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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026

OR

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

Commission File Number **000-54892**

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

Nevada	**27-1781753**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
706 N Citrus Ave, 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date: As of May 20, 2026, there were 784,192,033 shares of the registrant's Class A common stock and zero shares of the registrant's Class B common stock outstanding.

STARCO BRANDS, INC. AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026

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ITEM 1. FINANCIAL STATEMENTS

STARCO BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2026 (unaudited)	December 31, 2025
ASSETS		
Current Assets:		
Cash	$ 997,836	$ 1,818,406
Accounts receivable, net	3,611,040	2,988,724
Prepaid expenses and other assets	2,824,624	2,586,385
Inventory	4,855,723	4,506,222
Total Current Assets	12,289,223	11,899,737
Property and equipment, net	11,089	167,648
Operating lease right-of-use asset	438,434	459,459
Intangibles, net	11,896,074	12,095,538
Goodwill	11,234,312	11,234,312
Total Assets	$ 35,869,132	$ 35,856,694
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 6,796,977	$ 6,983,870
Accounts payable, related parties	1,568,687	1,238,693
Other payables and accrued liabilities	4,639,392	4,380,445
Other payables and accrued liabilities, related parties	806,549	487,599
Notes payable - current	-	113,158
Lease liability, current portion	85,346	81,513
Total Current Liabilities	13,896,951	13,285,278
Notes payable - related parties, noncurrent	7,972,500	7,972,500
Lease liability, net of current portion	378,328	400,677
Total Liabilities	$ 22,247,779	$ 21,658,455
Commitments and Contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, $.001 par value; 40,000,000 shares authorized; no shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	$ -	$ -
Class A common stock, $.001 par value; 1,700,000,000 shares authorized; 784,192,033 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	784,193	784,193
Class B common stock, $.001 par value; 300,000,000 shares authorized, no shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	-	-
Additional paid in capital	107,262,072	107,009,238
Treasury stock at cost	(328,500)	(328,500)
Accumulated deficit	(103,145,543)	(102,347,578)
Total Starco Brands' Stockholders' Equity	4,572,222	5,117,353
Non-controlling interest	9,049,131	9,080,886
Total Stockholders' Equity	13,621,353	14,198,239
Total Liabilities and Stockholders' Equity	$ 35,869,132	$ 35,856,694

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

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

	For the Three Months Ended	
	March 31, 2026	**March 31, 2025**
Revenue	$ 8,979,270	$ 9,818,757
Revenue, related parties	283,158	1,050,312
Cost of revenues	5,148,198	6,125,831
Gross profit	$ 4,114,230	$ 4,743,238
Operating Expenses:		
Compensation expense	$ 1,678,748	$ 1,736,188
Professional fees	583,879	780,224
Marketing, general and administrative	2,427,821	3,384,418
Fair value share adjustment loss (gain)	-	(3,692,529)
Total operating expenses	4,690,448	2,208,301
(Loss) income from operations	(576,218)	2,534,937
Other Expense:		
Interest expense	237,985	236,636
Other expense	15,517	322,196
Total other expense, net	253,502	558,832
(Loss) income before provision for income taxes	$ (829,720)	$ 1,976,105
Provision for income taxes	-	-
Net (loss) income	$ (829,720)	$ 1,976,105
Net loss (income) attributable to non-controlling interest	(31,755)	97,249
Net (loss) income attributable to Starco Brands	$ (797,965)	$ 1,878,856
Income (loss) per share, basic	$ (0.00)	$ 0.00
Income (loss) per share, diluted	$ (0.00)	$ 0.00
Weighted Average Shares Outstanding - Basic	784,192,033	647,431,696
Weighted Average Shares Outstanding - Diluted	784,192,033	826,709,534

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

STARCO BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(unaudited)

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Treasury Stock	Accumulated	Non-controlling	Equity Consideration	Stockholders'
	Shares	Amount	Shares	Amount	Capital	Payable	Deficit	Interest	Payable	Equity
Balance at December 31, 2024	647,431,696	$647,432	-	$ -	$ 99,499,510	$(328,500)	$ (81,420,357)	$ 8,826,723	$ -	$ 27,224,808
Stock-based compensation	-	-	-	-	471,236	-	-	-	-	471,236
Net income	-	-	-	-	-	-	1,878,856	97,249	-	1,976,105
Balance at March 31, 2025	647,431,696	$647,432	-	$ -	$ 99,970,746	$(328,500)	$ (79,541,501)	$ 8,923,972	$ -	$ 29,672,149
Balance at December 31, 2025	784,192,033	$784,193	-	$ -	$107,009,238	$(328,500)	$(102,347,578)	$ 9,080,886	$ -	$ 14,198,239
Stock-based compensation	-	-	-	-	252,834	-	-	-	-	252,834
Net loss	-	-	-	-	-	-	(797,965)	(31,755)	-	(829,720)
Balance at March 31, 2026	784,192,033	$784,193	-	$ -	$107,262,072	$(328,500)	$(103,145,543)	$ 9,049,131	$ -	$ 13,621,353

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

STARCO BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended	
	March 31, 2026	March 31, 2025
Cash Flows From Operating Activities:		
Net (loss) income	$ (829,720)	$ 1,976,105
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Stock based compensation	252,834	471,236
Depreciation	1,709	2,013
Amortization of intangible assets	354,314	704,508
Amortization of debt discount	-	47,051
Gain on stock payable share adjustment	-	(3,692,529)
Changes in operating assets and liabilities:		
Accounts receivable	(622,316)	849,307
Accounts receivable, related parties	-	2,250,379
Prepaid expenses and other assets	(238,239)	(1,936,521)
Inventory	(349,501)	90,497
Operating lease right of use asset	21,025	19,160
Accounts payable	(186,893)	928,257
Accounts payable, related parties	329,994	(1,247,373)
Other payables and accrued liabilities	258,947	392,203
Other payables and accrued liabilities, related parties	318,950	-
Operating lease liability	(18,516)	(15,150)
Net Cash (Used In) Provided By Operating Activities	(707,412)	839,143
Cash Flows From Investing Activities:		
Purchases of intangibles	-	(17,000)
Purchases of property & equipment	-	(111,350)
Net Cash Used In Investing Activities	-	(128,350)
Cash Flows From Financing Activities:		
Payments to notes payable	(113,158)	(24,910)
Proceeds from Revolving loan	-	10,347,483
Payments to Revolving loan	-	(10,615,880)
Net Cash Used In Financing Activities	(113,158)	(293,307)
Net (Decrease) Increase In Cash	(820,570)	417,486
Cash - Beginning of Period	1,818,406	1,207,406
Cash - End of Period	$ 997,836	$ 1,624,892
Supplemental Cash Flow Information:		
Cash paid for:		
Interest paid	$ 238,899	$ 228,897
Income taxes	$ -	$ -
Noncash operating, investing and financing activities:		
Reclassification of ERP system costs (gross) from Property, Plant & Equipment to Intangible Assets	$ 154,850	$ -

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

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 condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has concluded that substantial doubt exists regarding its ability to continue as a going concern within one year after the date that these condensed consolidated 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 March 31, 2026, the Company reported an accumulated deficit of $103,145,543, including a net loss of $829,720 for the three months ended March 31, 2026, and a working capital deficit of approximately $1.6 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 March 31, 2026, total debt was approximately $8.0 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.

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 proceeds were used to repay the Company's 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 accompanying condensed 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 condensed consolidated financial statements of Starco Brands, Inc. include the accounts of STCB, our wholly owned subsidiary AOS, our wholly owned subsidiary Skylar, our wholly owned subsidiary 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 condensed consolidated financial statements.

Our condensed consolidated subsidiaries at March 31, 2026 include: AOS, Skylar, Soylent, Whipshots Holdings and its wholly owned subsidiary Whipshots LLC. Intercompany accounts and transactions have been eliminated upon consolidation.

Basis of Presentation

The condensed consolidated financial statements of the Company 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 condensed 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 condensed consolidated financial statements of the Company do not contain certain information included in the Company's Annual Report and Form 10-K for the year ended December 31, 2025. Therefore, the condensed consolidated financial statements should be read in conjunction with that Annual Report on Form 10-K. Certain prior-period amounts in the condensed consolidated financial statements and related disclosures have been reclassified to conform to the current period presentation. Specifically, cost of revenues from related parties has been reclassified into cost of revenues on the condensed consolidated statements of operations and within the segment information. These reclassifications had no impact on previously reported gross profit, total operating expenses, net loss, 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 condensed 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; 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 March 31, 2026 or December 31, 2025.

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 March 31, 2026 and December 31, 2025, accounts receivable, net were approximately $3,611,040 and $2,988,724, respectively. As of those dates, the allowance for credit losses was $141,033 and $223,867, respectively**.**

Fair Value of Financial Instruments

The Company follows ASC 825-10-50 for disclosures about the fair value of its financial instruments and ASC 820 for the framework used to measure fair value. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques into three levels, giving the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The carrying amounts of the Company’s financial assets and liabilities, including cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses, approximate their fair values because of the short-term nature of these instruments. The Company’s notes payable approximate fair value based on management’s best estimate of the interest rates that would be available to the Company for similar financial arrangements as of March 31, 2026.

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

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

Stock-based Compensation

The Company accounts for stock-based compensation per the provisions of ASC 718, Share-based Compensation ("ASC 718"), which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants, options, and restricted stock units). The fair value of each warrant and option is estimated on the date of grant using the Black-Scholes option pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. The Company has not paid dividends historically and does not expect to pay them in the future. Expected 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 Class A 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 three months ended March 31, 2026 and 2025, 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:

	Three Months Ended March 31,	
	2026	**2025**
Warrants	38,341,664	38,850,000
Stock options	5,480,000	3,602,500
Acquisition Stock Consideration Payable	-	136,760,338
Total	43,821,664	179,212,838

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 three months ended March 31, 2026 and 2025, the Company did not record asset impairment charges related to its intangible assets.

Royalties and Licenses

Royalty-based obligations with content licensors are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of revenue 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 March 31, 2026 are 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 condensed 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 Ralks Corporation, 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 12 – 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 March 31, 2026. 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. The Company did not record any inventory impairment losses for the three months ended March 31, 2026 or 2025.

Acquisitions, Intangible Assets and Goodwill

The condensed 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.

No impairment losses related to goodwill were recognized for the three months ended March 31, 2026 and 2025. As of March 31, 2026 and December 31, 2025, goodwill was $11,234,312 and $11,234,312, 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 five reportable operating segments: i) AOS, (ii) Skylar, (iii) Soylent, (iv) Whipshots, and (v) Winona. Parent-level corporate activities are presented as "Corporate" and reconcile reportable segment results to consolidated results. The CODM evaluates segment performance and allocates resources based primarily on gross profit and income (loss) from operations.

Effective January 1, 2026, the Company changed the composition of its reportable segments from three (Soylent, Skylar, and Starco Brands, which included the parent platform, AOS, Whipshots, and Winona) to the five segments described above, with parent-level activities presented separately as Corporate. Segment information for the three months ended March 31, 2025 has been recast to conform to the current-period presentation. See Note 4 – Segments for additional information regarding the change and related disclosures.

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 condensed consolidated financial statements.

NOTE 4 – SEGMENTS

Effective January 1, 2026, the Company changed the composition of its reportable segments by discontinuing the elective aggregation of operating segments previously combined within the Starco Brands reportable segment. Aggregation under ASC 280 is permitted but not required, and the Company has determined to discontinue the previously applied aggregation because the operating margins of the previously aggregated operating segments are no longer expected to converge over time as previously anticipated.

As a result, the Company now presents five reportable segments: AOS, Skylar, Soylent, Whipshots, and Winona. Parent-level corporate activities are presented as "Corporate" and reconcile reportable segment results to consolidated results. Previously, the Company reported three reportable segments: Starco Brands (which included the activities of the parent platform, AOS, Whipshots, and Winona), Skylar, and Soylent. Segment information for the three months ended March 31, 2025 has been recast to conform to the current-period segment presentation.

The Company's reportable segments are described below:

Skylar. The Skylar segment generates revenue through the sale of hypoallergenic fragrance products under the Skylar brand.

Soylent. The Soylent segment generates revenue through the sale of plant-based nutritional products, including ready-to-drink shakes, powders, and bars, under the Soylent brand.

AOS. The AOS segment generates revenue through the sale of premium body and skincare products designed for athletes under the Art of Sport brand.

Whipshots. The Whipshots segment earns its revenues as royalties from licensing arrangements with Temperance, a related party, under which Temperance manufactures and sells vodka-infused whipped cream products under the Whipshots® brand. The Whipshots segment includes Whipshots Holdings and Whipshots LLC.

Winona. The Winona segment generates revenue through the sale of popcorn spray and sauce spray products under the Winona Pure® brand. Winona operates as a division of STCB, which is the marketer of record under a licensing arrangement with the brand owner. The Company is the principal in arrangements with end customers. Winona products are sold through retail partners including Walmart, H-E-B, Meijer, and Food Lion, and on Amazon through the Company's strategic partner Pattern (formerly iServe), which is a stockholder of the Company; revenues and the related cost of revenues from sales through Pattern are presented as related-party amounts.

Corporate. Corporate consists of the activities of Starco Brands, Inc., the publicly traded parent legal entity, including executive management, public-company costs, professional services, platform-level marketing and administration, and other expenses incurred at the parent level that are not allocated to the reportable segments. Corporate is not an operating segment.

The Company's Chief Executive Officer, Ross Sklar, is the Chief Operating Decision Maker ("CODM"). The CODM reviews balance sheet data on a consolidated basis; therefore, disaggregated balance sheet data are not presented.

The measures the CODM uses to evaluate segment performance and allocate resources among the Company's product lines - revenues, revenues from related parties, gross profit, and income (loss) from operations – are consistent with the measures disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The Company's revised segment presentation reflects an increased level of disaggregation of these measures, consistent with the change in management approach described above.

Profit or Loss Measures

- Revenues
- Revenues – related parties
- Gross profit
- Income (loss) from operations

The CODM uses these measures, together with the underlying components of cost of revenues and operating expenses (including marketing and sales spend), to assess the effectiveness of resource allocation decisions among the Company's segments. For example, the CODM evaluates the effectiveness of marketing and sales spend initiatives by reference to corresponding changes in segment revenue and gross profit contribution in order to determine whether to direct additional marketing investment to a given segment or to redirect investment elsewhere. The disaggregated presentation of segment results also enables the CODM to assess each segment's contribution to the consolidated enterprise.

The following expense categories are regularly provided to the CODM, included in the reported measures of segment profit or loss, and are significant quantitatively or qualitatively. These categories are consistent with those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025:

Significant Expense Categories

- Cost of revenues
- Compensation expense
- Professional fees
- Marketing, general and administrative expenses
- Fair value share adjustment gain/loss
- Goodwill impairment
- Intangibles impairment

The following tables present gross profit (loss) and significant expenses by reportable segment. Corporate is presented as a reconciling column and is not a reportable segment:

	For the Three Months Ended March 31, 2026						
	AOS	Skylar	Soylent	Whipshots	Winona	Corporate	Total
Revenues, net	$ 54,830	$ 3,672,501	$ 4,386,006	$ -	$ 865,933	$ -	$ 8,979,270
Revenues, related parties, net	-	-	-	283,158	-	-	283,158
Cost of revenues	57,556	1,169,761	3,142,322	-	778,559	-	5,148,198
Gross profit (loss)	(2,726)	2,502,740	1,243,684	283,158	87,374	-	4,114,230
Compensation expense	36,808	542,943	224,009	209,228	290,927	374,833	1,678,748
Professional fees	(2,347)	12,139	149,777	35,084	-	389,226	583,879
Marketing, general and administrative	59,918	1,078,712	768,190	244,318	24,620	252,063	2,427,821
Total operating expenses	94,379	1,633,794	1,141,976	488,630	315,547	1,016,122	4,690,448
Income (loss) from operations	$ (97,105)	$ 868,946	$ 101,708	$ (205,472)	$ (228,173)	$ (1,016,122)	$ (576,218)

	For the Three Months Ended March 31, 2025 (Recast)						
	AOS	Skylar	Soylent	Whipshots	Winona	Corporate	Total
Revenues, net	$ 185,654	$ 1,413,933	$ 7,254,599	$ -	$ 964,571	$ -	$ 9,818,757
Revenues, related parties, net	-	-	-	1,050,312	-	-	1,050,312
Cost of revenues	137,187	558,982	4,455,484	-	974,178	-	6,125,831
Gross profit (loss)	48,467	854,951	2,799,115	1,050,312	(9,607)	-	4,743,238
Compensation expense	16,130	220,399	641,304	92,747	129,040	636,568	1,736,188
Professional fees	25,287	54,232	114,123	108,961	-	477,621	780,224
Marketing, general and administrative	108,717	859,489	1,616,516	310,563	28,847	460,286	3,384,418
Fair value share adjustment gain	-	-	(3,692,529)	-	-	-	(3,692,529)
Total operating expenses	150,134	1,134,120	(1,320,586)	512,271	157,887	1,574,475	2,208,301
Income (loss) from operations	$ (101,667)	$ (279,169)	$ 4,119,701	$ 538,041	$ (167,494)	$ (1,574,475)	$ 2,534,937

Geographic Information. The Company's external customer revenues and long-lived assets are substantially all attributable to operations and locations within the United States for the three months ended March 31, 2026 and 2025.

Major Customers. For the three months ended March 31, 2026, the Company had two customers that each represented 10% or more of consolidated revenues: Customer A at approximately 29%, contributing approximately $2,723,000 of revenue reported within the Soylent segment, and Customer B at approximately 18%, contributing approximately $1,639,000 of revenue reported within the Skylar segment. For the three months ended March 31, 2025, the Company also had two customers that each represented 10% or more of consolidated revenues: Customer A at approximately 32%, contributing approximately $3,484,000 of revenue reported within the Soylent segment, and Customer B at approximately 11%, contributing approximately $1,151,000 of revenue reported within the Winona and Soylent segments.

Products and Services. The Company's reportable segments are organized by brand, and each segment represents a discrete product line. Accordingly, the segment revenue information presented above also reflects the disaggregation of revenues by product group, and no separate product-level revenue disclosure is required.

NOTE 5 – ACQUISITIONS

The Company did not complete any acquisitions during the three months ended March 31, 2026, and there were no changes to the purchase price allocations or fair value measurements previously reported. The Company's acquisitions completed in prior periods, along with the related purchase price allocations and fair value measurements, are described in the Company's Form 10-K for the years ended December 31, 2025 and 2024.

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 March 31, 2026 and December 31, 2025, the remaining balances of these loans was $0 and $113,158, respectively. For the three months ended March 31, 2026 and 2025, these insurance loans incurred approximately $16,647 and $967, respectively, of interest expense.

Gibraltar Loan and Security Agreement – Revolving Loan

As of March 31, 2026, the Company did not have any outstanding borrowings under the Gibraltar Loan and Security Agreement. The Company fully repaid all obligations under the Gibraltar facility in December 2025, and the agreement, including the related forbearance arrangements, was terminated at that time. There was no activity related to the Gibraltar Loan during the three months ended March 31, 2026.

Notes Payable – Related Parties

The Company's notes payable as of March 31, 2026 consist of (i) the Amended Consolidated Secured Promissory Note issued to Ross Sklar and (ii) the Bridge Term Loan Promissory Note entered into with The Starco Group, Inc. on December 22, 2025. Both of these financing arrangements are with related parties and are described in Note 9 - Related Party Transactions. There were no amendments, additional borrowings, or repayments under these related-party notes during the three months ended March 31, 2026, other than the accrual and payment of interest in accordance with their terms.

CEO Notes

See Note 9 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:

	March 31, 2026		December 31, 2025	
Accrued compensation	$	189,584	$	7,371
Accrued royalties		1,650,000		1,650,000
Deferred revenue		543,752		683,782
Trade payable		847,120		914,085
Goods received pending invoice		922,735		612,854
Other accrued expenses		486,201		512,353
Total	$	4,639,392	$	4,380,445

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 March 31, 2026 and December 31, 2025, the Company had no accruals recorded for loss contingencies, as it was not a defendant in any claims or legal actions which 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. The carrying amount of the related indefinite-lived intangible asset was $505,404 as of both March 31, 2026 and December 31, 2025.

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 three months ended March 31, 2026 or the year ended December 31, 2025.

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 March 31, 2026 or December 31, 2025.

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 three months ended March 31, 2026 and 2025 was $203,752 and zero, respectively.

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 three months ended March 31, 2026 was $2,564, and unrecognized compensation cost as of March 31, 2026 was $34,187, which will be recognized over the remaining vesting period of approximately 3.3 years.

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 March 31, 2026 are 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 March 31, 2026, 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 March 31, 2026. Accordingly, no amounts have been recognized in the condensed consolidated financial statements related to the proposed transaction.

NOTE 9 – RELATED PARTY TRANSACTIONS

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 March 31, 2026 and December 31, 2025, the outstanding principal balance owed to Mr. Sklar under the amended note was $3,472,500 as of both dates. Interest expense related to notes held by Mr. Sklar was $84,921 and $59,312 for the three months ended March 31, 2026 and 2025, respectively.

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 March 31, 2026 and December 31, 2025, the outstanding principal balance under the Bridge Loan was $4,362,500 and $4,500,000, respectively, and interest expense related to the loan was $137,500 and $0 for the three months ended March 31, 2026 and 2025, respectively.

Related Party Lease

On May 1, 2024, the Company entered into an operating lease for office space with Ralks Corporation, 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 $34,010 and $34,010 for the three months ended March 31, 2026 and 2025, respectively. See Note 12 – Leases for additional information.

Other Related Party Transactions

During the three months ended March 31, 2026 and 2025, the Company recognized revenue from related parties of $283,158 and $1,050,312, respectively. There were no accounts receivable or accrued accounts receivable from TSG or Temperance as of March 31, 2026 or December 31, 2025. All revenues associated with these balances were generated from related parties. Temperance is chaired by Ross Sklar.

During the three months ended March 31, 2026 and the year ended December 31, 2025, the Company recorded related party advances of $806,549 and $487,599, respectively, which are included in accrued liabilities and other current liabilities on the condensed consolidated balance sheet. Of the total, $318,950 and $100,000 was advanced by Ross Sklar to pay for certain expenses of the Company as of March 31, 2026 and December 31, 2025, respectively; 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.

During the three months ended March 31, 2026 and 2025, the Company's Winona segment purchased finished goods inventory of approximately $786,279 and $1,060,349, respectively, from TSG and Temperance, both related parties. As of March 31, 2026 and December 31, 2025, accounts payable owing to TSG, Temperance and other related parties were $1,568,687 and $1,238,693, respectively.

NOTE 10 – STOCK WARRANTS

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

	Shares available to purchase with warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2025	38,341,664	$ 0.19	1.90	$ 21,000
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	-	-
Outstanding, March 31, 2026	38,341,664	$ 0.19	1.66	$ 4,800
Exercisable, March 31, 2026	38,204,164	$ 0.19	1.66	$ 4,800
Outstanding, December 31, 2024	39,100,000	$ 0.19	2.88	$ 21,000
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	(250,000)	0.90	-	-
Outstanding, March 31, 2025	38,850,000	$ 0.19	2.65	$ 16,000
Exercisable, March 31, 2025	32,220,803	$ 0.19	2.65	$ 16,000

The fair value of stock warrants granted and vested during the three months ended March 31, 2026 was zero and $9,692, respectively.

The fair value of stock warrants granted and vested during the three months ended March 31, 2025 was zero and $389,179, respectively.

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

Range of exercise prices		Outstanding Warrants	Weighted-Average Remaining Life In Years	Weighted-Average Exercise Price		Number Exercisable
$	0.19	37,841,664	1.66	$	0.19	37,704,164
$	0.20	100,000	1.59	$	0.20	100,000
$	0.01	400,000	1.80	$	0.01	400,000
		38,341,664	1.66	$	0.19	38,204,164

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

Total compensation expense related to the stock warrants was $9,692 and $389,179 for the three months ended March 31, 2026 and 2025, respectively, and was included in compensation expense on the condensed consolidated statement of operations. As of March 31, 2026, there was $16,796 in future compensation cost related to non-vested stock warrants which will be recognized over the remaining vesting period of approximately 0.4 years.

The aggregate intrinsic value as of March 31, 2026 is $4,800 for total outstanding and exercisable warrants, which was based on our estimated fair value of the Class A common stock of $0.02, had all warrant holders exercised their warrants as of that date, net of the aggregate exercise price.

NOTE 11- STOCK OPTIONS

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

	Shares available to purchase with options	Weighted Average Exercise Price		Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value	
Outstanding, December 31, 2025	5,540,000	$	0.15	8.56	$	-
Issued	-		-	-		
Exercised	-		-	-		-
Cancelled	(10,000)		-	-		-
Expired	(50,000)		-	-		-
Outstanding, March 31, 2026	5,480,000	$	0.15	8.32	$	-
Exercisable, March 31, 2026	2,824,978	$	0.16	7.95	$	-
Outstanding, December 31, 2024	-	$	-	-	$	-
Issued	3,640,000		0.17	9.02		-
Exercised	-		-	-		-
Cancelled	(37,500)		-	-		-
Expired	-		-	-		-
Outstanding, March 31, 2025	3,602,500	$	0.17	8.78	$	-
Exercisable, March 31, 2025	1,541,448	$	0.17	8.76	$	-

The fair value of stock options granted and vested during the three months ended March 31, 2026 was zero and $39,390, respectively.

The fair value of stock options granted and vested during the three months ended March 31, 2025 was zero and $82,057, respectively.

The compensation expense attributed to the issuance of stock options is recognized as they are vested. Total compensation expense related to the stock options was $39,390 and $82,057 for the three months ended March 31, 2026 and 2025, respectively, and was included in compensation expense on the condensed consolidated statement of operations. As of March 31, 2026, there was $183,162 in future compensation cost related to non-vested stock options which will be recognized over the remaining vesting period of approximately 2.3 years.

The aggregate intrinsic value as of March 31, 2026 is zero for total outstanding and exercisable warrants, which was based on our estimated fair value of the Class A common stock of $0.02, had all option holders exercised their options as of that date, net of the aggregate exercise price.

NOTE 12 – LEASES

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

		Three Months Ended March 31, 2026
Lease cost		
Operating lease cost (cost resulting from lease payments)	$	34,010
Sublease income		
Net lease cost	$	34,010
Operating lease – operating cash flows (fixed payments)	$	34,010
Operating lease – operating cash flows (liability reduction)	$	18,516
Current leases – right of use assets	$	438,434
Current liabilities – operating lease liabilities	$	85,346
Non-current liabilities – operating lease liabilities	$	378,328
Weighted-average remaining lease term (in years)		4.08
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 three months ended March 31, 2026:

Fiscal Year		Operating Leases
2026	$	98,700
2027		136,710
2028		143,546
2029		150,723
2030		51,051
Total future minimum lease payments		580,730
Less: Imputed Interest		(117,056)
Present value of net future minimum lease payments	$	463,674

NOTE 13 – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following:

		March 31, 2026		December 31, 2025
Computer equipment	$	104,747	$	104,747
Tools and equipment		168,244		147,903
Furniture and equipment		18,861		39,202
CIP		-		154,850
Property and equipment, gross		291,852		446,702
Less: Accumulated depreciation		(280,763)		(279,054)
Property and equipment, net	$	11,089	$	167,648

Construction in Progress ("CIP") represents costs incurred for ongoing projects that are not yet ready for their intended use. As of December 31, 2025, the balance of CIP was $154,850 and related to the implementation of a new enterprise resource planning ("ERP") system. During the three months ended March 31, 2026, the Company completed the ERP implementation and placed the system into service. Accordingly, the full CIP balance was transferred to intangible assets. As of March 31, 2026, the Company had no Construction in Progress.

NOTE 14 – INTANGIBLE ASSETS

Intangible assets, net consists of the following:

	March 31, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	15,264,404	6,168,620	9,095,784
Customer relationships	4,871,000	2,450,969	2,420,031
ERP system	446,290	66,031	380,259
Intangible Assets	$ 20,581,694	$ 8,685,620	$ 11,896,074

	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

Amortization expense for the three months ended March 31, 2026 and 2025 was $354,314 and $704,508, respectively.

As of March 31, 2026, the remaining amortization schedule below reflects only finite-lived intangible assets. Indefinite-lived intangible assets, which are not subject to amortization under ASC 350, are presented as a reconciling item to reconcile to the total intangible assets, net.

Fiscal period:	**March 31, 2026**
Remainder of 2026	$ 1,062,943
2027	1,417,257
2028	1,417,257
2029	1,417,257
2030	1,216,922
Thereafter	4,859,034
Total remaining amortization (finite-lived)	11,390,670
Indefinite-lived intangible assets (non-amortizing)	505,404
Total intangible assets, net	$ 11,896,074

NOTE 15 – INVENTORY

Inventory by major class are as follows:

	March 31, 2026	**December 31, 2025**
Raw materials	$ 3,248,571	$ 3,579,740
Finished goods	1,607,152	926,482
Total inventory	$ 4,855,723	$ 4,506,222

NOTE 16 – 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 other subsequent events exist.

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

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

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

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH OUR FINANCIAL STATEMENTS AND RELATED NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT. ANY OF THE FORWARD-LOOKING STATEMENTS THAT WE MAKE IN THIS QUARTERLY REPORT ON FORM 10-Q AND IN OTHER PUBLIC REPORTS AND STATEMENTS WE MAKE MAY TURN OUT TO BE INACCURATE AS A RESULT OF OUR BELIEFS AND ASSUMPTIONS WE MAKE IN CONNECTION WITH THE FACTORS SET FORTH ABOVE OR BECAUSE OF OTHER UNIDENTIFIED AND UNPREDICTABLE FACTORS. IN ADDITION, OUR BUSINESS AND FUTURE RESULTS ARE SUBJECT TO A NUMBER OF OTHER FACTORS, INCLUDING THOSE FACTORS SET FORTH IN THE "RISK FACTORS" SECTION OF OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") ON APRIL 18, 2025. BECAUSE OF THESE AND OTHER UNCERTAINTIES, OUR ACTUAL FUTURE RESULTS MAY BE MATERIALLY DIFFERENT FROM THE RESULTS INDICATED BY THESE FORWARD-LOOKING STATEMENTS, AND YOU SHOULD NOT RELY ON SUCH STATEMENTS. WE UNDERTAKE NO OBLIGATION TO PUBLISH REVISED FORWARD-LOOKING STATEMENTS TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF. THESE RISKS COULD CAUSE OUR ACTUAL RESULTS FOR 2024 AND BEYOND TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS BY OR ON BEHALF OF US, AND COULD NEGATIVELY AFFECT OUR FINANCIAL CONDITION, LIQUIDITY AND OPERATING AND STOCK PRICE PERFORMANCE.

Business Overview

Starco Brands, Inc. (formerly Insynergy Products, Inc.), which we refer to as "the Company," "our Company," "STCB", "we," "us" or "our," was incorporated in the State of Nevada on January 26, 2010 under the name Insynergy, Inc. On September 7, 2017, the Company filed an Amendment to the Articles of Incorporation to change the corporate name to Starco Brands, Inc. The Board determined the change of the Company's name was in the best interests of the Company due to changes in our current and anticipated business operations at that time. In July 2017, the Company entered into a licensing agreement with 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.

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 Quarterly Report.

Employees

STCB and its subsidiaries had 29 full-time employees as of March 31, 2026 and used independent contractors and consultants on an as needed basis.

Results of Operations

Comparison of the three months ended March 31, 2026 to the three months ended March 31, 2025

	March 31, 2026	**March 31, 2025**	**Change**
Revenues, net	$ 8,979,270	$ 9,818,757	$ (839,487)
Revenues, related parties, net	283,158	1,050,312	(767,154)
Cost of revenues	5,148,198	6,125,831	(977,633)
Gross profit	4,114,230	4,743,238	(629,008)
Operating expenses:			
Compensation expense	1,678,748	1,736,188	(57,440)
Professional fees	583,879	780,224	(196,345)
Marketing, general and administrative	2,427,821	3,384,418	(956,597)
Fair value share adjustment	-	(3,692,529)	3,692,529
Total operating expense	4,690,448	2,208,301	2,482,147
Income (loss) from operations	(576,218)	2,534,937	(3,111,155)
Other expense:			
Interest expense	237,985	236,636	1,349
Other expense	15,517	322,196	(306,679)
Total other expense	253,502	558,832	(305,330)
Income (loss) before provision for income taxes	(829,720)	1,976,105	(2,805,825)
Provision for income taxes	-	-	-
Net income (loss)	(829,720)	1,976,105	(2,805,825)
Net income attributable to non-controlling interest	(31,755)	97,249	(129,004)
Net income (loss) attributable to Starco Brands	$ (797,965)	$ 1,878,856	$ (2,676,821)

Revenues

For the three months ended March 31, 2026, we recorded revenues of $8,979,270 compared to $9,818,757 for the three months ended March 31, 2025 for a decrease of $839,487 or 9%. The decrease in the current period was primarily due to decreases in sales of Soylent stemming from an inability to receive product from our primary supplier, partially offset by increases in sales of Skylar.

Revenues, related parties

For the three months ended March 31, 2026, we recorded related party revenues of $283,158 compared to $1,050,312 for the three months ended March 31, 2025 for a decrease of $767,154 or 73%. This decline was due to declines in sales of Whipshots due to continued softening in the spirits market.

Segment Revenue Results

The following discussion provides additional detail on segment-level revenue performance for the three months ended March 31, 2026 and 2025.

Soylent. Soylent revenues were $4,386,006 for the three months ended March 31, 2026, compared to $7,254,599 for the three months ended March 31, 2025, a decrease of $2,868,593 or 40%. The decline was primarily attributable to supply constraints stemming from an inability to receive product from our primary supplier, which limited our ability to fulfill customer demand during the quarter.

Skylar. Skylar revenues were $3,672,501 for the three months ended March 31, 2026, compared to $1,413,933 for the three months ended March 31, 2025, an increase of $2,258,568 or 160%. The increase was primarily due to a new product launch and increased unit sales from our monthly Scent Club subscription program.

Whipshots. Whipshots related-party revenues were $283,158 for the three months ended March 31, 2026, compared to $1,050,312 for the three months ended March 31, 2025, a decrease of $767,154 or 73%. The decrease reflects continued softening in the broader spirits and ready-to-drink category, which has reduced volumes under our licensing arrangement with Temperance.

Winona. Winona revenues were $865,933 for the three months ended March 31, 2026, compared to $964,571 for the three months ended March 31, 2025, a decrease of $98,638 or 10%.

AOS. AOS revenues were $54,830 for the three months ended March 31, 2026, compared to $185,654 for the three months ended March 31, 2025, a decrease of $130,824 or 70%.

Operating Expenses

For the three months ended March 31, 2026, our compensation expense amounted to $1,678,748, reflecting a decrease of $57,440 or 3%, compared to $1,736,188 for the three months ended March 31, 2025. This decline is primarily attributable to reductions in stock-based compensation expense and overall headcount compared to the prior-year period.

For the three months ended March 31, 2026, our professional fees totaled $583,879, representing a decrease of $196,345 or 25%, compared to $780,224 in the prior period. 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 decrease is primarily due to a decrease in legal fees and accounting/audit fees in the current year period.

For the three months ended March 31, 2026, our marketing, general and administrative expenses were $2,427,821, reflecting a decrease of $956,597 or 28%, compared to $3,384,418 for the three months ended March 31, 2025. The decrease primarily reflects lower amortization expense of approximately $370,000 following the write-offs of intangible assets at our Soylent subsidiary at December 31, 2025, reduced broker commissions of approximately $200,000 at Soylent, and a $400,000 reduction in marketing and advertising spend at the STCB segment as part of a broader cost-saving initiative.

For the three months ended March 31, 2026, there was no fair value share adjustment gain, as the final settlement of the liability occurred in May 2025. For the three months ended March 31, 2025, the Company incurred a change in fair value share adjustment gain of $3,692,529 due to a decrease in the fair value of the Soylent sellers' rights to potentially receive additional Starco shares.

Other Expense

For the three months ended March 31, 2026, we had total other expense of $253,502 compared to total other expense of $558,832 for the three months ended March 31, 2025. For the three months ended March 31, 2026, the Company had interest expense of $237,985 compared to interest expense of $236,636 during the same period in 2025; the Company also had other expense of $15,517 for the three months ended March 31, 2026 as compared to other expense of $322,196 during the same period in 2025.

Net (Loss) Income

For the three months ended March 31, 2026, we reported a net loss of $829,720, compared to net income of $1,976,105 for the same period in 2025. The year-over-year change was primarily driven by the $3,692,529 gain recognized in the prior-year period related to the change in fair value of our share adjustment, which did not recur in 2026, partially offset by improved performance in our Skylar segment.

Liquidity and Capital Resources

As reflected in the accompanying condensed consolidated financial statements, we had an accumulated deficit of $103,145,543 as of March 31, 2026. Net cash used in financing activities for the three months ended March 31, 2026 was $113,158, all of which related to payments on our notes payable. During the same period in 2025, we used $293,307 in cash from financing activities primarily due to $268,397 of net payments toward the revolving loan and $24,910 in payments on notes payable.

We used $707,412 of net cash in operating activities for the three months ended March 31, 2026. Operating cash outflows were primarily driven by our net loss of $829,720 and higher working capital usage, including increases in accounts receivable of $622,316 and inventory of $349,501, resulting from purchase timing and higher inventory levels maintained during the period. During the same period in 2025, our net cash provided by operating activities was $839,143 and was driven by net income of $1,976,105 and a decrease in accounts receivable of $3,099,686.

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 March 31, 2026, 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 $84,921 and $59,312 for the three months ended March 31, 2026 and 2025, respectively.

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 March 31, 2026, the outstanding principal balance under the Bridge Loan was $4,500,000, and interest expense related to the loan was $137,500 and $0 for the three months ended March 31, 2026 and 2025, respectively.

Going Concern

The condensed consolidated financial statements included in this Quarterly Report on Form 10-Q 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 March 31, 2026, we had an accumulated deficit of $103,145,543, including a net loss of $829,720 for the three months then ended, and a working capital deficit of approximately $1.6 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 March 31, 2026, our total debt was $7,972,500, consisting of $3,472,500 of notes payable to our CEO, Ross Sklar and $4,500,000 outstanding under a new bridge loan. 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 condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Working Capital Surplus Deficit

	March 31, 2026	December 31, 2025
Current assets	$ 12,289,223	$ 11,899,737
Current liabilities	(13,896,951)	(13,285,278)
Working capital deficiency	$ (1,607,728)	$ (1,385,541)

The increase in current assets is primarily due to increases in accounts receivable and prepaid assets of $622,316 and $349,501, respectively, offset by a decrease in cash of $820,570. The increase in current liabilities is primarily the result of an increase in other payables and accrued liabilities of $577,897.

Cash Flows

	Three Months Ended March 31,	
	2026	2025
Net cash (used in) provided by operating activities	$ (707,412)	$ 839,143
Net cash used in investing activities	-	(128,350)
Net cash used in financing activities	(113,158)	(293,307)
(Decrease) increase in cash	$ (820,570)	$ 417,486

Operating Activities

Net cash used in operating activities was $707,412 for the three months ended March 31, 2026, compared to net cash provided of $839,143 in the prior-year period. The shift to net cash outflows was primarily driven by the absence of the $3.7 million non-cash gain recognized in the first quarter of 2025 related to the stock payable share adjustment, which significantly increased operating cash flows in the prior year.

Excluding that non-recurring item, operating cash flows for the 2026 period were further impacted by:

- Higher working capital usage, including increases in accounts receivable of $622,316 and inventory of $349,501, resulting from purchase timing and higher inventory levels maintained during the period;
- Higher prepaid expenses and other assets, which increased by $238,239;
- Lower non-cash amortization expense, which decreased by approximately $350,000 year over year due to the full amortization of certain intangible assets in 2025; and
- Increases in accrued liabilities and related-party payables, which partially offset the above outflows.

Overall, the combination of higher working capital outflows, lower non-cash adjustments, and the absence of the prior-year fair value gain resulted in net cash used in operating activities for the 2026 period.

Investing Activities

There were no investing activities during the three months ended March 31, 2026.

Net cash used in investing activities was $128,350 for the three months ended March 31, 2025, primarily reflecting capital expenditures for property and equipment and additions to intangible assets.

Financing Activities

For the three months ended March 31, 2026, net cash used in financing activities was $113,158, which includes payments of $113,158 on notes payable.

For the three months ended March 31, 2025 net cash used in financing activities was $293,307, which includes net payments of $268,397 on the revolving loan and payments of $24,910 on notes payable.

Off-Balance Sheet Arrangements

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

Effects of Inflation

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

Critical Accounting Policies and Estimates

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

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

Acquisition Accounting

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

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

Revenue Recognition

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

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

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

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

Whipshots, 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.

No impairment losses related to goodwill were recognized for the three months ended March 31, 2026 and 2025.

Recoverability of Long-Lived Assets

We review intangible assets, property, equipment and software with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future undiscounted cash flows that the asset or asset group is expected to generate. If assets are determined to be impaired, the impairment loss to be recognized equals the amount by which the carrying value of the asset or group of assets exceeds its fair value. Significant estimates include but are not limited to future expected cash flows, replacement cost and discount rates.

There were no impairment losses related to long-lived assets for the three months ended March 31, 2026 and 2025.

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 March 31, 2026. 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, 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 March 31, 2026 and December 31, 2025.

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) and through the COSO 2013 framework as of the end of the period covered by this report. The disclosure controls and procedures ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rule and forms; and (ii) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of March 31, 2026, these disclosure controls and procedures were not effective.

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

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

- Lack of segregation of duties
- Lack of corporate documentation

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2026 that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item. For a list of risk factors, please refer to our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on April 14, 2026.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Exhibit Description
2.1 (*)†	Agreement and Plan of Merger, by and among 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.
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.

SIGNATURES

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

STARCO BRANDS, INC
(Registrant)

By: */s/ Ross Sklar*
Ross Sklar
Chief Executive Officer, Interim-Chief Financial Officer and Director
(Principal Executive and Financial Officer)
May 20, 2026

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ross Sklar, hereby certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2026 (the "report") of Starco Brands, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2026

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

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Ross Sklar, hereby certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2026 (the "report") of Starco Brands, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 20, 2026

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

Exhibit 32.1

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

In connection with the Quarterly Report of Starco Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on or about the date hereof (the "report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 20, 2026

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

Exhibit 32.2

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

In connection with the Quarterly Report of Starco Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on or about the date hereof (the "report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 20, 2026

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