamont Capital Partners and acquired by B. Riley Financial in 2017. Mr. Schimmelpfennig received his bachelor's degree in Business Administration & Economics from Coe College.

Board Composition, Committees and Director Selection

The Board currently consists of four (4) directors. Members of the Board regularly discuss various business matters informally on numerous occasions throughout the year. During the fiscal year ended December 31, 2025, the Board met three times and acted by unanimous written consent three times. All current directors attended 100% of the meetings of the Board in 2025. We do not have a policy regarding Board members' attendance at meetings of stockholders.

Our Board maintains certain standing committees consisting of Board members. The Board has three separate standing committees: (i) the compensation committee ("Compensation Committee"), (ii) audit committee ("Audit Committee") and (iii) nominating and corporate governance committee ("Nominating and Corporate Governance Committee").

Our Board does not have a formal policy on whether the roles of Chief Executive Officer and Chairman of the Board should be separate and Mr. Sklar currently serves as both Chief Executive Officers and Chairman. Our Board reviews its leadership structure regularly and believes at this time that the Company and its stockholders are best served by having the CEO serve in both positions. Combining the roles fosters accountability, effective decision-making and alignment between interests of our Board and management. Our Board currently has no lead independent director. Our Board expects to periodically review its leadership structure to ensure that it continues to meet the Company's needs.

Our Audit Committee currently consists of Bharat Vasan and Joe Schimmelpfennig, with Mr. Vasan serving as Chair. The Board has determined that both members are qualified as 'audit committee financial experts' and meet the definition of 'independent' under the applicable rules established by the SEC. The Audit Committee assists the Board in its oversight responsibilities relating to the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditor's qualifications and independence, and the establishment and performance of our internal audit function, and the performance of the independent auditor. The Audit Committee was formed in May 2024.

Our Compensation Committee currently consists of Bharat Vasan and Darin Brown. The Compensation Committee is authorized to review our compensation and benefits plans to ensure they meet our corporate objectives, approve the compensation structure of our executive officers, evaluate our executive officers' performance, and advise on salary, bonus and other incentive and equity compensation. The Compensation Committee was created in May 2024.

Our Nominating and Corporate Governance Committee currently consists of Bharat Vasan. The Nominating and Corporate Governance Committee is primarily concerned with identifying individuals qualified to become members of our Board, selection of the director candidates to fill any vacancies on our Board and the development of our corporate governance guidelines and principles.

The Nominating and Corporate Governance Committee identifies individuals qualified to become members of our Board through recommendations from members of the Committee and other Board members and executive officers of the Company and will consider candidates who are recommended by stockholders. These factors focus on skills, expertise or background and may include decision-making ability, judgment, personal integrity and reputation, experience with businesses and other organizations of comparable size, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

Involvement in Certain Legal Proceedings

None of our officers, directors, promoters or control persons have participated in any of the following activities in the past ten years:

(1) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
(2) Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
(3) Being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, or any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
(4) Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and persons who own more than ten percent of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock. Officers, directors and ten-percent or greater beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based upon a review of those forms and representations regarding the need for filing for the year ended December 31, 2025, we believe all necessary forms have been filed.

Corporate Governance and Code of Ethics

The role of the Board is to ensure that the Company is managed for the long-term benefit of our stockholders. To fulfill this role, the Board has adopted a Code of Business Conduct and Statement of Policy Concerning Trading in Company Securities that applies to all our employees, directors and officers, including those officers responsible for financial reporting.

Item 11. Executive Compensation

The table below outlines the cash compensation of the Company's executive officers for the past two fiscal years.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Ross Sklar,	2025	$ 120,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 120,000
CEO, CFO[1], Director	2024	$ 120,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 120,000
Darin Brown,	2025	$ 270,000	$ 52,650	$ -	$ -	$ -	$ -	$ -	$ 322,650
COO, Director	2024	$ 272,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 270,000
Kevin Zaccardi,	2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFO[2]	2024	$ 269,641	-	-	-	-	-	-	$ 269,641
David Dreyer,	2025	$ 152,308	$ 16,453	$ -	$ -	$ -	$ -	$ 60,577	$ 229,338
VP[3]	2024	$ 225,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,000
Bharat Vasan,	2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Director	2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Joe Schimmelpfennig,	2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Director	2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) Effective November 8, 2024, Mr. Sklar was appointed as our Interim-Chief Financial Officer.
(2) Effective November 8, 2024, Mr. Zaccardi resigned as our acting Chief Financial Officer.
(3) Mr. Dreyer's services as Chief Marketing Officer ceased as of August 18, 2025.

Employment Agreements

STCB has no formal employment agreements, other than at-will offer letters, in place at this time.

Director Compensation

The Company has no arrangements in place to compensate its directors for services rendered in their capacity as directors, including participation in committees or undertaking special assignments.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Under Equity Compensation Plans

On November 27, 2023, our Board adopted an equity compensation plan (the "Equity Plan") for employees and service providers of the Company, which authorized 100,000,000 shares of our Class A common stock. On March 18, 2024, certain stockholders constituting a majority of the voting rights of the Class A common stock, approved by written consent in lieu of a special meeting the stockholders the Equity Plan. The Company filed a Schedule 14C Definitive Information Statement (a "Definitive 14C") relating to such corporate action on March 29, 2024, which became effective as of April 18, 2024.

Beneficial Ownership

The following table lists the beneficial ownership of our outstanding Class A common stock by our management and each person or group known to us to own beneficially more than 5% of our voting common stock. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Based on these rules, two or more persons may be deemed to be the beneficial owners of the same securities. Except as indicated by footnote, the persons named in the table below have sole voting power and investment power with respect to the shares of Class A common stock shown as beneficially owned by them. The percentage of beneficial ownership is based on 784,192,033 shares of common stock outstanding as of April 10, 2026.

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
Class A common stock	Ross Sklar	94,344,888 (1)	12.0%
Class A common stock	Darin Brown	2,000,000	0.3%
Class A common stock	Bharat Vasan	-	-%
Class A common stock	Joe Schimmelpfennig	-	-%
Class A common stock	GV 2016 GP, L.L.C.	147,490,961 (2)	18.8%
Class A common stock	Andreessen Horowitz Fund IV, L.P.	118,633,627	15.1%
Class A common stock	The Production Board, LLC	91,444,397	11.7%
	Directors and executive officers as a group (4 persons)	96,344,888	12.3%

(1) Includes 41,666,666 shares held by SEI Sklar Enterprises, LLC ("SEI Sklar"). Mr. Sklar is the Manager of SEI Sklar.

(2) GV 2016 GP, L.L.C. holds these shares indirectly through GV 2016, L.P.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Party Transactions

The following summarizes transactions during the years ended December 31, 2025 and 2024 involving the Company and its executive officers, directors, beneficial owners of more than 5% of the Company's voting securities, and entities affiliated with such persons. All related party transactions were approved by the disinterested members of the Board of Directors. These transactions were not negotiated on an arm's length basis, and the terms may differ from those that would have been obtained in transactions with unrelated parties.

Notes Payable – Ross Sklar (Chief Executive Officer)

On August 11, 2023, the Company issued a Consolidated Secured Promissory Note to Ross Sklar in the principal amount of $4,000,000, consolidating several prior notes. The note bears interest at the Wall Street Journal Prime Rate plus 2 percent, reassessed monthly, and is secured by substantially all assets of the Company pursuant to an Amended and Restated Consolidated Security Agreement. On May 31, 2024, the Company and Mr. Sklar entered into an amendment extending the maturity date to August 31, 2026, with an automatic extension to August 31, 2027 if amounts remain outstanding at maturity. The restructuring was accounted for as a debt modification. During 2024, the Company repaid $1,527,500 of principal using proceeds from the Gibraltar Loan. As of December 31, 2024, the outstanding principal balance under the Amended Consolidated Secured Promissory Note was $2,472,500, with no accrued interest outstanding.

On August 13, 2025, the Company and Mr. Sklar entered into a Second Amendment to the Amended Consolidated Secured Promissory Note. The amendment consolidated two additional loans made by Mr. Sklar to the Company in the aggregate principal amount of $1,000,000, consisting of a $500,000 loan funded on July 15, 2025 and a $500,000 loan funded on August 15, 2025. After giving effect to these additional loans and prior repayments, the principal balance under the note was adjusted to $3,472,500. The note remains subject to the Subordination Agreement dated May 24, 2024 between Mr. Sklar and Gibraltar Business Capital, LLC. All other terms remained unchanged. As of December 31, 2025, the outstanding principal balance owed to Mr. Sklar under the amended note was $3,472,500. Interest expense related to notes held by Mr. Sklar was $286,144 and $328,207 for the years ended December 31, 2025 and 2024, respectively.

The Company previously issued an unsecured note to Mr. Sklar on February 14, 2022 in the principal amount of $472,500. The note was amended on May 10, 2024 to extend its maturity to December 31, 2024 and was fully repaid during 2024 using proceeds from the Gibraltar Loan. No amounts were outstanding under this note as of December 31, 2025 or December 31, 2024.

Gibraltar Loan and Security Agreement – Subordination

In connection with the Company's Loan and Security Agreement with Gibraltar Business Capital, LLC, on May 24, 2024, Mr. Sklar entered into a subordination agreement pursuant to which his rights under the Amended Consolidated Secured Promissory Note and the February 14, 2022 Note were subordinated to Gibraltar's rights. The subordination agreement remained in effect throughout 2025 and terminated upon the Company's repayment of the Gibraltar Loan in December 2025.

Related Party Bridge Loan – The Starco Group, Inc.

On December 22, 2025, the Company entered into a Bridge Term Loan Promissory Note with TSGI, a company wholly owned by Mr. Sklar. The Promissory Note provides for a bridge term loan of up to $5,000,000, including an initial disbursement of $4,500,000 and additional delayed drawdowns of up to $500,000 through December 31, 2026. The proceeds were used to repay the Company's outstanding obligations under the Gibraltar Loan and to support working capital needs. The Bridge Loan bears interest at the lesser of the Highest Lawful Rate or the Prime Rate (not less than 6.00 percent) plus 4.25 percent. Interest is payable monthly beginning January 1, 2026. Principal payments begin January 1, 2027 and continue through 2030. The loan may be prepaid at any time without penalty. As of December 31, 2025, the outstanding principal balance under the Bridge Loan was $4,500,000.

Related Party Lease

On May 1, 2024, the Company entered into an operating lease for office space with a related-party lessor. The lease covers approximately 3,000 square feet located at 706 N. Citrus Ave., Los Angeles, California, with monthly base rent of $10,000 and annual increases of 5%. The Company recognized a right-of-use asset and corresponding lease liability of $587,914 upon lease commencement. Lease expense was $136,038 and $90,692 for the years ended December 31, 2025 and 2024, respectively.

Other Related Party Transactions

During the years ended December 31, 2025 and 2024, the Company recognized revenue from related parties of $3,164,581 and $6,140,172, respectively. Accounts receivable and accrued accounts receivable from TSG and Temperance were $0 as of December 31, 2025 and $2,250,379 as of December 31, 2024. Ross Sklar serves as Chairman of Temperance. During the years ended December 31, 2025 and 2024, the Company recognized cost of goods sold from products purchased from related parties of $3,064,112 and $3,896,551, respectively. Accounts payable to TSG and other related parties were $1,238,693 as of December 31, 2025 and $1,658,188 as of December 31, 2024. During the years ended December 31, 2025 and 2024, the Company recorded related party advances of $487,600 and $0, respectively, which are included in accrued liabilities and other current liabilities on the consolidated balance sheet.

Voting Agreements

The Company is party to several voting agreements entered into in connection with prior acquisitions, including the AOS Voting Agreement, the Skylar Voting Agreement, and the Soylent Voting Agreement. These agreements grant Mr. Sklar certain voting rights or proxy authority over shares held by other stockholders, subject to specified conditions and termination provisions. As of April 16, 2025, Mr. Sklar beneficially controls, directly or indirectly, the voting power of up to 484,608,472 shares of the Company's Class A common stock, representing up to 75.1 percent of the outstanding voting power with respect to the election of up to four of seven directors. Mr. Sklar may exercise control over approximately 220,658,559 shares, or 34.2 percent of the total voting power, pursuant to certain stockholder actions described in the respective voting agreements.

Director Independence

The Company is not currently required to maintain a majority-independent Board under applicable rules for non-listed companies. As of the date of this Report, the Board consists of four directors, one of whom is independent under the independence standards of the Nasdaq Stock Market. The Company intends to increase the number of independent directors as its operations expand and as required by future listing standards.

Item 14. Principal Accounting Fees and Services

Audit Fees

Macias Gini & O'Connell LLP ("MGO") has served as our independent registered public accountants for the years ended December 31, 2025 and 2024. The following is a summary of the fees billed or expected to be billed to us by MGO for professional services rendered with respect to the fiscal years ended December 31:

	2025	2024
Audit fees (1)	$ 400,000	$ 550,000
Audit-related fees (2)	-	-
Tax fees (3)	-	-
All other fees (4)	-	-
	$ 400,000	$ 550,000

(1) Audit Fees consist of fees billed and expected to be billed for services rendered for the audit of our consolidated financial statements for the years ended December 31, 2025 and 2024, and the review of our consolidated financial statements included in our Quarterly Reports on Form 10-Q.

(2) Audit-related fees represent professional services rendered for assurance and related services by the accounting firm that are reasonably related to the performance of the audit or review of our consolidated financial statements that are not reported under "Audit Fees."

(3) Tax Fees consist of fees billed for professional services related to preparation of our U.S. federal and state income tax returns and tax advice.

(4) All Other Fees consist of fees billed for products and services provided by our independent registered public accountants, other than those disclosed above.

Pre-Approval Policies

Our Board approves the engagement of the auditor before the firm renders audit and non-audit services. Since the Company does not have an audit committee, we do not rely on pre-approval policies and procedures.

PART IV

Item 15. Exhibits and Financial Statement Schedules

EXHIBIT INDEX

Exhibit No.	Exhibit Description
2.1 (*)†	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.
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 Successor 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), filed as Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2024.

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, filed as Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2024.
4.9(*)	Stockholder Agreement by and among Starco Brands, Inc., a Nevada corporation, YL Management LLC, a Delaware limited liability company, and certain holders of Acquiror Common Stock (as defined therein) dated March 15, 2024, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 21, 2024.
4.10 (#)	Description of Securities.
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.
10.2 (*)(+)	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 Regulation A+ offering statement filed with the Commission on August 31, 2021.
10.3 (*)(+)	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 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.
10.5 (*)(+)	Amended and Restated License Agreement, by and between Whipshots Holdings LLC, Washpoppin Inc., and "Cardi B," effective as of November 27, 2023, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 8, 2023.
10.6 (*)(+)	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 Company's Current Report on Form 8-K filed with the Commission on September 14, 2021.
10.7 (*)	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 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.
10.9 (*)	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 Current Report on Form 8-K filed with the Commission on August 11, 2023.
10.10 (*)	Amendment Number One to Consolidated Secured Promissory Note, by and between Starco Brands and Ross Sklar, dated May 31, 2024, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on May 31, 2024.
10.11 (*)	Amendment Number Two to Consolidated Secured Promissory Note, by and between Starco Brands and Ross Sklar, dated August 13, 2025, filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2025.
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 (*) (+)	Bridge Term Loan Promissory Note, dated December 22, 2025, issued by Starco Brands, Inc. in favor of the Starco Group, Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 23, 2025.
10.17 (*)	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.
10.18 (*) (+)	Loan and Security Agreement, dated as of May 24, 2024, by and among, Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc., Gibraltar Business Capital, LLC, and certain other persons from time to time that may become a party thereto, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on May 31, 2024.
10.19 (*)	Waiver and Amendment No. 1, dated September 17, 2024, to Loan and Security Agreement, dated as of May 27, 2024, by and among, Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc., Gibraltar Business Capital, LLC, and certain other persons from time to time that may become a party thereto, filed as Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2025.
10.20 (*)	Forbearance Agreement and Amendment No. 2, dated as of July 18, 2025, to Loan and Security Agreement, dated as of May 27, 2024, by and among, Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc., Gibraltar Business Capital, LLC, and certain other persons from time to time that may become a party thereto, filed as Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2025.

10.21 (*)	Amendment No. 1 to Forbearance Agreement, dated November 24, 2025, by and among Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc. and Gibraltar Business Capital, LLC, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 1, 2025.
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, filed as Exhibit 21.1 to the Company's Annual Report of Form 10-K filed with the Commission on April 18, 2025.

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

(#)	Filed herewith.
(*)	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.
†	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.

Item 16. Form 10-K Summary

Not applicable

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STARCO BRANDS, INC.

Dated: April 14, 2026

By: */s/ Ross Sklar*
Ross Sklar
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Ross Sklar Ross Sklar	Chief Executive Officer, interim Chief Financial Officer and Director (Principal Executive and Financial Officer)	April 14, 2026
/s/ Darin Brown Darin Brown	Director	April 14, 2026
/s/ Bharat Vasan Bharat Vasan	Director	April 14, 2026
/s/ Joe Schimmelpfennig Joe Schimmelpfennig	Director	April 14, 2026

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

STARCO BRANDS, INC.
CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To Shareholders and Board of Directors
Starco Brands, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Starco Brands, Inc. (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a working capital deficit of approximately $1.4 million and an accumulated deficit of approximately $102.3 million at December 31, 2025, including the impact of its net loss of approximately $20.7 million for the year ended December 31, 2025. The Company's ability to raise additional capital through the future issuances of common stock and/or debt financing is unknown. The obtainment of additional financing and the successful development of the Company's contemplated plan of operations, to the attainment of profitable operations, are necessary for the Company to continue operations. These conditions and the ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern.

Basis for Opinion

These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the Impairment of Goodwill and Intangible Assets

The Company performs its annual impairment analysis during the fourth quarter, or more frequently if events or circumstances indicate that goodwill or indefinite life intangible assets might be impaired. Additionally, the Company tests for recoverability of long-lived assets, including definite-lived intangibles, whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable regardless of whether such carrying amount is zero or negative. Auditing the annual goodwill impairment test and intangible assets was especially complex and judgmental due to the significant estimation required in determining the fair value of the reporting unit. In particular, the fair value estimates involve judgmental assumptions including the amount and timing of expected future cash flows from revenue growth rates, which are affected by expectations about future market or economic conditions and reporting unit specific risk factors.

An impairment indicator exists when a reporting unit's carrying value exceeds its fair value. On the other hand, intangible definite-lived assets are tested for impairment only when a triggering event indicates that the asset's carrying amount may not be recovered. If this type of triggering event is identified for one class of assets, it might also indicate the identification of a similar triggering event for other classes of assets, requiring an entity to test multiple classes of assets for impairment simultaneously.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures for impairment of goodwill and intangibles included the following, among others:

- We obtained an understanding of the process over the Company's goodwill and intangibles impairment review, including review of the significant inputs and assumptions used in determining the reporting unit fair values.
- To test the estimated fair value of the Company's reporting unit, we performed audit procedures that included, among others, assessing fair value estimation methodologies, testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analysis.
- We compared the significant assumptions used by management to historical financial results of the reporting unit.
- We evaluated significant assumptions based on the Company's intent and ability to carry out a particular course of action to determine the reasonableness of the assumption.
- We involved our valuation professionals to assist in our evaluation of the significant assumptions used to develop fair value estimates.

/s/ Macias, Gini, and O'Connell LLP

We have served as the Company's auditor since 2022
Irvine, California
April 14, 2026

STARCO BRANDS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	1,818,406	1,207,406
Accounts receivable, net of allowance for credit losses of $223,867 and $371,654, respectively	2,988,724	5,170,043
Accounts receivable - related parties	-	2,250,379
Prepaid expenses and other assets	2,586,385	940,966
Inventory	4,506,222	8,249,645
Total Current Assets	11,899,737	17,818,439
Property and equipment, net	167,648	353,720
Operating lease right-of-use asset	459,459	538,776
Intangibles, net	12,095,538	28,645,847
Goodwill	11,234,312	12,361,520
Total Assets	35,856,694	59,718,302
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	6,983,870	10,485,811
Accounts payable - related parties	1,238,693	1,658,188
Other payables and accrued liabilities	4,380,445	4,326,011
Other payables and accrued liabilities - related parties	487,599	-
Fair value of share adjustment	-	9,299,703
Notes payable, current; $0 and $2,472,500 from related parties, respectively	113,158	2,522,983
Revolving loan, net of discounts	-	3,651,330
Lease liability, current	81,513	67,278
Total Current Liabilities	13,285,278	32,011,304
Notes payable - related parties, noncurrent	7,972,500	-
Lease liability, noncurrent	400,677	482,190
Total Liabilities	21,658,455	32,493,494
Commitments and Contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, $.001 par value; 40,000,000 shares authorized; no shares issued and outstanding at December 31, 2025 and 2024, respectively	-	-
Class A common stock, $.001 par value; 1,700,000,000 shares authorized; 784,192,033 and 647,431,696 shares issued and outstanding at December 31, 2025 and 2024, respectively	784,193	647,432
Class B common stock, $.001 par value; 300,000,000 shares authorized, no shares issued and outstanding at December 31, 2025 and 2024, respectively	-	-
Additional paid in capital	107,009,238	99,499,510
Treasury stock at cost	(328,500)	(328,500)
Accumulated deficit	(102,347,578)	(81,420,357)
Total Starco Brands' Stockholders' Equity	5,117,353	18,398,085
Non-controlling interest	9,080,886	8,826,723
Total Stockholders' Equity	14,198,239	27,224,808
Total Liabilities and Stockholders' Equity	35,856,694	59,718,302

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

STARCO BRANDS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended	
	December 31, 2025	December 31, 2024
Revenues, net	$ 37,314,827	$ 52,527,130
Revenues - related parties, net	3,164,581	6,140,172
Cost of goods sold	21,577,400	33,907,301
Cost of goods sold - related parties	3,249,562	3,896,551
Gross profit	$ 15,652,446	$ 20,863,450
Operating Expenses:		
Compensation expense	$ 7,188,607	$ 9,037,123
Professional fees	2,662,177	3,533,052
Marketing, general and administrative	13,150,677	18,890,738
Fair value share adjustment loss (gain)	(3,692,529)	(10,544,263)
Goodwill impairment	1,127,208	14,327,871
Intangibles impairment	14,000,000	13,304
Total operating expenses	34,436,140	35,257,825
Loss from operations	(18,783,694)	(14,394,375)
Other Expense:		
Interest expense	1,082,104	961,588
Other expense	807,260	1,978,586
Total other expense, net	1,889,364	2,940,174
Loss before provision for income taxes	$ (20,673,058)	$ (17,334,549)
Provision for income taxes	-	-
Net loss	$ (20,673,058)	$ (17,334,549)
Net income attributable to non-controlling interest	254,163	$ 316,339
Net loss attributable to Starco Brands	$ (20,927,221)	$ (17,650,888)
Loss per share, basic	$ (0.03)	$ (0.03)
Loss per share, diluted	$ (0.03)	$ (0.03)
Weighted Average Shares Outstanding - Basic	733,609,443	625,126,628
Weighted Average Shares Outstanding - Diluted	733,609,443	625,126,628

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

STARCO BRANDS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Treasury Stock		Non-	Equity	
	Shares	Amount	Shares	Amount	Capital	Payable	Accumulated Deficit	controlling Interest	Consideration Payable	Stockholders' Equity
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	-	-	-	-	1,733,168	-	-	-	-	1,733,168
Soylent Share Adjustment	125,642,385	125,643	-	-	16,961,721	-	-	-	-	17,087,364
Shares issued in connection to equity payable related to Soylent acquisition	16,309,203	16,309	-	-	2,430,071	-	-	-	(2,446,380)	-
Shares issued in connection to equity payable related to Soylent acquisition	11,573,660	11,574	-	-	2,303,158	-	-	-	(2,314,732)	-
Shares issued in connection to equity payable related to Soylent acquisition	4,979,731	4,980	-	-	941,169	-	-	-	(946,149)	-
Share repurchase	-	-	-	-	-	65,700	-	-	-	65,700
Net (loss) income	-	-	-	-	-		(17,650,888)	316,339	-	(17,334,549)
Balance at December 31, 2024	647,431,696	$647,432	-	$ -	$ 99,499,510	$(328,500)	$ (81,420,357)	$ 8,826,723	$ -	$ 27,224,808
Soylent Share Adjustment	136,760,337	136,761	-	-	5,470,413	-	-	-	-	5,607,174
Stock-based compensation	-	-	-	-	2,039,315	-	-	-	-	2,039,315
Net income	-	-	-	-	-	-	(20,927,221)	254,163	-	(20,673,058)
Balance at December 31, 2025	784,192,033	$784,193	-	$ -	$107,009,238	$(328,500)	$(102,347,578)	$ 9,080,886	$ -	$ 14,198,239

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

STARCO BRANDS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31, 2025	December 31, 2024
Cash Flows From Operating Activities:		
Net loss	$ (20,673,058)	$ (17,334,549)
Adjustments to reconcile net loss to net cash used in operating activities:		
Goodwill impairment	1,127,208	14,327,871
Intangibles impairment	14,000,000	13,304
Inventory write-offs	661,154	-
Stock based compensation	2,039,315	1,733,168
Depreciation	7,582	15,029
Amortization of intangible assets	2,861,749	2,831,972
Amortization of debt discount	266,626	109,787
Gain on stock payable share adjustment	(3,692,529)	(10,544,263)
Changes in operating assets and liabilities:		
Accounts receivable	2,181,319	1,864,907
Accounts receivable - related parties	2,250,379	375,334
Prepaid expenses and other assets	(1,645,419)	2,197,196
Inventory	3,082,269	2,425,895
Operating lease right of use asset	79,317	(538,776)
Accounts payable	(3,501,941)	855,641
Accounts payable - related parties	(419,495)	1,489,318
Other payables and accrued liabilities	54,433	1,849,825
Other payables and accrued liabilities - related parties	487,599	(5,681)
Operating lease liability	(67,278)	549,468
Net Cash (Used In) Provided By Operating Activities	(900,770)	2,215,446
Cash Flows From Investing Activities:		
Purchases of intangibles	(20,000)	(128,735)
Purchases of property & equipment	(112,950)	(310,590)
Net Cash Used In Investing Activities	(132,950)	(439,325)
Cash Flows From Financing Activities:		
Proceeds from notes payable	513,150	301,164
Payments to notes payable	(450,475)	(337,400)
(Payments to)/receipts from related parties	1,000,000	(2,000,000)
(Payments to)/borrowings from Line of Credit	4,500,000	(3,835,247)
Proceeds from Revolving loan	36,034,721	35,014,606
Payments to Revolving loan	(39,952,676)	(31,473,063)
Net Cash Provided By (Used In) Financing Activities	1,644,720	(2,329,940)
Net Increase (Decrease) In Cash	611,000	(553,819)
Cash - Beginning of Period	1,207,406	1,761,225
Cash - End of Period	$ 1,818,406	$ 1,207,406
Supplemental Cash Flow Information:		
Cash paid for:		
Interest paid	$ 815,474	$ 851,776
Income taxes	$ -	$ -
Noncash operating, investing and financing activities:		
Estimated fair value of shares payable to be issued for acquisitions	$ -	$ -
Settlement of Soylent share adjustment	$ 5,607,174	$ 17,087,364
Shares issued in connection with equity payable related to Soylent acquisition	$ -	$ 2,446,380
Shares issued in connection with equity payable related to Skylar acquisition	$ -	$ 2,314,732
Reclassification/capitalization of ERP system from PP&E to Intangibles	$ 291,440	$ -

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

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 of Directors ("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 TSG, a related party entity, 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 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. The authorized preferred stock, with a par value of $0.001 per share and totaling 40,000,000 shares, has remained unchanged.

NOTE 2 – GOING CONCERN

The accompanying 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 has concluded that substantial doubt exists regarding its ability to continue as a going concern within one year after the date that these financial statements are issued. The principal conditions giving rise to substantial doubt include the Company's history of recurring net losses and continued working capital deficiencies. As of December 31, 2025, the Company reported an accumulated deficit of $102,347,578, including a net loss of $20,673,058 for the year ended December 31, 2025, and a working capital deficit of approximately $1.4 million.

Management has evaluated the conditions that contributed to substantial doubt. The historical net losses and accumulated deficit are primarily attributable to non-cash or one-time, non-recurring expenses, including goodwill impairment, stock-based compensation, fair value share adjustment losses, and acquisition-related transaction costs.

As of December 31, 2025, total debt was approximately $8.1 million, which includes $3,472,500 in notes payable to Ross Sklar ("Sklar"), a significant minority shareholder. Of this amount, $1.0 million was funded in July and August 2025 in response to requests from the Company's lender. Mr. Sklar's ownership interest and operational role provide an incentive for him to be supportive of the Company regarding repayment of these notes, consistent with prior periods (see Note 9).

On July 18, 2025, the Company and its lender entered into a forbearance agreement (the "Forbearance Agreement") related to its revolving loan facility. On November 24, 2025, the parties executed Amendment No. 1, which added additional Events of Default related to delayed financial reporting and extended the forbearance period, subject to specified conditions, through December 31, 2025. In December 2025, the Company paid off in full all outstanding obligations under the revolving loan facility, and the facility and related forbearance arrangements are no longer in effect.

On December 22, 2025, the Company entered into a Bridge Term Loan Promissory Note with The Starco Group, Inc., an entity wholly owned by Sklar, providing for up to $5,000,000 in borrowing capacity, including an initial disbursement of $4,500,000 (the "Bridge Loan"). The proceeds were used to repay the revolving loan facility in full and to provide additional working capital. The Bridge Loan bears interest at a variable rate based on the Prime Rate plus an applicable margin, requires monthly interest payments beginning January 1, 2026, and provides for scheduled principal amortization beginning January 1, 2027. The Bridge Loan includes customary covenants and events of default, and may be prepaid without penalty.

Management is pursuing additional financing sources to enhance liquidity, provide working capital, and support repayment of existing obligations, if necessary. Management is also focused on strategic initiatives intended to increase revenue in the most profitable sales channels and reduce overall expenses as a percentage of revenue. Operational synergies from the Company's shared services model and continued emphasis on profitable channels have contributed to improvements to date and are expected to continue.

While the payoff of the revolving loan facility and the execution of the Bridge Loan have provided near-term liquidity, these actions do not eliminate the conditions that raise substantial doubt about the Company's ability to continue as a going concern. The Company's plans are not entirely within its control, and there can be no assurance that additional financing or operational improvements will be achieved as contemplated. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The 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 Soylent, and our 85% owned subsidiary Whipshots and its wholly owned subsidiaries, 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 consolidated financial statements.

Our consolidated subsidiaries at December 31, 2025 and 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 consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to annual financial reporting. The consolidated financial statements include all adjustments considered necessary for a fair presentation of the Company's financial position, results of operations, and cash flows for the periods presented. All such adjustments are of a normal, recurring nature unless otherwise disclosed.

The consolidated financial statements should be read in conjunction with the Company's prior filings with the SEC. Certain prior-period amounts may have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported net income, total assets, or stockholders' equity.

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, equity-based transactions, and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of 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. These estimates form the basis for making judgments about the carrying values of assets and liabilities and the recognition of costs and expenses that are not readily apparent from other sources. Actual results may differ materially from those estimates, and such differences could affect future results of operations.

The Company believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial statements: the timing of revenue recognition; testing goodwill and intangible assets for impairment; evaluating the recoverability of long-lived assets; estimating the allowance for doubtful accounts; determining the net realizable value of inventory; assessing the value of certain share-based adjustments; accounting for income taxes; estimating the fair value of contributed services; and assumptions used in the Black-Scholes valuation model, including expected volatility, risk-free interest rate, and expected dividend rate.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts, the balances of which may at times exceed federally insured limits. The Company monitors the creditworthiness of the financial institutions with which it maintains deposits and has not experienced any losses in such accounts. Management believes the Company is not exposed to significant credit risk with respect to its cash balances.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2025 or December 31, 2024.

Accounts Receivable

Accounts receivable are stated at net realizable value, which includes an allowance for credit losses representing the amount expected to be uncollectible. The allowance for credit losses is estimated based on relevant available information, including historical loss experience, the aging of receivables, customer-specific information, and current and expected economic conditions. The allowance is evaluated quarterly. As of December 31, 2025, 2024 and 2023, accounts receivable, net were approximately $2,988,724, $5,170,043 and $7,034,950, respectively. As of those dates, the allowance for credit losses was $223,867, $371,654 and $350,112, respectively**.**

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 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 December 31, 2025 and December 31, 2024.

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

		Fair Value Measurement at Reporting Date Using		
	Carrying Value at December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Fair Value of Share Adjustment	$ 9,299,703	$ -	$ -	$ 9,299,703
Total Liabilities	$ 9,299,703	$ -	$ -	$ 9,299,703

Pursuant to the Soylent Acquisition, the Company was required to issue Share Adjustments (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 for further discussion. The inputs to estimate the fair value of the Share Adjustment were the market price of the Company's Class A common stock, the option expected term, the volatility of the Company's Class A 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 years ended December 31, 2025 and 2024:

	Fair Value of Share Adjustment
Balance at December 31, 2023	$ 36,931,330
Fair Value of Shares Issued	(17,087,364)
Gain on Fair Value of Share Adjustment	(10,544,263)
Balance at December 31, 2024	$ 9,299,703
Fair Value of Shares Issued	(5,607,174)
Gain on Fair Value of Share Adjustment	(3,692,529)
Balance at December 31, 2025	$ -

Property and Equipment, net

Property and equipment are 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. Construction in progress ("CIP") relates to costs for assets under construction or development that are not yet ready for their intended use; such will be transferred to their appropriate asset category upon completion. 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

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when control of the promised goods or services transfers to the customer, in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Product Sales (STCB, AOS, Skylar, Soylent)

STCB, excluding its subsidiaries, earns a majority of its revenues through the sale of food products, primarily through Winona. AOS, Skylar, and Soylent, each wholly owned subsidiaries of the Company, generate revenue through the sale of premium body and skincare products, fragrances, and nutritional drinks, respectively. For these businesses:

- Retail sales are recognized when products are shipped to the retailer, which is the point at which control transfers.
- eCommerce sales, including those fulfilled through Amazon Fulfillment by Amazon ("Amazon FBA"), are recognized upon shipment of merchandise to the customer.

Licensing Revenue (Whipshots)

Whipshots, an 85%-owned subsidiary, earns revenue from royalty-based licensing agreements with Temperance, a related entity. Under these agreements, the Company licenses the right for Temperance to manufacture and sell vodka-infused whipped cream products. Royalty revenue varies based on contractual royalty rates and underlying product sales. Revenue is recognized when Temperance sells licensed products to third-party customers, as this is when the Company's performance obligation is satisfied and the amount of consideration is determinable.

ASC 606 Framework

In applying ASC 606, the Company evaluates contracts using the following five-step model:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price, including any variable consideration.
4. Allocate the transaction price to the performance obligations.
5. Recognize revenue when (or as) performance obligations are satisfied.

The Company applies the five-step model only when collection of consideration is probable. Performance obligations are generally satisfied at a point in time, typically upon shipment or delivery, depending on when control transfers to the customer.

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 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 statement of operations 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 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 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 volatility is 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 Loss Per Common Share

Net 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, options and warrants are calculated using the treasury stock method. Any 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. Because the effect of common stock equivalents is anti-dilutive for the years ended December 31, 2025 and 2024, such equivalents have been excluded from the computation of diluted net loss per share.

The following table summarizes securities that were excluded from the diluted per-share calculation because their inclusion would have been anti-dilutive:

	Year Ended December 31,	
	2025	**2024**
Warrants	38,341,664	39,100,000
Stock Options	5,540,000	3,640,000
Acquisition Stock Consideration Payable	-	136,760,338
Total	43,881,664	179,500,338

Intangible Assets

Definite-lived intangible assets consist of certain domain names, trademarks, and trade names. These assets are amortized using the straight-line method over their estimated useful lives, which range from approximately 10 to 16 years.

Indefinite-lived intangible assets consist of certain trade names and trademarks. These assets are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired.

The Company evaluates its long-lived assets for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Indicators of impairment include, among other factors, current-period operating or cash flow losses combined with a history of such losses, forecasts demonstrating continuing losses or insufficient income, significant changes in the manner in which an asset is used, or adverse industry or economic trends. Recoverability is assessed by comparing the carrying amount of the asset or asset group to the estimated undiscounted future cash flows expected to result from its use. If the carrying amount exceeds the undiscounted cash flows, an impairment loss is recognized for the amount by which the carrying value exceeds the estimated fair value, determined using the best information available and consistent with ASC 820, *Fair Value Measurements*.

During the year ended December 31, 2025, the Company identified impairment indicators related to lower-than-expected revenue from its Soylent segment, prompting a qualitative and quantitative assessment of its definite-lived intangible assets as of November 30, 2025. As a result, the Company recorded an impairment charge of $14,000,000 related to the definite-lived intangible assets of the Soylent subsidiary for the year ended December 31, 2025.

In 2024, the Company identified impairment indicators related to lower-than-expected revenue for the AOS component of its Starco Brands segment, prompting a qualitative impairment assessment of its definite-lived intangible assets as of November 30, 2024. The assessment was performed based on the AOS reporting unit structure in place at that time, prior to the subsequent aggregation of AOS and Starco Brands products into a single segment. As a result, the Company recorded an impairment charge of $13,304 related to the definite-lived intangible assets of its AOS subsidiary for the year ended December 31, 2024.

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 at the greater of the contractual royalty rate or an effective royalty rate based on total projected net revenue for contracts with guaranteed minimums. Prepayments are typically made in connection with the development of a particular product and therefore expose the Company to risk during the development phase. Royalty payments earned after completion of the product are expensed as cost of revenue.

Certain licensing agreements include minimum guaranteed royalty payments. When no further performance remains with the licensor, such minimum guarantees are recorded as an asset and a liability at the contractual amount upon execution of the agreement. When performance obligations remain with the licensor, minimum guarantees are recorded as an asset when paid and as a liability when incurred.

The Company evaluates the expected future realization of royalty-based assets each quarter, including any unrecognized minimum commitments, to identify amounts unlikely to be recovered through future revenue. Impairments or losses identified post-launch are charged to cost of revenue. Long-lived royalty-based assets are evaluated for impairment using undiscounted cash flows when impairment indicators exist. If impairment is indicated, the assets are written down to fair value. Unrecognized minimum royalty commitments are accounted for as executory contracts, and losses are recognized when the underlying intellectual property is abandoned or the contractual rights to use the intellectual property are terminated.

Minimum contractual royalty-based obligations outstanding as of December 31, 2025 were approximately $20,000 for each of the years ending December 31, 2026, 2027, and 2028.

Leases

The Company accounts for leases in accordance with ASC 842, *Leases*. Operating leases are recognized on the consolidated balance sheet as Right-of-Use (“ROU”) assets and corresponding lease liabilities. ROU assets include prepaid lease payments and exclude lease incentives and initial direct costs. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

On May 1, 2024, the Company entered into a three-year operating lease agreement (the “Citrus Lease”) with a related-party lessor (see Note 9). The lease covers approximately 3,000 square feet located at 706 N. Citrus Ave., Los Angeles, California, with monthly base rent of $10,000 and annual increases of 5%. The lease includes an option to renew for an additional three years with notice required 90 days prior to the end of the term.

In accordance with ASC 842, the Company recognized an ROU asset and corresponding lease liability for its long-term office leases. See Note 13 – Leases for additional information.

Inventory

Inventory consists of premium body and skincare products, fragrances, and nutritional products. Inventory is measured and stated at average cost as of December 31, 2025. The carrying value of inventory is reduced for excess or obsolete items. The Company monitors inventory levels and usage to identify indicators of obsolescence and adjusts inventory values when necessary. During the year ended December 31, 2025, the Company recorded inventory write downs of $661,154 to reduce certain items to their estimated net realizable value. No inventory impairment losses were recorded for the year ended December 31, 2024.

Acquisitions, Intangible Assets and Goodwill

The consolidated financial statements reflect the operations of an acquired business beginning on the date of acquisition. Assets acquired and liabilities assumed are recorded at their fair values as of the acquisition date, and goodwill is recognized for any excess of the purchase price over the fair value of the net assets acquired. Significant judgment is required in determining the fair value of certain tangible and intangible assets and in assigning their respective useful lives. The Company typically engages third-party valuation specialists to assist in valuing significant tangible and intangible assets.

Fair value measurements are based on available historical information and on future expectations and assumptions deemed reasonable by management, although such estimates are inherently uncertain. The Company generally employs an income approach to measure the fair value of intangible assets, which relies on forecasts of expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in these valuations include the amount and timing of future cash flows (including expected growth rates and profitability), product or technology life cycles, economic barriers to entry, and the discount rate applied to the cash flows. Determining the useful life of an intangible asset also requires judgment. Definite-lived intangible assets are amortized over their estimated useful lives. Intangible assets associated with acquired in-process research and development ("IPR&D") are not amortized until the related product is available for sale.

Goodwill is measured as the excess of consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed as of the acquisition date. Although management uses its best estimates and assumptions to value assets acquired and liabilities assumed, these estimates are inherently uncertain and subject to refinement.

The Company reviews goodwill for impairment at least annually, or more frequently if indicators of impairment exist. The goodwill impairment test may require the use of qualitative assessments and fair-value techniques, both of which involve significant judgment. An impairment loss is recognized when the fair value of a reporting unit is less than its carrying amount.

During the year ended December 31, 2025, the Company determined that lower than expected revenue for its Soylent segment constituted an indicator of impairment. As a result, the Company recorded an impairment charge of $1,127,208 to write off the remaining carrying amount of Soylent goodwill, reducing the balance for that segment to zero as of December 31, 2025.

In 2024, the Company identified triggering events due to lower-than-expected revenue across its segments, prompting goodwill impairment assessments as of November 30, 2024, the Company's annual impairment testing date. A third-party valuation firm was engaged to assist in determining the fair value of the reporting units under ASC 350. The Company recorded total goodwill impairment losses of $14,327,871 for the year ended December 31, 2024, allocated as follows: $2,944,871 to the Starco Brands segment and $11,383,000 to the Soylent segment.

As of December 31, 2025 and 2024, goodwill was $11,234,312 and $12,361,520, respectively.

Segments

Operating segments are defined as components of an enterprise for which separate financial information is available and that are evaluated regularly by the chief operating decision maker ("CODM") in allocating resources and assessing performance. The Company's Chief Executive Officer ("CEO") serves as the CODM. The CEO reviews the Company's operations and manages the business through three reportable operating segments: (i) Starco Brands, which includes AOS, Whipshots Holdings, and Whipshots LLC; (ii) Skylar; and (iii) Soylent. The CODM evaluates segment performance and allocates resources primarily based on gross profit.

Recently Issued Accounting Pronouncements

The Company evaluates the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board. Management has reviewed all newly issued but not yet effective accounting pronouncements and determined that none are expected to have a material impact on the Company's consolidated financial statements.

Recently Adopted Accounting Pronouncements

ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*, which enhances the transparency and decision-usefulness of income tax disclosures by requiring greater disaggregation in the effective tax rate reconciliation and additional detail regarding income taxes paid. The amendments do not change the recognition or measurement requirements of ASC 740. For entities other than public business entities, including smaller reporting companies, the amendments are effective for annual periods beginning after December 15, 2025, with early adoption permitted. The Company elected to early adopt ASU 2023-09 for the year ended December 31, 2025. Adoption is permitted on either a prospective basis or a retrospective basis to all periods presented; the Company adopted the guidance on a prospective basis. The adoption of ASU 2023-09 resulted in expanded income tax disclosures, including enhanced tabular presentation of the effective tax rate reconciliation and additional disaggregation of income taxes paid by jurisdiction. The adoption did not have an impact on the Company's consolidated financial position, results of operations, or cash flows, as the amendments relate solely to disclosure requirements.

ASU 2024-03, Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation of Income Statement Expenses*, which requires public business entities to provide additional tabular disaggregation of specified natural expense categories for each relevant income statement caption. The amendments do not change the recognition or measurement requirements of ASC 220. For public business entities, the standard is effective for annual reporting periods beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027; early adoption is permitted. The Company has not yet adopted this standard. Management is evaluating the impact of ASU 2024-03 on the Company's financial statement presentation and internal reporting systems. Management does not expect the adoption of this standard to have a material impact on the Company's consolidated financial position, results of operations, or cash flows, nor on the Company's critical accounting estimates; however, the standard may require expanded disclosures and changes to internal reporting processes.

ASU 2025-05, Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides an optional practical expedient for estimating expected credit losses on current accounts receivable and current contract assets and an associated policy election for certain entities regarding subsequent collections. The amendments do not change the recognition or measurement requirements of ASC 326 for entities that do not elect the practical expedient. The amendments are effective for annual reporting periods beginning after December 15, 2025 (and interim periods within those fiscal years); early adoption is permitted. The Company has not yet adopted this standard. Management is evaluating whether to elect the practical expedient and the related policy election and will disclose any election and its quantitative effect upon adoption. Management does not expect the adoption of this standard to have a material impact on the Company's consolidated financial position, results of operations, or cash flows, nor on the Company's critical accounting estimates unless the Company elects the policy and the quantitative effect is material.

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 Chief Operating Decision Maker ("CODM") on a consolidated basis; therefore, disaggregated balance sheet data are not presented.

The CODM uses the following measures to assess segment performance:

Profit or Loss Measures

- Revenues
- Revenues – related parties
- Gross profit
- Income from operations

Significant Expense Categories

- Cost of goods sold
- Cost of goods sold – related parties
- Compensation expense
- Professional fees
- Marketing, general and administrative expenses
- Fair value share adjustment gain/loss
- Goodwill impairment

The following tables present gross profit or loss and significant expenses by reporting segment:

	Year Ended December 31, 2025			
	Starco Brands	Skylar	Soylent	Total
Revenues, net	$ 4,705,790	$ 10,929,603	$ 21,679,434	$ 37,314,827
Revenues, related parties, net	3,164,581	-	-	3,164,581
Cost of revenues	751,439	4,725,418	16,100,543	21,577,400
Cost of revenues, related parties	3,249,562	-	-	3,249,562
Gross profit	3,869,370	6,204,185	5,578,891	15,652,446
Compensation expense	3,254,087	1,661,684	2,272,836	7,188,607
Professional fees	2,034,735	167,765	459,677	2,662,177
Marketing, general and administrative	3,672,032	3,773,269	5,705,376	13,150,677
Fair value share adjustment loss	-	-	(3,692,529)	(3,692,529)
Goodwill impairment	-	-	1,127,208	1,127,208
Intangibles impairment	-	-	14,000,000	14,000,000
Total operating expenses	8,960,854	5,602,718	19,872,568	34,436,140
(Loss) income from operations	$ (5,091,484)	$ 601,467	$ (14,293,677)	$ (18,783,694)

	Year Ended December 31, 2024			
	Starco Brands	Skylar	Soylent	Total
Revenues, net	$ 6,010,542	$ 10,460,347	$ 36,056,241	$ 52,527,130
Revenues, related parties, net	6,140,172	-	-	6,140,172
Cost of revenues	1,421,731	4,247,702	28,237,868	33,907,301
Cost of revenues, related parties	3,896,551	-	-	3,896,551
Gross profit	6,832,432	6,212,645	7,818,373	20,863,450
Compensation expense	3,938,074	1,466,491	3,632,558	9,037,123
Professional fees	2,269,402	206,839	1,056,811	3,533,052
Marketing, general and administrative	6,398,254	4,521,725	7,970,759	18,890,738
Fair value share adjustment loss	-	-	(10,544,263)	(10,544,263)
Goodwill impairment	2,944,871	-	11,383,000	14,327,871
Intangibles impairment	13,304	-	-	13,304
Total operating expenses	15,563,905	6,195,055	13,498,865	35,257,825
(Loss) income from operations	$ (8,731,473)	$ 17,590	$ (5,680,492)	$ (14,394,375)

NOTE 5 – ACQUISITIONS

The Company did not complete any acquisitions during the year ended December 31, 2025. The following summarizes the Company's acquisitions completed in prior periods and subsequent adjustments recognized during 2024 and 2025. For the full purchase price allocations and fair value measurements associated with these acquisitions, refer to the Company's Form 10-K for the years ended December 31, 2023 and 2022.

AOS Acquisition

On September 12, 2022, the Company, through its wholly owned subsidiary Merger Sub, completed the acquisition of AOS, a maker of premium body and skincare products. The acquisition was completed through an all-stock transaction in which the Company issued restricted shares of Class A common stock valued at $0.19 per share, the fair value on the acquisition date. As consideration, the Company reserved 61,400,000 restricted shares of Class A common stock for the AOS stockholders, with an additional 5,000,000 restricted shares issuable after an 18-month indemnification period. An additional 5,000,000 restricted shares were contingently issuable based on future sales metrics, which management determined would not be met. A further 5,000,000 restricted shares could be issued to satisfy indemnity claims, although the Company does not expect any such issuances.

The AOS Acquisition was accounted for as a business combination under ASC 805, *Business Combinations*. The purchase price allocation was based on the estimated fair values of assets acquired and liabilities assumed and was finalized in 2023. Goodwill of $12,089,871 was recognized, of which $9,145,000 was impaired as of December 31, 2023.

On March 12, 2024, following the completion of the 18-month holdback period, the Company issued 4,979,731 shares of Class A common stock and $6,137 in cash to the former AOS stockholders, settling all remaining obligations. No further contingent consideration remained outstanding as of December 31, 2025. See the Company's Form 10-K for the year ended December 31, 2022 for the full purchase price allocation and fair value disclosures related to the AOS Acquisition.

Soylent Acquisition

On February 15, 2023, the Company completed the acquisition of Soylent through its wholly owned subsidiary, Starco Merger Sub I. Soylent produces a range of plant-based nutrition products. The acquisition was completed through a cash and stock transaction in which the Company reimbursed $200,000 of Soylent's closing expenses and issued shares of Class A common stock valued at $0.15 per share, the fair value on the acquisition date. As consideration, the Company reserved (a) up to 165,336,430 restricted shares of Class A common stock for Soylent shareholders, (b) 12,617,857 restricted shares to satisfy change-in-control obligations, and (c) additional shares for change-in-control obligations and other financial adjustments (the "Opening Balance Holdback"). The merger agreement also included a share price adjustment provision requiring the issuance of additional shares (the "Share Adjustment") if the Company's Class A common stock traded below $0.35 per share on February 14, 2024.

On March 15, 2024, the Company entered into a Stockholder Agreement with certain former Soylent stockholders (the "Consenting Stockholders"), modifying the Share Adjustment calculation for those stockholders. The Stockholder Agreement applied a 30-day volume-weighted average price ("VWAP") and bifurcated the Share Adjustment into two measurement dates: February 14, 2024 (the "First Adjustment Date") and May 15, 2025 (the "Second Adjustment Date"). The fair value of the share rights was estimated at $0.189 per share on the acquisition date, resulting in a total estimated share adjustment value of approximately $36.7 million. As of December 31, 2023, the estimated fair value of the share adjustment liability was $36.9 million.

On February 14, 2024, the Company settled $18,099,951 of the $36,931,330 fair value liability outstanding at December 31, 2023 by issuing 133,087,875 shares of Class A common stock to Soylent shareholders. On the same date, the Company also settled the $2,446,380 "Equity Payable" balance by issuing 16,309,203 shares of Class A common stock to Soylent shareholders who were not Consenting Stockholders.

On May 20, 2024, the Company determined that 7,445,490 of the 18,571,429 Opening Balance Holdback shares were not due, resulting in a reduction of the related liability of $1,012,587.

As of March 31, 2025, the fair value of the remaining share adjustment liability was $5,607,174. On May 15, 2025, the Company issued 136,760,337 shares of Class A common stock at a price of $0.041 per share in full satisfaction of the remaining liability, pursuant to the Soylent Merger Agreement and the Stockholder Agreement. The Company recognized a gain of $3,692,529 upon settlement of the liability. No further contingent consideration remained outstanding as of December 31, 2025.

The Soylent Acquisition was accounted for as a business combination under ASC 805. The purchase price allocation was based on the estimated fair values of assets acquired and liabilities assumed from a final third-party valuation and is not subject to further adjustment. The complete purchase price allocation for the Soylent Acquisition is included in the Company's Form 10-K for the year ended December 31, 2023.

Sklyar Acquisition

On December 29, 2022, the Company completed the acquisition of Skylar through a two-step merger in which Skylar became a wholly owned subsidiary. Skylar produces hypoallergenic fragrances designed for sensitive skin. The acquisition was completed through a cash and stock transaction in which the Company paid $2,000,000 to settle debt and issued shares of Class A common stock valued at $0.20 per share, the fair value on the acquisition date. As consideration, the Company reserved 68,622,219 restricted shares of Class A common stock for the Skylar stockholders, with an additional 11,573,660 restricted shares issuable after an 18-month indemnification period and 19,268,162 restricted shares contingently issuable based on future sales metrics. An additional 11,573,660 restricted shares could be issued to satisfy indemnity claims, although the Company does not expect any such issuances.

The Skylar Acquisition was accounted for as a business combination under ASC 805. The purchase price allocation was based on the estimated fair values of assets acquired and liabilities assumed and was finalized in 2023. Goodwill of $11,234,312 was recognized.

On December 31, 2023, the Company issued 19,286,162 shares of Class A common stock to Skylar stockholders upon achievement of all earnout sales metrics. On June 30, 2024, following the completion of the 18-month holdback period, the Company issued 11,573,660 shares of Class A common stock to settle the remaining equity holdback. All contingent consideration related to the Skylar Acquisition was fully settled as of December 31, 2024, and no obligations remained outstanding as of December 31, 2025. The full purchase price allocation for the Skylar Acquisition is included in the Company's Form 10-K for the year ended December 31, 2022.

NOTE 6 – NOTES PAYABLE

Insurance Loans

The Company has several financing loans for general liability, directors' and officers' insurance and other insurance liabilities, which bear interest at varying percentages and require monthly payments. As of December 31, 2025 and 2024, the remaining balances of these loans were $113,158 and $50,483, respectively. For the years ended December 31, 2025 and 2024, these insurance loans incurred approximately $7,119 and $8,490, respectively, of interest expense.

Soylent Revolver

Soylent, a subsidiary of the Company, previously maintained a $5.0 million revolving line of credit that matured on February 10, 2024. The facility entered default upon maturity, and the Company entered into a short-term forbearance agreement with the lender. The Company repaid the outstanding balance in full during April and May 2024, after which the Soylent Revolver was terminated. No amounts were outstanding under the Soylent Revolver as of December 31, 2025, and the Company has no remaining obligations related to this facility.

Gibraltar Loan and Security Agreement – Revolving Loan

On May 24, 2024, the Company and its subsidiaries entered into a Loan and Security Agreement (the "Loan and Security Agreement") with Gibraltar Business Capital, LLC ("Gibraltar"), providing a senior secured revolving line of credit of up to $12.5 million (the "Gibraltar Loan"). The facility included a $1.5 million Permitted Overadvance Amount, which decreased by $125,000 per month beginning June 1, 2024. Borrowings under the facility were secured by a first-priority security interest in substantially all of the assets of the Company and its subsidiaries. The revolving line of credit was scheduled to mature on May 24, 2026, with a one-year automatic extension subject to the satisfaction of certain conditions.

Revolving loans accrued interest at One Month Term SOFR plus an applicable margin, with an additional 2.00% per annum applied to any portion of the loan classified as a Permitted Overadvance. Interest was payable monthly. As of December 31, 2024, the interest rate on the Gibraltar Loan was 10.00%.

The Loan and Security Agreement contained customary affirmative and negative covenants, including limitations on indebtedness, liens, asset sales, investments, dividends, stock repurchases, and other restricted payments. The agreement also included financial covenants, including a minimum EBITDA covenant and a maximum Unfinanced Capital Expenditures covenant. The Loan and Security Agreement further contained customary events of default, including nonpayment, covenant violations, breaches of representations and warranties, insolvency events, and cross-defaults.

As of December 31, 2024, the Company was in default under the Loan and Security Agreement due to reporting deficiencies and failure to maintain the minimum EBITDA financial covenant. The Company was not in payment default. The Company engaged in discussions with Gibraltar regarding a waiver and amendment of the financial covenants.

During 2025, the Company continued to experience covenant violations, including failure to satisfy minimum EBITDA requirements and certain reporting obligations. On July 18, 2025, the Company and Gibraltar entered into a Forbearance Agreement, under which Gibraltar agreed, subject to specified conditions, to forbear from exercising remedies related to existing events of default through September 16, 2025. The forbearance period could be extended to October 16, 2025 and November 15, 2025 if the Company achieved minimum EBITDA thresholds for the periods ended July 31, 2025 and August 31, 2025, respectively.

On November 24, 2025, the Company and Gibraltar entered into Amendment No. 1 to the Forbearance Agreement, extending the forbearance period through December 31, 2025, subject to the satisfaction of certain conditions. The amendment did not constitute a waiver of any defaults, and Gibraltar expressly reserved all rights and remedies under the Loan and Security Agreement.

As of December 31, 2024, the outstanding principal balance under the Gibraltar Loan was $3,917,956, with a debt discount of $266,626, resulting in a net carrying amount of $3,651,330. Interest expense related to the Gibraltar Loan was $395,184 for the year ended December 31, 2024.

In December 2025, the Company fully repaid all outstanding obligations under the Gibraltar Loan and Security Agreement. Upon repayment, all liens and security interests held by Gibraltar were released, and the Loan and Security Agreement, including the Forbearance Agreement and related amendments, was terminated. As of December 31, 2025, no amounts were outstanding under the Gibraltar Loan, and the Company had no remaining obligations to Gibraltar.

CEO Notes

See Note 9 - Related Party Transactions for loans to STCB from the Company's CEO.

NOTE 7 – OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities consist of the following as of December 31:

	2025	2024
Accrued compensation	$ 7,371	$ 740,649
Accrued royalties	1,650,000	1,237,500
Deferred revenue	683,782	457,633
Trade payable	914,085	1,163,001
Goods received pending invoice	612,854	-
Other accrued expenses	512,353	727,228
Total	$ 4,380,445	$ 4,326,011

These liabilities represent obligations incurred as of the reporting date but not yet paid; accrued compensation includes wages and bonuses earned by employees, and accrued royalties include royalty payments that are potentially owed but not yet paid. Deferred revenue is for amounts received but not yet earned, primarily related to gift card liabilities and loyalty rewards obligations, and trade payables consist of amounts owed to suppliers for goods or services purchased. Other accrued expenses primarily consist of operational costs incurred but not yet invoiced**.**

NOTE 8– COMMITMENTS & CONTINGENCIES

The Company is not currently involved in any legal proceedings that, in management's opinion, would have a material adverse effect on its financial position, results of operations, or cash flows. The Company regularly evaluates contingencies to determine the probability and estimability of potential losses in accordance with ASC 450, Contingencies. As of December 31, 2025 and December 31, 2024, the Company had no accruals recorded for loss contingencies, as it was not a defendant in any claims or legal actions and no matters met the criteria for accrual.

Whipshots Agreements

In 2021, Whipshots LLC entered into an Intellectual Property Purchase Agreement with Penguins Fly, LLC, under which it acquired trademarks, domains, social media handles, and other assets related to Whipshots® and Whipshotz®. The purchase price is based on a sliding-scale percentage of gross revenue from Whipshots® and Whipshotz® product sales, payable over seven years. Amounts incurred under this agreement are recorded as indefinite-lived intangible assets. During the year ended December 31, 2025, the Company accrued $20,000 related to this agreement. The carrying amount of the related indefinite-lived intangible asset was $505,404 as of December 31, 2025 and $485,403 as of December 31, 2024.

Whipshots Holdings, LLC also entered into a License Agreement with Washpoppin Inc. in 2021, licensing certain intellectual property of Cardi B for product promotion and brand collaboration. An amended agreement, effective November 27, 2023, formalized promotional obligations and established a minimum aggregate royalty payment of $3.3 million. The amendment also accelerated the vesting of equity for Washpoppin, resulting in equity-based compensation expense of $8.63 million in 2023. The Company did not incur expenses related to this agreement during the year ended December 31, 2025. The Company incurred expenses of $1.6 million during the year ended December 31, 2024, which were recorded within marketing, general and administrative expenses.

Sklyar License Agreement – Blue UTA-I LLC (Leah Kateb)

Effective July 1, 2025, Skylar entered into a license agreement with BlueUTA – I LLC ("BlueUTA"), granting Skylar the right to use the likeness and trademarks of artist Leah Kateb for commercial purposes, including manufacturing, marketing, promotion, advertising, distribution, and sale of specified products. The agreement is effective through June 30, 2029, unless terminated earlier. Under the agreement, Skylar is obligated to pay BlueUTA base compensation of $240,000 annually, payable in monthly installments of $20,000, which will be recognized as license expense over the term of the agreement. Skylar will also pay royalties at a rate of 4 percent on annual net sales exceeding $11 million. These royalties will be recognized as variable expenses and accrued when probable and reasonably estimable. No royalties were accrued as of December 31, 2025 or December 31, 2024.

Skylar issued 3,000 Class B units to BlueUTA, representing a 30 percent ownership interest in Skylar. These units are non-voting, subject to time-based and performance-based vesting conditions and were issued for past and future services. The units are intended to qualify as profits interests under IRS Revenue Procedures 93-27 and 2001-43 and are subject to a distribution threshold. Compensation expense related to these units will be recognized over the requisite service period. Expense recognized during the year ended December 31, 2025 was $722,160.

The agreement also provides for bonus compensation ranging from $400,000 to $600,000 annually for three years following the agreement term, contingent upon the achievement of specified net sales thresholds. These amounts will be recognized when achievement becomes probable and reasonably estimable. In addition, Skylar granted BlueUTA stock options under the Starco Brands 2023 Equity Incentive Plan for up to 2 million shares of common stock, vesting in equal monthly installments over four years. The fair value of these options was measured at the grant date and will be recognized as expense over the vesting period. Compensation expense recognized during the year ended December 31, 2025 was $4,273, and unrecognized compensation cost as of December 31, 2025 was $36,752.

Soylent Share Adjustment

In connection with the Soylent Acquisition, the Company previously recorded a contingent share-settlement obligation (the "Share Adjustment") related to the share price protection provisions in the merger agreement. The fair value of this obligation was $36.7 million on the acquisition date and $9.3 million as of December 31, 2024. On May 15, 2025, the Company issued 136,760,337 shares of Class A common stock in full settlement of the remaining liability. Following this issuance, the Share Adjustment obligation was fully extinguished, and no amounts remained outstanding as of December 31, 2025.

Royalties and Minimum Guarantees

The Company has licensing agreements that include minimum guaranteed royalty payments. When no performance obligations remain with the licensor, minimum guarantees are recorded as both an asset and a liability at the contractual amount. When performance obligations remain, amounts are recorded as assets when paid and liabilities when incurred. Minimum contractual royalty-based obligations as of December 31, 2025 were approximately $20,000 for each of the years ending December 31, 2026, 2027, and 2028. Additional information regarding royalty-based assets and liabilities is included in Note 3.

General Commitments

The Company enters into various contracts in the normal course of business, including agreements for manufacturing, licensing, marketing, distribution, and other operational activities. These agreements may include minimum purchase requirements, royalty obligations, or other future payment commitments. Such arrangements are typical for the Company's industry and are generally short-term or cancelable without significant penalty. As of December 31, 2025, management does not believe these commitments, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

In addition to the specific agreements described below, the Company is party to other routine commercial contracts that do not meet the criteria for recognition on the consolidated balance sheets under U.S. GAAP. Future obligations under these arrangements will be recognized as expenses in the periods in which the related goods or services are received.

Letter of Intent – Starco Group

On July 29, 2025, the Company announced the execution of a non-binding exclusive Letter of Intent to acquire its contract manufacturers, collectively referred to as The Starco Group. The Starco Group operates three U.S. manufacturing facilities focused on personal care, household, food, and beverage products. The proposed transaction contemplates reorganizing the Company into two operating subsidiaries—Starco Brands and Starco Manufacturing—under a renamed parent entity, "STARCO." The Letter of Intent is non-binding, and no definitive agreement had been executed as of December 31, 2025. Accordingly, no amounts have been recognized in the consolidated financial statements related to the proposed transaction.

NOTE 9 – RELATED PARTY TRANSACTIONS

Former Executives

In prior years, the Company entered into agreements with its former Chairman and CEO, Sanford Lang, and its former Secretary and Board member, Martin Goldrod, relating to advances and share repurchases. All obligations under these agreements were fully settled by December 31, 2023, and the agreements were terminated. No amounts were owed to either party as of December 31, 2025 or December 31, 2024.

Notes Payable - Ross Sklar (Chief Executive Officer)

On August 11, 2023, the Company issued a Consolidated Secured Promissory Note to Ross Sklar in the principal amount of $4,000,000, consolidating several prior notes. The note bears interest at the Wall Street Journal Prime Rate plus 2 percent, reassessed monthly, and is secured by substantially all assets of the Company pursuant to an Amended and Restated Consolidated Security Agreement. On May 31, 2024, the Company and Mr. Sklar entered into an amendment extending the maturity date to August 31, 2026, with an automatic extension to August 31, 2027 if amounts remain outstanding at maturity. The restructuring was accounted for as a debt modification.

During 2024, the Company repaid $1,527,500 of principal using proceeds from the Gibraltar Loan. As of December 31, 2024, the outstanding principal balance under the Amended Consolidated Secured Promissory Note was $2,472,500, with no accrued interest outstanding.

On August 13, 2025, the Company and Mr. Sklar entered into a Second Amendment to the Amended Consolidated Secured Promissory Note. The Second Amendment consolidated two additional loans made by Mr. Sklar to the Company in the aggregate principal amount of $1,000,000, consisting of a $500,000 loan funded on July 15, 2025 and a $500,000 loan funded on August 15, 2025. After giving effect to these additional loans and prior repayments, the principal balance under the note was adjusted to $3,472,500. The Second Amendment reaffirmed that the note remains subject to the Subordination Agreement dated May 24, 2024 between Mr. Sklar and Gibraltar Business Capital, LLC. Except as modified by the Second Amendment, all other terms of the Amended Consolidated Secured Promissory Note, including interest rate, repayment provisions, and maturity, remained unchanged.

As of December 31, 2025, the outstanding principal balance owed to Mr. Sklar under the amended note was $3,472,500. Interest expense related to notes held by Mr. Sklar was $286,144 and $328,207 for the years ended December 31, 2025 and 2024, respectively.

The Company previously issued an unsecured note to Mr. Sklar on February 14, 2022 in the principal amount of $472,500. The note was amended on May 10, 2024 to extend its maturity to December 31, 2024 and was fully repaid during 2024 using proceeds from the Gibraltar Loan. No amounts were outstanding under this note as of December 31, 2025 or December 31, 2024.

Gibraltar Loan and Security Agreement – Subordination

In connection with the Company's Loan and Security Agreement with Gibraltar Business Capital, LLC, on May 24, 2024, Mr. Sklar entered into a subordination agreement pursuant to which his rights under the Amended Consolidated Secured Promissory Note and the February 14, 2022 Note were subordinated to Gibraltar's rights. The subordination agreement remained in effect throughout 2025 and terminated upon the Company's repayment of the Gibraltar Loan in December 2025

Related Party Bridge Loan – The Starco Group, Inc.

On December 22, 2025, the Company entered into a Bridge Term Loan Promissory Note with TSGI, a company wholly owned by Ross Sklar, the Company's Chief Executive Officer. The Promissory Note provides for a bridge term loan of up to $5,000,000, including an initial disbursement of $4,500,000 and additional delayed drawdowns of up to $500,000 through December 31, 2026. The proceeds were used to repay the Company's outstanding obligations under the Gibraltar Loan and to support working capital needs.

The Bridge Loan bears interest at the lesser of (i) the Highest Lawful Rate or (ii) the Prime Rate (not less than 6.00 percent) plus 4.25 percent. Interest is payable monthly beginning January 1, 2026. Principal payments begin January 1, 2027 and continue through 2030, with scheduled monthly payments ranging from $28,000 to $66,000. The Company may prepay the loan at any time without penalty. The loan matures on the earlier of (i) five years from issuance, (ii) acceleration upon default, or (iii) full repayment.

As of December 31, 2025, the outstanding principal balance under the Bridge Loan was $4,500,000.

Related Party Lease

On May 1, 2024, the Company entered into an operating lease for office space with a related-party lessor. The lease covers approximately 3,000 square feet located at 706 N. Citrus Ave., Los Angeles, California, with monthly base rent of $10,000 and annual increases of 5 percent. The Company recognized a right-of-use asset and corresponding lease liability of $587,914 upon lease commencement. Lease expense was $90,692 for the year ended December 31, 2024 and $136,038 for the year ended December 31, 2025. See Note 13 – Leases for additional information.

Other Related Party Transactions

During the years ended December 31, 2025 and 2024, the Company recognized revenue from related parties of $3,164,581 and $6,140,172, respectively. There were $0 and $2,250,379 of accounts receivable and accrued accounts receivable from TSG and Temperance as of December 31, 2025 and December 31, 2024, respectively. All revenues earned in relation to these accounts receivable are from related parties. Ross Sklar serves as the Chairman of Temperance.

During the year ended December 31, 2025, the Company recorded related party advances of $487,600, which are included in accrued liabilities and other current liabilities on the consolidated balance sheet. Of the total, $100,000 was advanced by Ross Sklar to pay for certain expenses related to Whipshots; the remaining advances were made by Temperance to suppliers on the Company's behalf and are repayable on demand. No interest is charged on these advances and there are no formal repayment terms. No such advances were made during the year ended December 31, 2024.

During the years ended December 31, 2025 and 2024, the Company recognized cost of goods from products purchased from related parties of $3,249,562 and $3,896,551, respectively. There were $1,238,693 and $1,658,188 of accounts payable owing to TSG and other related parties as of December 31, 2025 and December 31, 2024, respectively.

NOTE 10 – STOCKHOLDERS' WARRANTS

The Company issues stock warrants to employees, consultants, and other service providers as compensation for services. Warrants are measured at fair value on the grant date using the Black-Scholes option pricing model and are recognized as compensation expense over the vesting period in accordance with ASC 718. No warrants were granted during the years ended December 31, 2025 or December 31, 2024.

Compensation expense related to stock warrants was $1,117,150 for the year ended December 31, 2025 and $1,564,350 for the year ended December 31, 2024. As of December 31, 2025, unrecognized compensation cost related to non-vested warrants was $26,489, expected to be recognized over a weighted-average period of 0.9 years.

The following table summarizes warrant activity for the years ended December 31, 2025 and 2024:

	Shares available to purchase with warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2024	39,100,000	$ 0.19	2.88	$ 21,000
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	(458,336)	0.19	-	-
Expired	(300,000)	0.90	-	-
Outstanding, December 31, 2025	38,341,664	$ 0.19	1.90	$ 13,160
Exercisable, December 31, 2025	38,129,164	$ 0.19	1.90	$ 13,160
Outstanding, December 31, 2023	39,350,000	$ 0.20	3.87	$ 61,600
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	(250,000)	1.00	-	-
Outstanding, December 31, 2024	39,100,000	$ 0.19	2.88	$ 21,000
Exercisable, December 31, 2024	29,483,863	$ 0.19	2.88	$ 21,000

The following table summarizes information about stock warrants to purchase shares of the Company's Class A common stock outstanding and exercisable as of December 31, 2025:

Range of exercise prices	Outstanding Warrants	Weighted-Average Remaining Life In Years	Weighted-Average Exercise Price	Number Exercisable
$ 0.19	37,841,664	1.90	$ 0.19	37,629,164
$ 0.20	100,000	1.84	$ 0.20	100,000
$ 0.01	400,000	2.04	$ 0.01	400,000
	38,341,664	1.90	$ 0.19	38,129,164

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

Range of exercise prices	Outstanding Warrants	Weighted-Average Remaining Life In Years	Weighted-Average Exercise Price	Number Exercisable
$ 0.90	300,000	0.75	0.90	300,000
$ 0.19	38,300,000	2.90	$ 0.19	28,638,863
$ 0.20	100,000	2.84	$ 0.20	100,000
$ 0.01	400,000	3.04	$ 0.01	400,000
	39,100,000	2.88	$ 0.19	29,438,863

The aggregate intrinsic value of outstanding and exercisable warrants at December 31, 2025 was $21,000, based on the estimated fair value of the Company's Class A common stock on that date.

NOTE 11 – STOCKHOLDERS' OPTIONS

Company grants stock options under its 2023 Equity Incentive Plan to employees, directors, and service providers. Stock options are measured at fair value on the grant date using the Black-Scholes option pricing model and are recognized as compensation expense over the vesting period in accordance with ASC 718. The total number of shares reserved and available for issuance under the Plan is 100,000,000 shares of stock, with 94,460,000 and 96,360,000 available to be issued at December 31, 2025 and 2024, respectively.

On July 1, 2025, the Company granted 2,000,000 stock options to BlueUTA to purchase shares of Class A common stock. The options were valued using the Black-Scholes option pricing model, resulting in a grant-date fair value of $41,025. The valuation incorporated the following assumptions:

Date	Number of Stock Options	Stock Price	Strike Price	Expected Volatility	Interest Rate	Dividend Rate	Expected Term (years)	Fair Value
7/01/2025	2,000,000	$ 0.03	$ 0.12	131.23%	3.84%	0.00%	5.0	$ 41,025

No stock options were granted during the year ended December 31, 2024; therefore, no valuation assumptions are presented for that period.

Compensation expense related to stock options was $201,713 for the year ended December 31, 2025 and $168,818 for the year ended December 31, 2024. As of December 31, 2025, unrecognized compensation cost related to non-vested stock options was $224,122.

A summary of stock option activity for the years ended December 31, 2025 and 2024 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, 2024	3,640,000	$ 0.17	9.02	$ -
Issued	2,000,000	0.12	9.75	
Exercised	-	-	-	-
Cancelled	(100,000)	0.17	-	-
Expired	-	-	-	-
Outstanding, December 31, 2025	5,540,000	$ 0.15	8.56	$ -
Exercisable, December 31, 2025	2,511,021	$ 0.16	8.14	$ -
Outstanding, December 31, 2023	-	$ -	-	$ -
Issued	5,050,000	0.17	9.04	-
Exercised	-	-	-	-
Cancelled	(1,410,000)	0.17	-	-
Expired	-	-	-	-
Outstanding, December 31, 2024	3,640,000	$ 0.17	9.02	$ -
Exercisable, December 31, 2024	876,036	$ 0.17	9.02	$ -

As of December 31, 2024, the aggregate intrinsic value for total outstanding and exercisable options is zero based on the estimated fair value of the Company's Class A common stock on that date.

NOTE 12 – STOCKHOLDERS' EQUITY

Common Stock Issuances

Effective February 14, 2024, the Company settled the Soylent Opening Balance Holdback and $2,446,380 of equity consideration payable by issuing 16,309,203 shares of Class A common stock to the Soylent Shareholders in accordance with the Soylent Merger Agreement. On the same date, the First Adjustment Date, the Company settled $18,099,951 of the $36,931,330 fair value liability outstanding as of December 31, 2023 by issuing 133,087,875 shares of Class A common stock to the Soylent Shareholders pursuant to the Soylent Merger Agreement and Stockholder Agreement. The Company also settled the remaining $2,446,380 equity payable from the Soylent Acquisition by issuing an additional 16,309,203 shares of Class A common stock.

Effective May 20, 2024, the Company determined, in accordance with the Soylent Merger Agreement, that 7,445,490 shares of the 18,571,429 Opening Balance Holdback shares were not due. This resulted in a reduction of the related liability of $1,012,587 and reduced the net settlement amount from $18,099,951 to $17,087,364. The number of Class A common shares issued to the Soylent Shareholders was reduced to a net amount of 125,642,385 shares. The Company recorded additional changes in the fair value of the derivative liability throughout 2024, resulting in a total share adjustment liability of $9,299,703 as of December 31, 2024.

Following the expiration of the 18-month holdback period related to the AOS Acquisition, and with no outstanding claims, the Company issued 4,979,731 shares of Class A common stock and $6,137 in cash to the former AOS shareholders on March 12, 2024. During the second quarter of 2024, following the expiration of the 18-month holdback period related to the Skylar Acquisition, the Company issued 11,573,660 shares of Class A common stock to the Skylar Shareholders, satisfying an equity consideration payable of $2,314,732 as of the issuance date.

On May 15, 2025, the Second Adjustment Date under the Soylent Merger Agreement, the Company issued 136,760,337 shares of Class A common stock to the Soylent Shareholders at a price of $0.041 per share. The issuance fully satisfied the outstanding shares liability of $5,607,174 as of March 31, 2025.

Skylar Class B Incentive Units

On July 1, 2025, Skylar issued 3,000 Class B Incentive Units to BlueUTA, a service provider, in exchange for services rendered and to be rendered under a License Agreement. The Class B Units are non-voting, were issued without cash consideration, and are subject to both time-based and performance-based vesting conditions. The units include a $24 million distribution threshold and are intended to qualify as Profits Interests under IRS Revenue Procedures 93-27 and 2001-43.

The Class B Units were determined to be equity-classified based on their legal form and substantive characteristics, including participation in sale proceeds, subordination to debt, transferability with restrictions, and management's stated intent to convey equity ownership. The units do not contain mandatory cash settlement provisions, redemption formulas, or off-market call rights. Management estimated the total grant-date fair value of the Class B Units to be $2.5 million.

Of the 3,000 Class B Units granted, 1,500 are subject to time-based vesting over a three-year period and are being expensed over the requisite service period. The remaining 1,500 units are subject to performance-based vesting tied to net sales milestones of $15 million, $20 million, and $25 million, each measured over any consecutive 12-month period. As of the grant date, only the $15 million milestone was considered probable of achievement. Compensation expense for those units is being recognized on a straight-line basis over a four-year service period.

For the year ended December 31, 2025, the Company recognized compensation expense of $722,160 related to the Class B Units. For the year ended December 31, 2024, no compensation expense was recognized as the units were granted in 2025.

NOTE 13 – LEASES

The following tables present net related party lease costs and other supplemental lease information:

		Year Ended December 31, 2025
Lease cost		
Operating lease cost (cost resulting from lease payments)	$	136,038
Sublease income		-
Net lease cost	$	136,038
Operating lease – operating cash flows (fixed payments)	$	136,038
Operating lease – operating cash flows (liability reduction)	$	67,278
Current leases – right of use assets	$	459,459
Current liabilities – operating lease liabilities	$	81,513
Non-current liabilities – operating lease liabilities	$	400,677
Operating lease ROU assets	$	459,459
Weighted-average remaining lease term (in years)		4.33
Weighted-average discount rate		10.91%

		Year Ended December 31, 2024
Lease cost		
Operating lease cost (cost resulting from lease payments)	$	90,692
Sublease income		90,692
Net lease cost	$	-
Operating lease – operating cash flows (fixed payments)	$	90,692
Operating lease – operating cash flows (liability reduction)	$	38,446
Current leases – right of use assets	$	538,776
Current liabilities – operating lease liabilities	$	67,278
Non-current liabilities – operating lease liabilities	$	482,190
Operating lease ROU assets	$	538,776
Weighted-average remaining lease term (in years)		5.33
Weighted-average discount rate		10.91%

Future minimum payments under non-cancelable leases for operating leases for the remaining terms of the leases following the year ended December 31, 2025:

Fiscal Year	Operating Leases
2026	$ 130,200
2027	136,710
2028	143,546
2029	150,723
2030	51,051
Total future minimum lease payments	$ 612,230
Less: Imputed Interest	(130,040)
Present value of net future minimum lease payments	$ 482,190

NOTE 14 – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following:

	December 31, 2025
Computer equipment	$ 104,747
Tools and equipment	147,903
Furniture and equipment	39,202
CIP	154,850
Property and equipment, gross	446,702
Less: Accumulated depreciation	(279,054)
Property and equipment, net	$ 167,648

	December 31, 2024
Computer equipment	$ 104,747
Tools and equipment	147,903
Furniture and equipment	39,202
CIP	333,340
Property and equipment, gross	625,192
Less: Accumulated depreciation	(271,472)
Property and equipment, net	$ 353,720

Construction in Progress ("CIP") represents costs incurred for ongoing projects that are not yet ready for their intended use. During the years ended December 31, 2025 and 2024, the balance of CIP was $154,850 and $333,340, respectively, and consists of expenditures related to the implementation of a new enterprise resource planning ("ERP") system within the Company. This project is expected to be completed and transferred to its respective asset category by the first quarter of 2026.

NOTE 15 – INTANGIBLE ASSETS

Intangible assets, net consists of the following:

	December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	$ 15,264,404	$ 5,913,944	$ 9,350,460
Customer relationships	4,871,000	2,373,646	2,497,354
ERP System	291,440	43,716	247,724
Intangible Assets	$ 20,426,844	$ 8,331,306	$ 12,095,538

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	$ 27,200,404	$ 3,905,777	$ 23,294,627
Customer relationships	6,915,000	1,563,780	5,351,220
Intangible Assets	$ 34,115,404	$ 5,469,557	$ 28,645,847

For the year ended December 31, 2025, the Company incurred intangibles impairment losses of $2,044,000 and $11,956,000 pertaining to customer relationships and trade names, respectively, for a total impairment of $14,000,000 for the Soylent segment.

For the year ended December 31, 2024, the Company incurred a net intangibles impairment loss of $13,304 pertaining to domain names for the AOS component of the Starco Brands segment.

Amortization expense as of December 31, 2025 and 2024 was $2,861,749 and $2,819,525, respectively.

As of December 31, 2025, the expected future amortization expense of intangible assets was as follows:

Fiscal Period:	
2026	2,824,750
2027	2,824,750
2028	2,824,750
2029	2,824,750
2030	2,824,750
Thereafter	11,971,788
Total	$ 26,095,538

NOTE 16 – GOODWILL

The changes in the carrying amounts of goodwill during the years ended December 31, 2025 and 2024 were as follows:

	Starco Brands	Skylar	Soylent	Total
Balance as of December 31, 2023	$ 2,944,871	$ 11,234,312	$ 12,510,208	$ 26,689,391
Additions	-	-	-	-
Purchase consideration adjustments	-	-	-	-
Impairment	(2,944,871)	-	(11,383,000)	(14,327,871)
Balance as of December 31, 2024	$ -	$ 11,234,312	$ 1,127,208	$ 12,361,520
Additions	-	-	-	-
Purchase consideration adjustments	-	-	-	-
Impairment	-	-	(1,127,208)	(1,127,208)
Balance as of December 31, 2025	$ -	$ 11,234,312	$ -	$ 11,234,312

NOTE 17 – INVENTORY

Inventory by major class are as follows:

	December 31, 2025	December 31, 2024
Raw materials	$ 3,579,740	$ 1,484,997
Finished goods	926,482	6,764,648
Total inventory	$ 4,506,222	$ 8,249,645

During the year ended December 31, 2025, the Company recorded inventory write downs of $661,154 to reduce certain items to their estimated net realizable value. No inventory impairment losses were recorded for the year ended December 31, 2024.

NOTE 18 – INCOME TAX

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Tax calculations assume a U.S. federal income tax rate of 21% and California tax rate of 8.84%.

Net deferred tax assets (liabilities) consist of the following components as of December 31:

	2025	2024
Deferred Tax Assets (Liabilities):		
Net operating losses	$ 29,672,000	$ 25,430,000
Stock-based compensation	1,945,000	1,899,000
Interest expense	406,000	381,000
Accounts receivable reserve	241,000	129,000
Contributions carryover	314,000	242,000
Intangibles	(7,797,056)	(8,307,000)
Inventory	1,267,000	684,000
Research and development costs	55,000	57,000
Total deferred tax assets:	26,102,944	20,515,000
Less valuation allowance	(26,102,944)	(20,515,000)
Net deferred tax assets (liabilities)	$ -	$ -

The income tax provision for the years ended December 31 is comprised of:

	2025	2024
Current federal	$ -	$ -
Current state	-	-
Deferred federal	-	-
Deferred state	-	-
Provision for income tax	$ -	$ -

The following is a reconciliation from the Company's statutory rate to the effective tax rate reported in the financial statements:

	2025		2024	
Federal statutory tax benefit	$ (4,394,716)	21.0%	$ (1,037,264)	21.0%
State tax benefit, net of federal	(1,461,473)	7.0%	(345,200)	7.0%
Non-deductible items	301,154	(1.5)%	3,914	(0.1)%
True-up adjustments	(32,908)	0.2%	(10,350)	0.2%
Change in valuation allowance	5,587,944	(26.7)%	1,388,900	(28.1)%
Total tax expense	$ -	0.0%	$ -	0.0%

At December 31, 2025, the Company had net operating loss carry forwards of approximately $119,603,000 including approximately $19,171,000 from periods prior to 2017 that may be offset against future taxable income through 2033. Net operating losses from 2017 and later carry an indefinite life. At December 31, 2025, the Company had state net operating loss carry forwards of approximately $78,949,000 that may be offset against future taxable income through 2033. No tax expense or benefit has been reported in the December 31, 2025 or 2024 consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. The Company's valuation allowance increased by $5,587,944 for the year ended December 31, 2025.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2021.

Federal and state tax laws impose significant restrictions on the utilization of net operating loss carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code Section 382 (Section 382). As of December 31, 2025, the Company has not performed a formal Section 382 study; however, the Company has reviewed its temporary taxable differences in conjunction with its temporary deductible differences as a measure against its definite lived net operating losses and anticipates any impact to be mitigated with additional net operating losses from temporary deductible differences.

The Company acquired approximately $44.3 million in net operating loss carryforwards as a result of its 2023 acquisition of Soylent. The Company also acquired approximately $14.4 million and $17.8 million in net operating loss carryforwards as a result of its 2022 acquisitions of AOS and Skylar, respectively. The Company believes the future benefit of those net operating losses are limited due to the change of ownership provisions under Section 382.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company will recognize interest and penalties related to any uncertain tax position through its income tax expense.

NOTE 19 – 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 no subsequent events exist.

Exhibit 4.10

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Starco Brands, Inc. (the "Company," "STCB," "we," or "our") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): the Company's Class A common stock, par value $0.001 per share ("Class A Common Stock").

The following description of the terms of our Class A Common Stock is only a summary. This description is subject to, and qualified in its entirety by our Amended and Restated Articles of Incorporation (the "Articles of Incorporation"), our Amended and Restated Bylaws (the "Bylaws"), and applicable provisions of Nevada law. We encourage you to read our Articles of Incorporation and Bylaws, each of which is incorporated by reference as an exhibit to our Annual Report on Form 10-K, of which this Exhibit 4.10 is a part, and the applicable provisions of Nevada law for additional information.

Under the Articles of Incorporation, the Company is authorized to issue 2,230,000,000 shares of capital stock, consisting of (1) 1,700,000,000 shares of Class A Common Stock, (2) 300,000,000 shares of Class B Common Stock, par value $0.01 per share, and (3) 230,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"). Our board of directors may establish the rights and preferences of the preferred stock from time to time.

DESCRIPTION OF CAPITAL STOCK

Class A and Class B Common Stock

Voting Rights

Holders of shares of our Class A Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of shares of our Class B Common Stock are entitled to a number of votes for each share held of record on all matter submitted to a vote of stockholders equal to the number of shares of Class A Common Stock into which the shares of Class B Common Stock held by such holder are convertible as of the record date multiplied by five. The holders of our common stock vote to elect our directors by a plurality of the votes cast. On all other matters other than those specified in our Articles of Incorporation and Bylaws, the affirmative vote of a majority in voting power of shares present at a meeting of the holders of our common stock is required.

Dividend Rights

Holders of shares of our common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. If the Company declares a dividend for Class A Common Stock or Preferred Stock, the Company shall simultaneously declare a dividend of equal amount for Class B Common Stock as if the shares had been converted to Class A Common Stock.

Liquidation Rights

Upon our dissolution, liquidation or winding up of the Company, the holders of shares of our Class A Common Stock, Class B Common Stock, or Preferred Stock will be entitled to receive our remaining assets available for distribution as if all shares had converted to Class A Common Stock immediately prior to such dissolution, liquidation or winding up. Holders of shares of our Class A Common Stock do not have preemptive, subscription or conversion rights. However, holders of shares of our Class B Common Stock have the right to convert each share of their Class B Common Stock into one share of Class A Common Stock at any time and without any additional consideration.

Preferred Stock

Our Articles of Incorporation authorize our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by OTC Markets Group ("OTC"), the authorized shares of preferred stock will be available for issuance without further action by our stockholders. Our board of directors has discretion to determine, with respect to any series of preferred stock, the terms and rights of that series, including, without limitation:

1) the designation of the series and number of shares in the series;

2) whether such shares are subject to redemption and at what time or times and price or prices;

3) whether such shares are entitled to the benefit of a retirement or sinking fund for the redemption of such shares on what terms and in what amounts;

4) whether such shares are entitled to receive dividends and at what rates, conditions, times, and preferences;

5) whether such shares are entitled to any rights upon liquidation, dissolution, or winding up;

6) whether such shares are convertible into shares of any other class;

7) whether such shares are entitled to any benefit on the creation of any indebtedness; and

8) any other preferences, powers, qualifications, rights or privileges, including voting rights, of such series.

Registration Rights Agreements and Voting Rights Agreements

Certain holders possess registration rights pursuant to the terms of (1) the registration rights agreement, dated as of September 12, 2022, (2) the registration rights agreement, dated as of December 29, 2022, and (3) the registration rights agreement, dated February 15, 2023, as amended by the amendment to the registration rights agreement, dated as of February 15, 2023, in each case by and among the Company and the investors listed therein. The terms of such agreements are described below, though the below is intended as a summary only and is qualified in its entirety by reference to the respective agreements. The holders under each registration rights agreement acquired unregistered shares of the Company pursuant to certain merger agreements, and the Company granted to such holders the rights to have such shares registered for resale to the public.

Additionally, in accordance with each registration rights agreements, the Company, Ross Sklar, and the shareholders party thereto entered into voting agreements, pursuant to which the shareholders agrees for their shares to be voted or consent given in the same manner as Ross Sklar. Such voting agreements are subject to certain exceptions listed therein and terminate on the date that the shares of such shareholders are listed on either the Nasdaq Stock Market or the New York Stock Exchange, unless terminated earlier (1) on mutual agreement of the parties, (2) if Ross Sklar is no longer Chief Executive Officer of the Company, (3) if Ross Sklar is no longer a member of the Board of Directors of the Company, or (4) automatically in the event of a bankruptcy that is not dismissed within 60 days of commencement thereof.

The foregoing description of the registration rights agreements and the voting rights agreement is intended as a summary, does not purport to be complete and is qualified in its entirety by reference to the full text of each agreement.

Anti-Takeover Effects of Our Articles of Incorporation and Bylaws and Certain Provisions of Nevada Law

Provisions of the Nevada Revised Statutes, and our articles of incorporation and bylaws, as amended, could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, would be expected to discourage certain types of takeover practices and takeover bids our Board may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us will outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Business Combination

The Company has elected not to be governed by the provisions of Section 78.411 through Section 78.444, inclusive, of the NRS, relating to combinations with interested stockholders. In general, these statutes prohibit a publicly held Nevada corporation with 200 or more stockholders of record from engaging in any business combination with any interested stockholder for a period of two years following the date that the stockholder became an interested stockholder. This two-year moratorium can be lifted only by advance approval of the combination or the transaction by which such person first becomes an interested stockholder by the Company's board of directors before such person becomes an interested stockholder or unless the combination is approved by the board and 60% of the Company's voting power not beneficially owned by the interested stockholder, its affiliates and associates. Additionally, after the two-year period, a combination remains prohibited unless (i) the combination or the transaction by which such person first becomes an interested stockholder is approved by the board of directors before such person becomes an interested stockholder; (ii) the combination is approved by a majority of the outstanding voting power not beneficially owned by the interested stockholder and its affiliates and associates; or (iii) the consideration to be received by the disinterested stockholders satisfies certain fair value requirements. However, these statutes do not apply to any combination of a corporation and an interested stockholder after the expiration of four years after the person first became an interested stockholder.

Section 78.416 of the NRS defines business "combination" to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition involving the interested stockholder of 5% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any plan or proposal for the liquidation or dissolution of the corporation under any agreement, arrangement with the interested stockholder;
- subject to exceptions, any transaction involving the corporation that increases the proportionate share of the stock of the corporation which is owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Section 78.423 of the NRS defines an interested stockholder as any person beneficially owning 10% or more of the outstanding voting stock of the corporation and or person affiliated with or controlling or controlled by that person.

Acquisition of Controlling Interests

The Company has elected not to be governed by the provisions of Section 78.378 through Section 78.3793, inclusive, of the Nevada Revised Statutes. Sections 78.378 to 78.3793 of the Nevada Revised Statutes provides that an "acquiring person" shall only obtain voting rights in the "control shares" purchased by such person to the extent approved by the other stockholders at a meeting, therefore the Company's election not to be governed by such sections restricts the ability of controlling shareholders to vote their shares under certain circumstances and any and all successor statutes.

Limitations on Liability and Indemnification of Officers and Directors

Our Articles of Incorporation provide that, to the fullest extent permitted under the by the Nevada Revised Statutes, no director of the Company shall be personally liable to the Company or its stockholders for any acts or omissions as a director, and we must generally indemnify and advance expenses to our directors and officers to the fullest extent authorized by the Nevada Revised Statutes. We have also entered into indemnification agreements with each of our directors and executive officers, which agreements require us to indemnify these individuals to the fullest extent permitted under Nevada law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification, and advancement provisions in our Articles of Incorporation and Bylaws may discourage stockholders from bringing a lawsuit against directors or officers for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, our stockholders may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare, Inc.

Listing

Our common stock is listed on OTC under the symbol "STCB."

Exhibit 31.1

STARCO BRANDS, INC.
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ross Sklar, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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 the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Ross Sklar*
Ross Sklar
Chief Executive Officer
(Principal Executive Officer)

Date: April 14, 2026

Exhibit 31.2

STARCO BRANDS, INC.
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ross Sklar, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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 the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Ross Sklar*
Ross Sklar
Interim-Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: April 14, 2026

Exhibit 32.1

STARCO BRANDS, INC.
CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report on Form 10-K of Starco Brands, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacity 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 operation of the Company.

By: *Ross Sklar*
Ross Sklar
Chief Executive Officer
(Principal Executive Officer)

Date: April 14, 2026

Exhibit 32.2

STARCO BRANDS, INC.
CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report on Form 10-K of Starco Brands, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacity 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 operation of the Company.

By: *
/s/ Ross Sklar*
Ross Sklar
Interim-Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: April 14, 2026