

**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 JUNE 30, 2025

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

(State or other jurisdiction
of incorporation or organization)

27-1781753

(I.R.S. Employer
Identification No.)

706 N Citrus Ave, Los Angeles, CA

(Address of principal executive offices)

90038

(Zip Code)

(323) 266-7111

(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 ☐

Non-accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 August 14, 2025, 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 JUNE 30, 2025

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STARCO BRANDS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 909,628	\$ 1,207,406
Accounts receivable, net of allowance for credit losses of \$720,551 and \$371,654, respectively	5,099,333	5,170,043
Accounts receivable, related party	-	2,250,379
Prepaid expenses and other assets	2,542,442	940,966
Inventory	8,410,362	8,249,645
Total Current Assets	16,961,765	17,818,439
Property and equipment, net	171,338	353,720
Operating lease right-of-use asset	500,035	538,776
Intangibles, net	27,531,699	28,645,847
Goodwill	12,361,520	12,361,520
Total Assets	\$ 57,526,357	\$ 59,718,302
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 10,134,377	\$ 10,485,811
Accounts payable, related parties	892,563	1,658,188
Other payables and accrued liabilities	4,773,542	4,326,011
Other payables and accrued liabilities, related parties	387,599	-
Fair value of share adjustment	-	9,299,703
Notes payable, \$2,472,500 and \$2,472,500 from related parties, respectively	2,853,851	2,522,983
Revolving loan, net of discounts	4,107,627	3,651,330
Lease liability, current portion	74,152	67,278
Total Current Liabilities	23,223,711	32,011,304
Lease liability, net of current portion	443,594	482,190
Total Liabilities	\$ 23,667,305	\$ 32,493,494
Commitments and Contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, \$.001 par value; 40,000,000 shares authorized; no shares issued and outstanding, at June 30, 2025 and December 31, 2024, respectively	\$ -	\$ -
Class A common stock, \$.001 par value; 1,700,000,000 shares authorized; 784,192,033 and 647,431,696 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	784,193	647,432
Class B common stock, \$.001 par value; 300,000,000 shares authorized, no shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	-	-
Additional paid in capital	105,871,089	99,499,510
Treasury stock at cost	(328,500)	(328,500)
Accumulated deficit	(81,391,518)	(81,420,357)
Total Starco Brands' Stockholders' Equity	24,935,264	18,398,085
Non-controlling interest	8,923,788	8,826,723
Total Stockholders' Equity	33,859,052	27,224,808
Total Liabilities and Stockholders' Equity	\$ 57,526,357	\$ 59,718,302

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

STARCO BRANDS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	\$ 10,586,121	\$ 14,009,707	\$ 20,404,878	\$ 26,938,898
Revenue, related parties	421,379	941,227	1,471,691	3,251,423
Cost of goods sold	5,834,732	8,488,277	11,062,581	15,561,512
Cost of goods sold, related parties	760,488	758,672	1,658,470	1,910,680
Gross profit	\$ 4,412,280	\$ 5,703,985	\$ 9,155,518	\$ 12,718,129
Operating Expenses:				
Compensation expense	\$ 1,661,971	\$ 2,435,948	\$ 3,398,159	\$ 5,010,676
Professional fees	911,927	1,140,792	1,692,151	2,336,910
Marketing, general and administrative	3,193,889	4,520,678	6,578,307	9,836,631
Fair value share adjustment loss (income)	-	8,675,565	(3,692,529)	10,597,514
Total operating expenses, net	5,767,787	16,772,983	7,976,088	27,781,731
(Loss) income from operations	(1,355,507)	(11,068,998)	1,179,430	(15,063,602)
Other Expense:				
Interest expense	257,538	208,976	494,174	408,149
Other expense	237,156	284,559	559,352	361,338
Total other expense, net	494,694	493,535	1,053,526	769,487
(Loss) income before provision for income taxes	\$ (1,850,201)	\$ (11,562,533)	\$ 125,904	\$ (15,833,089)
Provision for income taxes	-	-	-	-
Net (loss) income	\$ (1,850,201)	\$ (11,562,533)	\$ 125,904	\$ (15,833,089)
Net (loss) income attributable to non-controlling interest	(184)	(3,051)	97,065	189,071
Net (loss) income attributable to Starco Brands	\$ (1,850,017)	\$ (11,559,482)	\$ 28,839	\$ (16,022,160)
Loss per share, basic	\$ (0.00)	\$ (0.02)	\$ 0.00	\$ (0.03)
Loss per share, diluted	\$ (0.00)	\$ (0.02)	\$ 0.00	\$ (0.03)
Weighted Average Shares Outstanding - Basic	716,563,295	639,667,055	682,188,467	602,576,449
Weighted Average Shares Outstanding - Diluted	716,563,295	639,667,005	791,920,084	602,576,449

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 AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Treasury Stock Payable	Accumulated Deficit	Non- controlling Interest	Equity Consideration Payable	Stockholders' Equity
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>						
Balance at December 31, 2023	488,926,717	\$488,926	-	\$ -	\$ 75,130,223	\$(394,200)	\$ (63,769,469)	\$ 8,510,384	\$ 5,707,261	\$ 25,673,125
Stock-based compensation	-	-	-	-	483,466	-	-	-	-	483,466
Soylent Share Adjustment	133,087,875	133,088	-	-	17,966,863	-	-	-	-	18,099,951
Equity payable related to Soylent acquisition	16,309,203	16,309	-	-	2,430,071	-	-	-	(2,446,380)	-
Equity payable related to AOS acquisition	4,979,731	4,980	-	-	941,169	-	-	-	(946,149)	-
Share repurchase			-	-	-	65,700	-	-	-	65,700
Net loss	-	-	-	-	-	-	(4,462,678)	192,122	-	(4,270,556)
Balance at March 31, 2024	<u>643,303,526</u>	<u>\$643,303</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 96,951,792</u>	<u>\$(328,500)</u>	<u>\$ (68,232,147)</u>	<u>\$ 8,702,506</u>	<u>\$ 2,314,732</u>	<u>\$ 40,051,686</u>
Stock based compensation	-	-	-	-	416,821	-	-	-	-	416,821
Soylent Share Adjustment	(7,445,490)	(7,445)	-	-	(1,005,142)	-	-	-	-	(1,012,587)
Equity payable related to Skylar acquisition	11,573,660	11,574	-	-	2,303,158	-	-	-	(2,314,732)	-
Net loss	-	-	-	-	-	-	(11,559,482)	(3,051)	-	(11,562,533)
Balance at June 30, 2024	<u>647,431,696</u>	<u>\$647,432</u>	<u>-</u>	<u>-</u>	<u>98,666,629</u>	<u>(328,500)</u>	<u>(79,791,629)</u>	<u>(8,699,455)</u>	<u>-</u>	<u>27,893,387</u>
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	<u>647,431,696</u>	<u>\$647,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,970,746</u>	<u>\$(328,500)</u>	<u>\$ (79,541,501)</u>	<u>\$ 8,923,788</u>	<u>\$ -</u>	<u>\$ 29,672,149</u>
Soylent share adjustment	136,760,337	136,761	-	-	5,470,413	-	-	-	-	5,607,174
Stock-based compensation	-	-	-	-	429,930	-	-	-	-	429,930
Net loss	-	-	-	-	-	-	(1,850,017)	(184)	-	(1,850,201)
Balance at June 30, 2025	<u>784,192,033</u>	<u>784,193</u>	<u>-</u>	<u>-</u>	<u>105,871,089</u>	<u>(328,500)</u>	<u>(81,391,518)</u>	<u>8,923,788</u>	<u>-</u>	<u>33,859,052</u>

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

STARCO BRANDS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	June 30, 2025	June 30, 2024
Cash Flows From Operating Activities:		
Net income (loss)	\$ 125,904	\$ (15,833,089)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Stock based compensation	901,166	900,287
Depreciation	3,893	8,366
Amortization of intangible assets	1,423,588	1,422,096
Amortization of debt discount	94,102	15,684
(Gain) loss on stock payable share adjustment	(3,692,529)	10,597,514
Changes in operating assets and liabilities:		
Accounts receivable	70,710	580,190
Accounts receivable, related parties	2,250,379	208,617
Prepaid expenses and other assets	(1,601,476)	(165,407)
Inventory	(160,717)	(2,537,725)
Operating lease right of use asset	38,741	(575,889)
Accounts payable	(351,434)	3,939,164
Accounts payable, related parties	(765,625)	-
Other payables and accrued liabilities	447,532	992,040
Other payables and accrued liabilities, related parties	387,599	(5,681)
Operating lease liability	(31,722)	578,562
Net Cash (Used In) Provided By Operating Activities	(859,889)	124,729
Cash Flows From Investing Activities:		
Purchases of intangibles	(18,000)	(49,850)
Purchases of property & equipment	(112,951)	(32,199)
Net Cash Used In Investing Activities	(130,951)	(82,049)
Cash Flows From Financing Activities:		
Proceeds from notes payable	417,408	113,138
Payments to notes payable	(86,540)	(162,348)
Payments to related parties	-	(2,000,000)
Payments to Line of Credit	-	(3,835,247)
Proceeds from Revolving loan	19,929,536	6,091,071
Payments to Revolving loan	(19,567,342)	-
Net Cash Provided by Financing Activities	693,062	206,614
Net (Decrease) Increase In Cash	(297,778)	249,294
Cash - Beginning of Period	1,207,406	1,761,225
Cash - End of Period	\$ 909,628	\$ 2,010,519
Supplemental Cash Flow Information:		
Cash paid for:		
Interest paid	\$ 400,067	\$ 392,465
Income taxes	\$ -	\$ -
Noncash operating and financing activities:		
Settlement of Soylent share adjustment	\$ 5,607,174	\$ 18,099,951
Shares issued in connection with equity payable related to Soylent acquisition	\$ -	\$ 2,446,380
Shares issued in connection with equity payable related to Skylar acquisition	\$ -	\$ 2,314,732
Shares issued in connection with equity payable related to AOS acquisition	\$ -	\$ 946,149
Right of use asset – operating lease	-	575,889
Lease liability – operating lease	\$ -	\$ 578,562
Reclassification/capitalization of ERP system costs from PP&E to Intangibles	\$ 291,440	\$ -

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

STARCO BRANDS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024

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 The Starco Group (“TSG”), a related party entity, located in Los Angeles, California. The companies pivoted to commercializing novel consumer products manufactured by TSG. TSG is a private label and branded aerosol and liquid fill manufacturer with manufacturing assets in the following verticals: DIY/Hardware, paints, coatings and adhesives, household, hair care, disinfectants, automotive, motorcycle, arts & crafts, personal care cosmetics, personal care FDA, sun care, food, cooking oils, beverages, and spirits and wine.

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

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

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

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

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

On January 3, 2023, the Board approved the Amended and Restated Articles of Incorporation of Starco Brands, Inc. (the “Amended and Restated Articles”). On January 6, 2023, the stockholders of the Company representing 53.47% of the Company’s outstanding common stock adopted the Amended and Restated Articles. On February 9, 2023, the Company filed the Amended and Restated Articles, which, among other things, (i) increased the authorized shares of common stock, par value \$0.001 per share, from 300,000,000 shares (the “Old Common Stock”) to 2,000,000,000 shares, (ii) established two classes of common stock, consisting of (y) 1,700,000,000 shares of Class A common stock, par value \$0.001 per share (“Class A common stock”), and (z) 300,000,000 shares of Class B common stock, par value \$0.001 per share and (iii) reclassified all issued, outstanding or authorized Old Common Stock of the Company into Class A common stock on a one-for-one basis. As a result, following the filing of the Amended and Restated Articles with the Nevada Secretary of State, the Company’s prior “common stock” was renamed Class A common stock on its trading symbol. The authorized preferred stock, with a par value of \$0.001 per share and totaling 40,000,000 shares, has remained unchanged.

NOTE 2 – GOING CONCERN

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company identified that a substantial doubt exists if the Company is able to meet its obligations as they become due within one year of the date of the financial statements being issued. Principal conditions contributing to substantial doubt regarding the Company's ability to continue as a going concern include its history of recurring net losses and continued working capital deficiencies. As of June 30, 2025, the Company reported an accumulated deficit of \$81,391,518, which includes net loss of \$1,850,201 and net income of \$125,904 for the three and six months ended June 30, 2025, respectively. Additionally, the Company had a working capital deficit of approximately \$6.3 million at June 30, 2025.

Management has evaluated the principal conditions that initially gave rise to substantial doubt regarding the Company's ability to continue as a going concern. 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 June 30, 2025, total debt on the balance sheet was approximately \$7.0 million, which includes \$2,472,500 in notes payable to Ross Sklar ("Sklar"), a significant minority shareholder. Mr. Sklar's ownership interest provides an incentive to be supportive of the Company regarding repayment of the notes, as has occurred in prior periods (see Note 9). In addition, on July 18, 2025, the Company and its lender entered into a forbearance agreement (the "Forbearance Agreement") related to its revolving loan facility. The Forbearance Agreement acknowledges the existence of certain continuing Events of Default and provides that, subject to specified conditions, the lender will forbear from exercising remedies related to those defaults through September 16, 2025.

To address these conditions, management intends to pursue alternative financing sources to enhance liquidity, provide additional working capital, and support repayment of existing debts, if necessary. In support of these objectives, management will continue to pursue strategic initiatives aimed at increasing top-line revenue in the most profitable sales channels across all segments and to reduce overall expenses as a percentage of revenue. Improvements to date have and are expected to continue to result from operational synergies gained through the Company's back-end shared services model and focus on profitable sales channels.

Despite these plans and the temporary relief provided by the Forbearance Agreement, the conditions described above continue to raise substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments that may result from the resolution 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 consolidated subsidiaries at June 30, 2025 include: AOS, Skylar, Soylent, Whipshots Holdings and its wholly owned subsidiary Whipshots LLC. Intercompany accounts and transactions have been eliminated upon consolidation.

Basis of Presentation

The condensed consolidated financial statements of the Company and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for the fair presentation of the condensed consolidated financial statements have been included. Such adjustments are of a normal, recurring nature. The condensed consolidated financial statements, and the accompanying notes, are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and do not contain certain information included in the Company's Annual Report and Form 10-K for the year ended December 31, 2024. Therefore, the interim condensed consolidated financial statements should be read in conjunction with that Annual Report on Form 10-K.

Reclassification

During the fourth quarter of 2024, the Company discovered a misclassification of expenses related to Amazon shipping costs; such had been grouped under Costs of goods sold during the first three quarters of 2024. Management determined that these expenses should have been classified as a contra-revenue adjustment and the current period financials reflect the appropriate classification. To allow for the conformity of presentation of the prior period financial statements to the current period financial statements, and to maintain comparability among the periods presented in compliance with U.S. GAAP, the Company has reclassified the prior year expenses as presented below; such reclassifications had no impact on gross profit, net loss or earnings per share.

Account	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Previously Recorded Balance	Corrected Balance	Reclassification Made	Previously Recorded Balance	Corrected Balance	Reclassification Made
<u>Statement of Operations</u>						
Revenue	15,570,741	14,950,934	(619,807)	31,061,422	30,190,321	(871,101)
Cost of goods sold	9,866,756	9,246,949	(619,807)	18,343,293	17,472,192	(871,101)
Gross profit	5,703,985	5,703,985	-	12,718,129	12,718,129	-

Use of Estimates

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

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of the condensed consolidated financial statements. Significant estimates include the timing for revenue recognition, testing goodwill 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.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. The Company continually monitors its banking relationships and consequently has not experienced any losses in its accounts. It believes it is not exposed to any significant credit risk on cash.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents for the periods ended June 30, 2025 or December 31, 2024.

Accounts Receivable

The Company measures 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. It calculates 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 its relationships with, and the economic status of, its partners and customers. The allowance for uncollectible amounts is evaluated quarterly and as of June 30, 2025 and December 31, 2024, the balances were \$720,551 and \$371,654, respectively.

Fair Value of Financial Instruments

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

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data.

The carrying amount of the Company's condensed consolidated financial assets and liabilities, such as cash and cash equivalents, accounts receivable, accounts payable, prepaid expenses, and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2025 and December 31, 2024.

The following table summarizes the financial instruments of the Company at fair value based on the valuation approach applied to each class of security as of June 30, 2024:

	Carrying Value at June 30, 2024	Fair Value Measurement at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Fair Value of potential Share Adjustment	\$ 30,441,480	\$ -	\$ -	\$ 30,441,480
Total Liabilities	\$ 30,441,480	\$ -	\$ -	\$ 30,441,480

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

The following table presents a reconciliation of the opening and closing balances of the Fair Value of Share Adjustment for the six months ended June 30, 2025:

	Fair Value of Share Adjustment
Balance at December 31, 2024	\$ 9,299,703
Fair Value of Shares Issued	(5,607,174)
Gain on Fair Value of Share Adjustment	(3,692,529)
Balance at June 30, 2025	\$ -

Property and Equipment, net

Property and equipment are recorded at historical cost, net of depreciation; all property and equipment with a cost of \$2,000 or greater are capitalized. Depreciation is computed using straight-line over the estimated useful lives of the related assets. Expenditures that enhance the useful lives of the assets are capitalized and depreciated. Maintenance and repairs are expensed as incurred. Construction in progress ("CIP") relates to costs for assets under construction or development that are not yet ready for their intended use; such will be transferred to their appropriate asset category upon completion. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations.

Revenue Recognition

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.

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

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

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

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

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

Income Taxes

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

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

Stock-based Compensation

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

Net income (loss) per share of Class A common stock is computed by dividing the net income (loss) by the weighted average number of shares of Class A common stock outstanding during the year. All outstanding options are considered potential shares of Class A 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 shares of Class A common stock at the beginning of the period or at the time of issuance, if later, pursuant to the if-converted method. Since the effect of Class A common stock equivalents is anti-dilutive with respect to losses, outstanding warrants have been excluded from the Company's computation of net income (loss) per share of Class A common stock.

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

	Six Months Ended June 30,	
	2025	2024
Warrants	38,825,000	39,350,000
Stock options	3,602,500	4,760,000
Acquisition Stock Consideration Payable	-	264,708,523
Total	42,427,500	308,818,523

Intangible Assets

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

Indefinite-lived intangible assets consist of certain trade names and trademarks; these intangible assets are not amortized but are tested for impairment annually or whenever impairment indicators exist.

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that an asset or asset group's carrying value may not be recoverable. Factors that are considered important that could trigger an impairment review include a current period operating or cash flow loss combined with a history of operating or cash flow losses and a projection or forecast that demonstrates continuing losses or insufficient income associated with the use of a long-lived asset or asset group. Other factors include a significant change in the manner of the use of the asset or a significant negative industry or economic trend. This evaluation is performed based on estimated undiscounted future cash flows from operating activities compared with the carrying value of the related assets. If the undiscounted future cash flows are less than the carrying value, an impairment loss is recognized, measured by the difference between the carrying value, and the estimated fair value of the assets, with such estimated fair values determined using the best information available and in accordance with FASB ASC Topic 820, Fair Value Measurements. During the six months ended June 30, 2025 and 2024, the Company did not record asset impairment charges related to its intangible assets.

Royalties and Licenses

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

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

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

Our minimum contractual royalty-based obligations remaining as of June 30, 2025 are approximately \$0, \$20,000 and \$20,000 for the years ending December 31, 2025, 2026, and 2027, respectively.

Leases

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

On May 1, 2024, the Company entered into a three-year lease agreement (the “Citrus Lease”) with a lessor who is a related party (see Note 9 for additional information) for the rental of the second and third floors of a premise containing approximately 3,000 square feet located at 706 N. Citrus Ave, Los Angeles, CA 90038. The lease was classified as an operating lease and has a monthly base rent of \$10,000 per month, with a base rent increase of 5% each year. There is an option for the Company to renew for an additional three years with notice given within 90 days before the end of the term.

In accordance with ASC 842, Leases, the Company recognized a ROU asset and corresponding lease liability on the condensed consolidated balance sheet for long-term office leases. See Note 13 for further discussion, including the impact on the condensed consolidated financial statements and related disclosures.

Inventory

Inventory consists of premium body and skincare products, fragrances and nutritional products. Inventory is measured using the first-in, first-out method and stated at average cost as of June 30, 2025. The value of inventories is reduced for excess and obsolete inventories. We monitor inventory to identify events that would require impairment due to obsolete inventory and adjust the value of inventory when required. We did not record any inventory impairment losses for the six months ended June 30, 2025 and 2024.

Acquisitions, Intangible Assets and Goodwill

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

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

The Company reviews 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 a reporting unit’s fair value of goodwill is less than its carrying value.

No impairment losses related to goodwill were recognized for the six months ended June 30, 2025 and 2024. As of June 30, 2025 and December 31, 2024, goodwill was \$12,361,520 and \$12,361,520, respectively.

Segments

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

Recently Issued Accounting Pronouncements

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

NOTE 4 – SEGMENTS

The Company has the following reportable segments:

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

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

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

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

The CODM uses the following measures to assess segment performance:

Profit or Loss Measures

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

Significant Expense Categories

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

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

	Three Months Ended June 30, 2025			
	Starco Brands	Skylar	Soylent	Total
Gross revenues	\$ 1,386,506	\$ 2,445,134	\$ 6,754,481	\$ 10,586,121
Gross revenues, related parties	421,379	-	-	421,379
Cost of goods sold	139,234	1,307,609	4,387,889	5,834,732
Cost of goods sold, related parties	760,488	-	-	760,488
Gross profit	908,163	1,137,525	2,366,592	4,412,280
Compensation expense	874,404	216,221	571,346	1,661,971
Professional fees	682,938	62,591	166,398	911,927
Marketing, general and administrative	956,520	772,298	1,465,071	3,193,889
Fair value share adjustment gain	-	-	-	-
Total operating expenses	2,513,862	1,051,110	2,202,815	5,767,787
(Loss) income from operations	\$ (1,605,699)	\$ 86,415	\$ 163,777	\$ (1,355,507)

	Three Months Ended June 30, 2024			
	Starco Brands	Skylar	Soylent	Total
Gross revenues	\$ 1,142,972	\$ 1,913,896	\$ 10,952,839	\$ 14,009,707
Gross revenues, related parties	941,227	-	-	941,227
Cost of goods sold	207,101	626,394	7,654,782	8,488,277
Cost of goods sold, related parties	758,672	-	-	758,672
Gross profit	1,118,426	1,287,502	3,298,057	5,703,985
Compensation expense	1,001,010	403,780	1,031,158	2,435,948
Professional fees	618,188	179,431	343,173	1,140,792

Marketing, general and administrative	1,482,483	963,080	2,075,115	4,520,678
Fair value share adjustment loss	-	-	8,675,565	8,675,565
Total operating expenses	3,101,681	1,546,291	12,125,011	16,772,983
Loss from operations	<u>\$ (1,983,255)</u>	<u>\$ (258,789)</u>	<u>\$ (8,826,954)</u>	<u>\$ (11,068,998)</u>

	Six Months Ended June 30, 2025			
	Starco Brands	Skylar	Soylent	Total
Gross revenues	\$ 2,536,731	\$ 3,859,067	\$ 14,009,080	\$ 20,404,878
Gross revenues, related parties	1,471,691	-	-	1,471,691
Cost of goods sold	352,617	1,866,591	8,843,373	11,062,581
Cost of goods sold, related parties	1,658,470	-	-	1,658,470
Gross profit	1,997,335	1,992,476	5,165,707	9,155,518
Compensation expense	1,748,889	436,620	1,212,650	3,398,159
Professional fees	1,294,807	116,823	280,521	1,692,151
Marketing, general and administrative	1,864,933	1,631,787	3,081,587	6,578,307
Fair value share adjustment gain	-	-	(3,692,529)	(3,692,529)
Total operating expenses	4,908,629	2,185,230	882,229	7,976,088
(Loss) income from operations	\$ (2,911,294)	\$ (192,754)	\$ 4,283,478	\$ 1,179,430

	Six Months Ended June 30, 2024			
	Starco Brands	Skylar	Soylent	Total
Gross revenues	\$ 2,816,862	\$ 3,989,021	\$ 20,133,015	\$ 26,938,898
Gross revenues, related parties	3,251,423	-	-	3,251,423
Cost of goods sold	432,018	1,469,462	13,660,032	15,561,512
Cost of goods sold, related parties	1,910,680	-	-	1,910,680
Gross profit	3,725,587	2,519,559	6,472,983	12,718,129
Compensation expense	2,035,485	850,101	2,125,090	5,010,676
Professional fees	1,456,544	302,469	577,897	2,336,910
Marketing, general and administrative	3,304,333	1,974,713	4,557,585	9,836,631
Fair value share adjustment loss	-	-	10,597,514	10,597,514
Total operating expenses	6,796,362	3,127,283	17,858,086	27,781,731
Loss from operations	\$ (3,070,775)	\$ (607,724)	\$ (11,385,103)	\$ (15,063,602)

NOTE 5 – ACQUISITIONS

Soylent Acquisition

On February 15, 2023, the Company completed the acquisition of Soylent through its wholly-owned subsidiary, Starco Merger Sub I, which merged with Soylent, with Soylent as the surviving entity. Soylent produces a wide range of plant-based nutrition products, including shakes, powders, and bars. The Soylent Acquisition was a cash and stock deal, with the Company paying \$200,000 in cash as reimbursement of Soylent’s closing expenses and issuing shares of Class A common stock at \$0.15 per share, which amount was equal to the fair value of the stock on the acquisition date. As part of the transaction, the Company reserved an (a) aggregate of up to 165,336,430 restricted shares of Class A common stock for Soylent shareholders, (b) 12,617,857 restricted shares of Class A common stock to satisfy existing Soylent change in control obligations, and (c) additional shares for change-in-control obligations and other financial adjustments (“Opening Balance Holdback”). A share price adjustment provision was included—if the Company’s stock trades below \$0.35 per share on February 14, 2024, additional shares (the “Share Adjustment”) will be issued to compensate.

On March 15, 2024, the Company and certain former Soylent stockholders and current stockholders of the Company’s Class A common stock (the “Consenting Stockholders”) entered into a Stockholder Agreement (the “Stockholder Agreement”), modifying aspects of the Soylent Merger Agreement with respect to the Consenting Stockholders. The Stockholder Agreement modified the Share Adjustment calculation by using a 30-day volume-weighted average price (“VWAP”) and bifurcated the Share Adjustment into a share adjustment on February 14, 2024 (the “First Adjustment Date”) and the shares issued thereby the “First Adjustment Shares”) and a share adjustment on May 15, 2025 (the “Second Adjustment Date” and the shares issued thereby the “Second Adjustment Shares”). Generally, if the Company’s Class A common stock based on the VWAP, is below \$0.35 per share on each of the First Adjustment Date and the Second Adjustment Date, as applicable, additional shares would be issued at no extra cost to stockholders under the Stockholder Agreement. The fair value of share rights was estimated at \$0.189 per share on the acquisition date, with a total share adjustment value of \$36.7 million. At year-end 2023, the estimated fair value varied based on stockholder participation, resulting in a total adjustment value of \$36.9 million.

Effective February 14, 2024, the First Adjustment Date, the Company settled \$18,099,951 of the \$36,931,330 fair value liability outstanding on December 31, 2023 by issuing 133,087,875 shares of Class A common stock to the Soylent Shareholders as outlined in the Soylent Merger Agreement and Stockholder Agreement, as applicable. On the same date, the Company also settled the “Equity Payable” balance of \$2,446,380 from the Soylent Acquisition as of December 31, 2023 by issuing 16,309,203 shares of Class A common stock to the Soylent Shareholders, who were not Consenting Shareholders, as outlined in the Soylent Merger Agreement.

Effective May 20, 2024, it was determined, in accordance with the Soylent Merger Agreement, that 7,445,490 shares of the 18,571,429 shares of Class A Common Stock Opening Balance Holdback from the Soylent Shareholders were not due, the effect of which resulted in an adjustment to the liability of \$1,012,587, which reduced the original settlement amount of \$18,099,951 to a net settlement amount of \$17,087,364. The Company has recorded additional adjustments in the fair value of the derivative liability to arrive at a total share adjustment value on the balance sheet of \$5,607,174 as of March 31, 2025. On May 15, 2025 (the Second Adjustment Date), the Company issued 136,760,337 shares of Class A common stock to the Soylent Shareholders at a price of \$0.041 per share in full satisfaction of the outstanding shares liability of \$5,607,174 as of March 31, 2025, pursuant to the Soylent Merger Agreement and, as applicable, the Stockholder Agreement. The Company also recognized a gain on fair value share adjustment of \$3,692,529 as a result of the settlement of the liability.

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 June 30, 2025 and December 31, 2024, the remaining balances of these loans was \$381,351 and \$50,483, respectively. For the three and six months ended June 30, 2025, these insurance loans incurred \$3,718 and \$4,685, respectively, of interest expense; for the three and six months ended June 30, 2024, these insurance loans incurred \$1,198 and \$2,586, respectively, of interest expense.

Gibraltar Loan and Security Agreement – Revolving Loan

On May 24, 2024, STCB and its subsidiaries entered into a Loan and Security Agreement (the "Loan and Security Agreement") with Gibraltar Business Capital, LLC ("Gibraltar"), securing a \$12.5 million revolving line of credit (the "Gibraltar Loan") to reduce long-term debt and expand working capital. This facility includes a \$1.5 million Permitted Overadvance Amount (as defined in the Gibraltar Loan Agreement), which decreases by \$125,000 per month starting June 1, 2024. The loan matures on May 24, 2026, with a one-year automatic extension subject to certain conditions.

The Gibraltar Loan accrues interest at One Month Term SOFR plus the Applicable Margin (as defined in the Loan and Security Agreement), with Permitted Overadvance Amounts carrying an additional 2% interest. As of June 30, 2025, the interest rate was 10%, and total outstanding revolving loan balances were \$4,280,150, with a net balance of \$4,107,627 after discounts with interest expense on the loan of \$146,000 and \$277,408 for the three and six months ended June 30, 2025, respectively, and with interest expense on the loan of \$62,648 and \$62,648 for the three and six months ended June 30, 2024, respectively.

The Loan and Security Agreement includes standard financial covenants, including a minimum EBITDA requirement and limitations on indebtedness, liens, asset sales, and stock transactions. There are also customary default provisions, covering events such as nonpayment, covenant violations, insolvency, and material judgments. As of June 30, 2025, the Company had several events of default due to reporting deficiencies and failure to maintain minimum EBITDA financial covenants, though the Company had no payment defaults.

The Company and its lender entered into an amendment and waiver to the Loan and Security Agreement, waiving (i) specified defaults therein, (ii) allowing additional permitted liens relating to the Company's credit cards and credit card processing services as set forth therein, and (iii) adjusting certain financial and reporting covenants. Additionally, the Company and its lender entered into a forbearance agreement, effective July 18, 2025, with its lender related to its revolving loan facility (the "Forbearance Agreement"). The Forbearance Agreement acknowledges the existence of certain continuing events of default and provides that, subject to specified conditions, the lender will forbear from exercising remedies related to those defaults through September 16, 2025. The forbearance period may be extended to October 16, 2025 and November 15, 2025, respectively, if the Company meets minimum EBITDA thresholds of \$300,000 for the periods ending July 31, 2025 and August 31, 2025. The Forbearance Agreement does not constitute a waiver of any defaults, and the lender reserves all rights and remedies under the loan documents.

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:

	June 30, 2025	December 31, 2024
Accrued compensation	\$ 239,417	\$ 740,649
Accrued royalties	1,237,500	1,237,500
Deferred revenue	575,660	457,633
Trade payable	916,998	1,163,001
Goods received pending invoice	866,459	-
Other accrued expenses	937,508	727,228
Total	\$ 4,773,542	\$ 4,326,011

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

NOTE 8– COMMITMENTS & CONTINGENCIES

The Company is not currently involved in any legal proceedings that, in management's opinion, would have a material adverse effect on the Company's financial position, results of operations, or cash flows.

The Company regularly assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. An estimated loss contingency is accrued in its financial statements if it is probable that a liability has been incurred, and the amount of the loss can be reasonably estimated. Based on the Company's assessment, it currently does not have any amount accrued as it is not a defendant in any claims or legal actions.

Whipshots

In 2021, Whipshots LLC entered into an Intellectual Property Purchase Agreement with Penguins Fly, LLC, acquiring 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 product sales solely from the sale of Whipshots® / Whipshotz® products, payable over seven years. The Company has accrued \$18,000 during the six months ended June 30, 2025 to be paid pursuant to the agreement, all of which has been recorded as an indefinite-lived intangible asset for a total of \$503,404 as of June 30, 2025.

Separately, in 2021, Whipshots Holdings, LLC entered into a License Agreement with Washpoppin Inc. ("Washpoppin"), licensing certain intellectual property of Cardi B for product promotion and brand collaboration. An amended agreement, effective November 27, 2023, formalized her role in events, media, and social promotions, alongside a minimum aggregate royalty payment of \$3.3 million. The revised deal also accelerated the vesting of equity for Washpoppin, resulting in equity-based compensation of \$8.63 million in 2023. During the three and six months ended June 30, 2025, the Company incurred no expenses related to this agreement, and during the three

and six months ended June 30, 2024, the Company incurred expenses related to this agreement of approximately \$412,500 and \$825,000, respectively, which are recorded under marketing, general and administrative expenses on the statement of operations.

Royalties and Licenses

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

Our minimum contractual royalty-based obligations remaining as of June 30, 2025 are approximately \$0, \$20,000, and \$20,000 for each of the years ending December 31, 2025, 2026 and 2027. See Note 3 for further information.

NOTE 9 – RELATED PARTY TRANSACTIONS

Ross Sklar, CEO Notes

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

	Original Balance	Original maturity	Original rate	Revised maturity	Revised rate
January 24, 2020 Amended Note	\$ 100,000	7/19/2023	4%	08/31/2026	Prime + 2%
June 28, 2021 Note	100,000	6/28/2023	4%	08/31/2026	Prime + 2%
September 17, 2021 Note	500,000	9/17/2023	4%	08/31/2026	Prime + 2%
December 13, 2021 Note	500,000	12/13/2023	4%	08/31/2026	Prime + 2%
December 29, 2022 Note	2,000,000	8/1/2023	Prime + 4%	08/31/2026	Prime + 2%
March 3, 2023 Note	800,000	7/1/2023	Prime + 4%	08/31/2026	Prime + 2%
	<u>\$ 4,000,000</u> ⁽¹⁾				

(1) Note that \$1,527,500 of this total was repaid to Mr. Sklar in 2024 from proceeds received under the Loan and Security Agreement (see *Loan and Security Agreement – Related Party* below).

The restructuring is accounted for as a debt modification. On May 31, 2024, the Consolidated Secured Promissory Note was amended by that certain Amendment to Consolidated Secure Promissory Note, by and between STCB and Mr. Sklar, dated May 31, 2024 (the “2024 Consolidated Note Amendment” and together with the Consolidated Secured Promissory Note, the “Amended Consolidated Secured Promissory Note”). The 2024 Consolidated Note Amendment, among other things, extended the maturity date to August 31, 2026, provided that to the extent amounts remain due and payable on the maturity date, it will be extended until August 31, 2027.

On February 14, 2022, the Company issued an unsecured note to Sklar with a principal amount of \$472,500, which was excluded from the note consolidation. The note carried an annual interest rate of 4% and was set to mature two years from its issuance. It was convertible into shares of Company Class A common stock at a conversion price of \$0.29 per share, based on the 10-day volume-weighted average trading price prior to issuance. On May 10, 2024, the Company and Sklar amended the note, extending its maturity date to December 31, 2024. The note was fully repaid in 2024 using proceeds from the Loan and Security Agreement, and the Company no longer has any obligations under it.

As of June 30, 2025 and December 31, 2024, the outstanding principal owed to Mr. Sklar under the referenced notes amounted to \$2,472,500 and \$2,472,500, respectively. For the three and six months ended June 30, 2025, the notes to Mr. Sklar incurred interest expense of \$61,393 and \$120,705, respectively, and for the three and six months ended June 30, 2024, the notes incurred interest expense of \$91,296 and \$200,824, respectively.

Operating Lease – Related Party

On May 1, 2024, the Company entered into the Citrus Lease with a lessor who is a related party (see Note 3 and Note 13 for additional information) for the rental of the second and third floors of a premise containing approximately 3,000 square feet located at 706 N. Citrus Ave, Los Angeles, CA 90038. The lease was classified as an operating lease and has a monthly base rent of \$10,000 per month, with a base rent increase of 5% each year. There is an option for the Company to renew for an additional three years with notice given within 90 days before the end of the term.

In accordance with ASC 842 - Leases, the Company recognized an ROU asset and corresponding lease liability for \$587,914 on the condensed consolidated balance sheet for long-term office leases, as well as lease expense of \$34,010 and \$68,019 for the three and six months ended June 30, 2025. See Note 13 for further discussion, including the impact on the condensed consolidated financial statements and related disclosures.

Other Related Party Transactions

During the three and six months ended June 30, 2025, the Company recognized revenue from related parties of \$421,379 and \$1,471,691, respectively; during the three and six months ended June 30, 2024, the Company recognized revenue from related parties of \$941,227 and 3,251,423, respectively. There were \$0 and \$2,250,379 in accounts receivable and accrued accounts receivable from TSG and Temperance as of June 30, 2025 and December 31, 2024, respectively. All revenues earned in relation to these accounts receivable are from related parties.

During the three and six months ended June 30, 2025, the Company recognized cost of goods from products purchased from related parties of \$760,488 and \$1,658,470, respectively; during the three months and six months ended June 30, 2024, the Company recognized cost of goods from products purchased from related parties of \$758,672 and \$1,910,680, respectively. There were \$892,563 and \$1,658,188 in accounts payable owing to TSG and other related parties as of June 30, 2025 and December 31, 2024, respectively.

During the three and six months ended June 30, 2025, the Company recognized advances from related parties of \$387,599 as of both periods; for the three and six months ended June 30, 2024, the Company had no advances from related parties.

NOTE 10 – STOCK WARRANTS

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

Date	Number of Stock Warrants	Stock Price	Strike Price	Expected Volatility	Interest Rate	Dividend Rate	Expected Term (years)	Fair Value
10/21/2021	25,000	\$ 0.90	\$ 0.90	75.00%	0.77%	0.00%	1.0	\$ 7,826
9/12/2022	33,150,000	\$ 0.19	\$ 0.19	103.09%	3.47%	0.00%	3.0	\$ 4,088,769
11/1/2022	100,000	\$ 0.20	\$ 0.20	102.86%	4.27%	0.00%	1.0	\$ 8,116
11/3/2022	5,000,000	\$ 0.19	\$ 0.19	102.84%	4.36%	0.00%	3.0	\$ 618,176
12/29/2022	285,714	\$ 0.20	\$ 0.01	103.49%	3.94%	0.00%	1.0	\$ 54,401
3/3/2023	114,286	\$ 0.17	\$ 0.01	137.62%	4.26%	0.00%	1.0	\$ 18,710
6/1/2023	150,000	\$ 0.12	\$ 0.19	150.24%	3.70%	0.00%	3.0	\$ 14,013

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

	Shares available to purchase with warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2024	39,100,000	\$ 0.19	2.88	\$ 21,000
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	(275,000)	0.90	-	-
Outstanding, June 30, 2025	38,825,000	\$ 0.19	2.40	\$ 7,240
Exercisable, June 30, 2025	35,227,743	\$ 0.19	2.40	\$ 7,240
Outstanding, December 31, 2023	39,350,000	\$ 0.20	3.87	\$ 50,800
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	-	-
Outstanding, June 30, 2024	39,350,000	\$ 0.20	3.37	\$ 36,000
Exercisable, June 30, 2024	23,599,983	\$ 0.20	3.37	\$ 36,000

The fair value of stock warrants granted during the three and six months ended June 30, 2025 was zero and zero, respectively; the fair value of stock warrants granted during the three and six months ended June 30, 2024 was zero and zero, 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 June 30, 2025:

Range of	Outstanding	Weighted-Average Remaining Life	Weighted-Average Exercise	Number
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exercise prices		Warrants	In Years	Price		Exercisable
\$	0.90	25,000	0.25	\$	0.90	25,000
\$	0.19	38,300,000	2.40	\$	0.19	34,702,743
\$	0.20	100,000	2.34	\$	0.20	100,000
\$	0.01	400,000	2.55	\$	0.01	400,000
		38,825,000	2.40	\$	0.19	35,227,743

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

Total compensation expense related to the stock warrants was \$389,179 and \$778,359 for the three and six months ended June 30, 2025, respectively; total compensation expense related to the stock warrants was \$394,418 and \$785,165 for the three and six months ended June 30, 2024, respectively, and was included in compensation expense on the statement of operations. As of June 30, 2025, there was \$412,235 in future compensation cost related to non-vested stock warrants.

The aggregate intrinsic value as of June 30, 2025 is \$7,240 for total outstanding and exercisable warrants, which was based on our estimated fair value of the Class A common stock of \$0.03, 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, 2024	3,640,000	\$ 0.17	9.02	\$ -
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	(37,500)	0.17	-	-
Expired	-	-	-	-
Outstanding, June 30, 2025	3,602,500	\$ 0.17	8.53	\$ -
Exercisable, June 30, 2025	1,818,529	\$ 0.17	8.31	\$ -
Outstanding, December 31, 2023	-	\$ -	-	\$ -
Issued	5,050,000	0.17	8.99	-
Exercised	-	-	-	-
Cancelled	(290,000)	0.17	-	-
Expired	-	-	-	-
Outstanding, June 30, 2024	4,760,000	\$ 0.17	9.51	\$ -
Exercisable, June 30, 2024	733,330	\$ 0.17	9.51	\$ -

The compensation expense attributed to the issuance of the stock options is recognized as they vest.

Total compensation expense related to the stock options was \$40,750 and \$122,807 for the three and six months ended June 30, 2025, respectively; total compensation expense related to the stock options was \$22,403 and \$115,122 for the three and six months ended June 30, 2024, respectively, and was included in compensation expense on the statement of operations. As of June 30, 2025, there was \$271,815 in future compensation cost related to non-vested stock warrants.

The aggregate intrinsic value as of June 30, 2025 is zero for total outstanding and exercisable options, which was based on our estimated fair value of the Class A common stock of \$0.03, had all option holders exercised their options as of that date, net of the aggregate exercise price.

NOTE 12 – STOCKHOLDERS' EQUITY

On May 15, 2025 (the Second Adjustment Date), the Company issued 136,760,337 shares of Class A common stock to the Soyilent Shareholders at a price of \$0.041 per share in full satisfaction of the outstanding shares liability of \$5,607,174 as of March 31, 2025, pursuant to the Soyilent Merger Agreement and, as applicable, the Stockholder Agreement.

NOTE 13 – LEASES

The following tables present net related party lease costs and other supplemental lease information. The disclosures assume that the Company will exercise its renewal option at the end of the original lease term.

	Six Months Ended June 30, 2025
Lease cost	
Operating lease cost (cost resulting from lease payments)	\$ 68,019
Sublease income	-
Net lease cost	\$ 68,019
Operating lease – operating cash flows (fixed payments)	\$ 68,019
Operating lease – operating cash flows (liability reduction)	\$ 31,722
Current leases – right of use assets	\$ 500,035
Current liabilities – operating lease liabilities	\$ 74,152
Non-current liabilities – operating lease liabilities	\$ 443,594
Operating lease ROU assets	\$ 500,035
Weighted-average remaining lease term (in years)	4.84
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 six months ended June 30, 2025:

Fiscal Year	Operating Leases
2025	\$ 63,000
2026	130,200
2027	136,710
2028	143,546
2029	150,723
2030	51,051
Total future minimum lease payments	675,230
Less: Imputed Interest	(157,484)
Present value of net future minimum lease payments	\$ 517,746

NOTE 14 – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following:

	June 30, 2025	December 31, 2024
Computer equipment	\$ 104,747	\$ 104,747
Tools and equipment	147,903	147,903
Furniture and equipment	39,202	39,202
CIP	154,851	333,340
Property and equipment, gross	446,703	625,192
Less: Accumulated depreciation	(275,365)	(271,472)
Property and equipment, net	\$ 171,338	\$ 353,720

Construction in Progress (“CIP”) represents costs incurred for ongoing projects that are not yet ready for their intended use. As of June 30, 2025, the balance of CIP was \$154,851 and consists of expenditures related to the implementation of a new enterprise resource planning (“ERP”) system within the Company. This project is expected to be completed and transferred to its respective asset category by the end of 2025.

NOTE 15 – INTANGIBLE ASSETS

Intangible assets, net consists of the following:

	June 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	27,218,404	4,909,860	22,308,544
Customer relationships	6,915,000	1,968,713	4,946,287
Enterprise Resource Planning System	291,440	14,572	276,868
Intangible Assets	\$ 34,424,844	\$ 6,893,145	\$ 27,531,699

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

Amortization expense for the six months ended June 30, 2025 and 2024 was \$1,423,588 and \$1,422,096, respectively.

As of June 30, 2025, the expected future amortization expense of intangible assets was as follows:

Fiscal period:	June 30, 2025
Remainder of 2025	\$ 1,401,162
2026	2,824,750
2027	2,824,750
2028	2,824,750
2029	2,824,750
Thereafter	14,831,537
Total amortization remaining	\$ 27,531,699

NOTE 16 – INVENTORY

Inventory by major class are as follows:

	June 30, 2025	December 31, 2024
Raw materials	\$ 3,570,821	\$ 1,484,997
Finished goods	4,839,541	6,764,648
Total inventory	\$ 8,410,362	\$ 8,249,645

NOTE 17 – 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, except as noted below.

License Agreement and Equity Grants related to Leah Kateb

On July 1, 2025, the Company, through its wholly-owned subsidiary Skylar, entered into a License Agreement with BlueUTA-I, LLC (“BlueUTA”) and recording artist Leah Kateb. Pursuant to the agreement, Skylar was granted exclusive rights to use the artist’s likeness and trademarks in connection with the manufacture, marketing, and sale of certain consumer products.

In consideration of services to be provided under the License Agreement, the Company approved the issuance of (i) 2,000,000 options to BlueUTA to purchase shares of the Company’s Class A common stock under the Company’s 2023 Equity Incentive Plan, and (ii) 3,000 Class B Units (profits interests) of Skylar, subject to time- and performance-based vesting conditions, which, if fully realized would represent 30% of Skylar’s current outstanding membership interests. The Class B Units have participation rights in the event of a change of control of Skylar.

Gibraltar Loan – Amendment and Forbearance Agreement

The Company and its lender entered into an amendment and waiver to the Loan and Security Agreement, waiving (i) specified defaults therein, (ii) allowing additional permitted liens relating to the Company's credit cards and credit card processing services as set forth therein, and (iii) adjusting certain financial and reporting covenants. Additionally, the Company and its lender entered into a forbearance agreement, effective July 18, 2025, with its lender related to its revolving loan facility (the "Forbearance Agreement"). The Forbearance Agreement acknowledges the existence of certain continuing events of default and provides that, subject to specified conditions, the lender will forbear from exercising remedies related to those defaults through September 16, 2025. The forbearance period may be extended to October 16, 2025 and November 15, 2025, respectively, if the Company meets minimum EBITDA thresholds of \$300,000 for the periods ending July 31, 2025 and August 31, 2025. The Forbearance Agreement does not constitute a waiver of any defaults, and the lender reserves all rights and remedies under the loan documents.

Letter of Intent

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 is a middle market private label and co-packing manufacturer operating three facilities across the US with a focus on personal care, household, food and beverage products. The proposed transaction aims to provide shareholders a business that will have greater scale on revenue and efficiencies on margin, through vertical integration for many of its brands. Under the proposed transaction, the Company would be renamed "STARCO" and create two main operating subsidiaries, Starco Brands and Starco Manufacturing. Each will operate as separate business units under the public STARCO umbrella which will continue to be led by Ross Sklar, the Chairman & CEO.

Amendment to Consolidated Secured Promissory Note

On August 13, 2025, in connection with certain conditions and obligations of the Forbearance Agreement, Ross Sklar was obligated by the lender to contributed two tranches of capital, each an amount of \$500,000, for a total aggregate contribution of \$1,000,000 (the "Capital Contributions") to Company for related party financing subordinate to the Company's senior indebtedness. In recognition of the Capital Contributions, the Company, Ross Sklar, and Gibraltar Business Capital, entered into Amendment Number Two to the Consolidated Promissory Note, which acknowledges increased the outstanding principal of \$1,000,000 subject to the Consolidated Promissory Note.

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 The Starco Group (“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®

STCB is the marketer of record, but not the owner of record for the Winona® Butter Flavor Popcorn Spray. STCB provides marketing services for Winona pursuant to a licensing agreement. Winona Popcorn Spray is sold in Walmart and H-E-B grocery stores, among other retailers. STCB also launched the Winona Popcorn Spray on Amazon through our strategic partner Pattern (formally iServe), who is a stockholder in STCB. Sales grew in 2024, and the Company expects sales to continue to grow in 2025 in this space as management increases the Company's sales personnel for this product line.

Whipshots®

In December 2021, the Company launched a new product line consisting of vodka-infused, whipped-cream aerosols, under the brand name "Whipshots." The launch event was held at Art Basel in Miami and garnered over 1 billion impressions world-wide. The Company launched the product on whipshots.com with a limited quantity of cans to be sold each day for the month of December. Whipshots® sold out every single day of the month. The Company launched brick and mortar retail distribution in the first quarter of 2022, signed a distribution agreement with 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 and the United Kingdom. Initially the Company introduced three flavors of Whipshots® to the market – Vanilla, Mocha and Caramel. Since the initial launch, the Company has introduced new and Limited Time flavors such as Peppermint, Lime, Pumpkin Spice, 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"), a 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 will be 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.

Whipshots® Licensing/Marketing

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

As part of the A&R Washpoppin License Agreement, in exchange for royalty rates based on Net Sales (as defined therein) during each applicable contract period, the Company granted Whipshots Holdings shares to Washpoppin to cause the Artist to attend certain in person events, media interviews, participate in the development of the Licensed Products (as defined therein), and promote the Licensed Products through social media posts on the Artist's social media platforms.

The Art of Sport® and AOS®

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

Skylar®

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

Soylent®

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

Distribution Agreements

In November of 2021, we entered into separate Distribution Agreements (each a “Distribution Agreement” and, collectively, the “Distribution Agreements”) with each of (i) National Distributing Company, Inc., a Georgia corporation, (ii) Republic National Distributing Company, LLC, a Delaware limited liability company, and (iii) Young’s Market Company, LLC, a Delaware limited liability company (each a “Distributor” and, collectively, the “Distributors”) each with an effective date as of November 1, 2021. Pursuant to the Distribution Agreements, the Distributors will act as the exclusive distributor for STCB in the Territories set forth on Exhibit B for the Products set forth on Exhibit A, to each such Distribution Agreement, as amended from time to time. The Distribution Agreements cover 47 U.S. States and the District of Columbia.

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

Broker Agreements

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

Competition

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

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

Growth Strategy

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

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

We 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 2025 and beyond.

For more information and to view our products, you may visit our websites at www.starcobrands.com, www.whipshots.com, www.winsonapure.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 (323) 266-7111. Our website is www.starcobrands.com and the Company makes its SEC reports available on the website. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Quarterly Report.

Employees

STCB and its subsidiaries had 29 full-time employees as of June 30, 2025 and used independent contractors, consultants and contributed services from related parties on an as needed basis.

Results of Operations

Comparison of the three months ended June 30, 2025 to the three months ended June 30, 2024

	June 30, 2025	June 30, 2024	Change
Revenues	\$ 10,586,121	\$ 14,009,707	\$ (3,423,586)
Revenues, related parties	421,379	941,227	(519,848)
Cost of goods sold	5,834,732	8,488,277	(2,653,545)
Cost of goods sold, related parties	760,488	758,672	1,816
Gross profit	4,412,380	5,703,985	(1,291,705)
Operating expenses:			
Compensation expense	1,661,971	2,435,948	(773,977)
Professional fees	911,927	1,140,792	(228,865)
Marketing, general and administrative	3,193,889	4,520,678	(1,326,789)
Fair value share adjustment	-	8,675,565	(8,675,565)
Total operating expense	5,767,787	16,772,983	(11,005,196)
Loss from operations	(1,355,507)	(11,068,998)	9,713,491
Other expense:			
Interest expense	257,538	208,976	48,562
Other expense	237,156	284,559	(47,403)
Total other expense	494,694	493,535	1,159
Loss before provision for income taxes	(1,850,201)	(11,562,533)	9,712,332
Provision for income taxes	-	-	-
Net loss	(1,850,201)	(11,562,533)	9,712,332
Net income attributable to non-controlling interest	(184)	(3,051)	2,867
Net loss attributable to Starco Brands	\$ (1,850,017)	\$ (11,559,482)	\$ 9,709,465

Revenues

Revenue for the three months ended June 30, 2025, was \$10,586,121, representing a 24% decrease, or \$3,423,586, compared to \$14,009,707 in the same period of 2024. The decrease was primarily due to lower product sales of Soylent, driven by inventory constraints that limited our ability to accept and fulfill orders.

Revenues, related parties

Related party revenue totaled \$421,379 for the three months ended June 30, 2025, reflecting a 55% decrease, or \$519,848, compared to \$941,227 in the prior-year period. The decline was primarily driven by lower royalty income received during the current quarter.

Operating Expenses

Compensation expense was \$1,661,971 for the three months ended June 30, 2025, representing a 32% decrease, or \$773,977, compared to \$2,435,948 in the same period of 2024. The reduction was primarily due to workforce reductions undertaken by the Company during the second half of 2024.

Professional fees totaled \$911,927 for the three months ended June 30, 2025, representing a 20% decrease, or \$228,865, from \$1,140,792 in the prior-year period. These fees primarily reflect costs related to contractors, consultants, accounting, auditing, legal, advisory, and valuation services, which support business operations, merger activity, and quarterly public company reporting. The reduction in expense was primarily driven by lower consulting and contractor service costs during the current period.

Marketing, general and administrative expenses totaled \$3,193,889 for the three months ended June 30, 2025, a 29% decrease, or \$1,326,789, compared to \$4,520,678 in the same period of 2024. The reduction primarily reflects lower royalty costs and the elimination of several vendor services as part of a broader cost-reduction initiative implemented during the current period.

No fair value share adjustment was recorded for the three months ended June 30, 2025, compared to a loss of \$8,675,565 in the same period of 2024. The absence of an adjustment reflects the full settlement of the outstanding liability to Soylent shareholders in May 2025.

Other Expense

Total other expense for the three months ended June 30, 2025, was \$494,694, compared to \$493,535 in the same period of 2024. The increase was driven by higher interest expense, which rose to \$257,538 from \$208,976, and decreased other expense, which totaled \$237,156, down from \$284,559 in the prior-year quarter.

Net Loss

For the three months ended June 30, 2025, we reported a net loss of \$1,850,017, representing a substantial improvement compared to the net loss of \$11,559,482 recorded in the same period of 2024. The year-over-year reduction was primarily attributable to non-recurring prior-period impacts, including an \$8,675,565 loss from changes in the fair value of stock payable to Soylent stockholders as well as the changes described above.

Comparison of the six months ended June 30, 2025 to the six months ended June 30, 2024

	June 30, 2025	June 30, 2024	Change
Revenues	\$ 20,404,878	\$ 26,938,898	\$ (6,534,020)
Revenues, related parties	1,471,691	3,251,423	(1,779,732)
Cost of goods sold	11,062,581	15,561,512	(4,498,931)
Cost of goods sold, related parties	1,658,470	1,910,680	(252,210)
Gross profit	9,155,518	12,718,129	(3,562,611)
Operating expenses:			
Compensation expense	3,398,159	5,010,676	(1,612,517)
Professional fees	1,692,151	2,336,910	(644,759)
Marketing, general and administrative	6,578,307	9,836,631	(3,258,324)
Fair value share adjustment	(3,692,529)	10,597,514	(14,290,043)
Total operating expense	7,976,088	27,781,731	(19,805,643)
Income (loss) from operations	1,179,430	(15,063,602)	16,243,032
Other expense:			
Interest expense	494,174	408,149	86,025
Other expense	559,352	361,338	198,014
Total other expense	1,053,526	769,487	284,039
Income (loss) before provision for income taxes	125,904	(15,833,089)	15,958,993
Provision for income taxes	-	-	-
Net income (loss)	125,904	(15,833,089)	15,958,993
Net income attributable to non-controlling interest	97,065	189,071	(92,006)
Net income (loss) attributable to Starco Brands	\$ 28,839	\$ (16,022,160)	\$ 16,050,999

Revenues

Revenue for the six months ended June 30, 2025, was \$20,404,878, representing a 24% decrease, or \$6,534,020, compared to \$26,938,898 in the same period of 2024. The year-over-year decline was primarily driven by reduced product sales of Soy lent, resulting from inventory constraints that limited our capacity to accept and fulfill customer orders.

Revenues, related parties

For the six months ended June 30, 2025, we generated related party revenues of \$1,471,691, reflecting a 55% decrease, or \$1,779,732, from \$3,251,423 in the same period of 2024. This decline was primarily attributable to a reduction in royalties received during the current period.

Operating Expenses

Compensation expense totaled \$3,398,159 for the six months ended June 30, 2025, representing a 32% decrease, or \$1,612,517, compared to \$5,010,676 in the prior-year period. The decline primarily reflects workforce reductions implemented by the Company during the second half of 2024, as well as the absence of bonus awards in the first quarter of fiscal year 2025.

Professional fees totaled \$1,692,151 for the six months ended June 30, 2025, a 28% decrease, or \$644,759, from \$2,336,910 in the same period of 2024. These fees primarily relate to contractor services, as well as accounting, auditing, legal, advisory, consulting and valuation services supporting ongoing operations, merger activities, and quarterly reporting requirements as a public company. The decline was mainly driven by a reduction in consulting and contractor services during the current period.

For the six months ended June 30, 2025, marketing, general and administrative expenses totaled \$6,578,307, a decrease of \$3,258,324, or 33%, compared to \$9,836,631 for the same period in 2024. The year-over-year reduction was primarily driven by lower royalty costs and the termination of several vendor services, implemented as part of a broader cost-savings initiative.

For the six months ended June 30, 2025, there was a gain on fair value share adjustment of \$3,692,529, compared to a loss of \$10,597,514 for the six months ended June 30, 2024. This was due to a decrease in the fair value of the Soy lent sellers' rights to potentially receive additional Starco shares.

Other Expense

Total other expense for the six months ended June 30, 2025, was \$1,053,526, compared to \$769,487 in the same period of 2024. The year-over-year increase was primarily driven by a rise in interest expense, which increased to \$494,174 from \$408,149 in the prior-year period, and a higher level of other expense, totaling \$559,352 in 2025 compared to \$361,338 in 2024.

Net Loss

For the six months ended June 30, 2025, we reported a net income of \$28,839, representing a significant improvement compared to the net loss of \$16,022,160 for the same period in 2024. The year-over-year reduction was primarily driven by a fair value gain of \$3,692,529 related to share-based adjustments recognized in the current period. The prior-year results were negatively impacted by a loss of \$10,597,514, associated with changes in the fair value of stock payable to Soy lent stockholders, as well as the changes described above.

Liquidity and Capital Resources

As reflected in the accompanying condensed consolidated financial statements, we have an accumulated deficit of \$81,391,518 at June 30, 2025. We generated \$693,062 in cash from financing activities for the six months ended June 30, 2025, primarily due to \$362,194 of net proceeds from the revolving loan and \$330,868 in net proceeds from notes payable. Our net cash provided by financing activities was \$206,614 for the six months ended June 30, 2024, due primarily to proceeds from the Gibraltar revolving loan and insurance notes payable of approximately \$6,200,000, offset by the payoff of the prior line of credit and payments toward the Sklar notes, the revolving loan and notes payable of approximately \$5,800,000.

Our net cash used in operating activities was \$859,889 for the six months ended June 30, 2025 compared to net cash provided of \$124,729 for the six months ended June 30, 2024. Operating expenses for the six months ended June 30, 2025 were \$7,976,088, including items such as marketing, advertising and administrative costs, consultant compensation, gain on share fair value adjustment, insurance, legal and other professional fees, stock based compensation, compliance, website maintenance and investor relations. Operating expenses for the six months ended June 30, 2024 were \$27,781,731, including items such as marketing and administrative costs, consultant compensation, loss on share fair value adjustment, insurance, legal and other professional fees, compliance and website maintenance.

Loan and Security Agreement – Related Party

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

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

	Original Balance	Original maturity	Original rate	Revised maturity	Revised rate
January 24, 2020 Note	\$ 100,000	7/19/2023	4%	08/31/2026	Prime + 2%
June 28, 2021 Note	100,000	6/28/2023	4%	08/31/2026	Prime + 2%
September 17, 2021 Note	500,000	9/17/2023	4%	08/31/2026	Prime + 2%
December 13, 2022 Note	500,000	12/13/2023	4%	08/31/2026	Prime + 2%
December 29, 2022 Note	2,000,000	8/1/2023	Prime + 4%	08/31/2026	Prime + 2%
March 3, 2023 Note	800,000	7/1/2023	Prime + 4%	08/31/2026	Prime + 2%
	<u>\$ 4,000,000⁽¹⁾</u>				

⁽¹⁾ Note that \$1,527,500 of this total was repaid to Mr. Sklar in 2024 from proceeds under the Loan and Security Agreement (see *Loan and Security Agreement – Related Party* below).

The restructuring is accounted for as a debt modification. On May 31, 2024, the Consolidated Secured Promissory Note was amended by that certain Amendment to Consolidated Secured Promissory Note, by and between STCB and Mr. Sklar, dated May 31, 2024 (the "2024 Consolidated Note Amendment" and together with the Consolidated Secured Promissory Note, the "Amended Consolidated Secured Promissory Note"). The 2024 Consolidated Note Amendment, among other things, extended the maturity date to August 31, 2026, provided that to the extent amounts remain due and payable on the maturity date, it will be extended until August 31, 2027.

On February 14, 2022, the Company issued an unsecured note to Sklar with a principal amount of \$472,500, which was excluded from the note consolidation. The note carried an annual interest rate of 4% and was set to mature two years from its issuance. It was convertible into shares of Company Class A common stock at a conversion price of \$0.29 per share, based on the 10-day volume-weighted average trading price prior to issuance. On May 10, 2024, the Company and Sklar amended the note, extending its maturity date to December 31, 2024. The note was fully repaid in 2024 using proceeds from the Loan and Security Agreement, and the Company no longer has any obligations for this note.

As of June 30, 2025 and December 31, 2024, the outstanding principal owed to Mr. Sklar under the referenced notes amounted to \$2,472,500 and \$4,472,500, respectively.

Gibraltar Loan and Security Agreement – Revolving Loan

On May 24, 2024, (i) STCB, (ii) and each of STCB's subsidiaries, Whipshots Holdings, Whipshots, AOS, Skylar, and Soylent (collectively, the "Borrowers" and each individually, a "Borrower"), and (iii) Gibraltar Business Capital, LLC, a Delaware limited liability company (the "Lender" or "Gibraltar") entered into a Loan and Security Agreement (the "Loan and Security Agreement"), allowing STCB to reduce a portion of its long term debt (including retiring that certain revolving credit commitment which bore interest at a rate per annum equal to the greater of (a) two and half percent (2.5%) and (b) prime rate plus one percent (1%), which expanded its access to working capital. Capitalized terms not otherwise defined have the meanings set forth in the Loan and Security Agreement.

The Loan and Security Agreement provides for a revolving line of credit in the amount not to exceed \$12.5 million at any one time, or the Revolving Loan Commitment Amount in return for a first priority security interest in the Collateral. The Revolving Commitment Amount is supplemented by a Permitted Overadvance Amount of \$1.5 million. The first \$1.5 million in Revolving Loans drawn on this line will be considered permitted overadvances, and the Permitted Overadvance Amount shall be reduced by \$125,000 beginning on June 1, 2024, and the first day of each month thereafter. The aggregate principal balance of all Revolving Loans outstanding at any time shall not exceed the Revolving Loan Availability, which is equal to the lesser of the Revolving Loan Commitment Amount or the Borrowing Base Amount; if the aggregate principal balance does exceed the availability, the Company shall immediately make a repayment to eliminate such excess. The Revolving Line matures on May 24, 2026, and such Maturity Date will be automatically extended for one (1) year, subject to the satisfaction of certain terms and conditions described in the Loan and Security Agreement.

Each Revolving Loan advanced under the Revolving Loan Commitment bears interest at a rate per annum equal to One Month Term SOFR plus the Applicable Margin. If a Revolving Loan or any portion thereof is considered a part of the Permitted Overadvance Amount under the Loan and Security Agreement, the Applicable Margin for such loan shall be increased by an additional two percent (2.00%) per annum. Revolving Loans may be repaid at any time and reborrowed up to but not including the Maturity Date. On the Maturity Date, the outstanding aggregate principal balance of all Revolving Loans shall be due and payable. The interest rate for the revolving loan was 10.00% as of December 31, 2024.

Accrued and unpaid interest on the unpaid principal balance of the Revolving Loans shall be due and payable commencing on June 1, 2024 and on the first date of each calendar month thereafter. All accrued and unpaid interest shall be due and payable on the maturity date.

Subject to the satisfaction of certain terms and conditions described in the Loan and Security Agreement, the Borrowers may request to increase the Revolving Loan Commitment by an aggregate amount not less than \$1 million not exceeding \$2.5 million. Such request may be accepted by Lender in its sole and absolute discretion.

The Loan and Security Agreement contains customary limitations, including limitations on indebtedness, liens, fundamental changes to business or organizational structure, investments, loans, advances, guarantees, and acquisitions, asset sales, dividends, stock repurchases, stock redemptions, and the redemption, payment or prepayment of other debt, and transactions with affiliates. We are also subject to financial covenants, including a minimum EBITDA covenant and a maximum Unfinanced Capital Expenditures covenant.

The Loan and Security Agreement also contains customary events of default, including nonpayment of principal, interest, fees, or other amounts when due, violation of covenants, breaches of representations or warranties, cross defaults, change of control, insolvency, bankruptcy events, and material judgments. Some of these events of default allow for grace periods or are qualified by materiality concepts. Upon the occurrence of an event of default, the outstanding obligations under the Loan and Security Agreement may be accelerated and become due and payable immediately.

As of June 30, 2025, the Company had several Events of Default under the Loan and Security Agreement, due to reporting deficiencies and failure to maintain the minimum EBITDA financial covenant. The Company and its lender entered into an amendment and waiver to the Loan and Security Agreement, waiving (i) specified defaults therein, (ii) allowing additional permitted liens relating to the Company's credit cards and credit card processing services as set forth therein, and (iii) adjusting certain financial and reporting covenants. Additionally, the Company and its lender entered into a forbearance agreement, effective July 18, 2025, with its lender related to its revolving loan facility (the "Forbearance Agreement"). The Forbearance Agreement acknowledges the existence of certain continuing Events of Default and provides that, subject to specified conditions, the lender will forbear from exercising remedies related to those defaults through September 16, 2025. The forbearance period may be extended to October 16, 2025 and November 15, 2025, respectively, if the Company meets minimum EBITDA thresholds of \$300,000 for the periods ending July 31, 2025 and August 31, 2025. The Forbearance Agreement does not constitute a waiver of any defaults, and the lender reserves all rights and remedies under the loan documents.

As of June 30, 2025, the balance of the revolving loan was \$4,280,150 with a debt discount of \$172,523, for a net balance of \$4,107,627, with interest expense on the loan for the six months ended June 30, 2025 of \$277,408.

Going Concern

The unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company identified that a substantial doubt exists if the Company is able to meet its obligations as they become due within one year of the date of the financial statements being issued. Principal conditions contributing to substantial doubt regarding the Company's ability to continue as a going concern include its history of recurring net losses and continued working capital deficiencies. As of June 30, 2025, the Company reported an accumulated deficit of \$81,391,518, which includes net loss of \$1,850,201 and net income of \$125,904 for the three and six months ended June 30, 2025, respectively. Additionally, the Company had a working capital deficit of approximately \$6.3 million at June 30, 2025.

Management has evaluated the principal conditions that initially gave rise to substantial doubt regarding our ability to continue as a going concern. 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 June 30, 2025, total debt on the balance sheet was approximately \$7.0 million, which includes \$2,472,500 in notes payable to Ross Sklar ("Sklar"), a significant minority shareholder. Mr. Sklar's ownership interest provides an incentive to be supportive of the Company regarding repayment of the notes, as has occurred in prior periods (see Note 9). In addition, on July 18, 2025, the Company and its lender entered into a forbearance agreement (the "Forbearance Agreement") related to its revolving loan facility. The Forbearance Agreement acknowledges the existence of certain continuing Events of Default and provides that, subject to specified conditions, the lender will forbear from exercising remedies related to those defaults through September 16, 2025.

To address these conditions, management intends to pursue alternative financing sources to enhance liquidity, provide additional working capital, and support repayment of existing debts, if necessary. In support of these objectives, management will continue to pursue strategic initiatives aimed at increasing top-line revenue in the most profitable sales channels across all segments and to reduce overall expenses as a percentage of revenue. Improvements to date have and are expected to continue to result from operational synergies gained through the Company's back-end shared services model and focus on profitable sales channels.

Despite these plans and the temporary relief provided by the Forbearance Agreement, 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 may result from the resolution of these uncertainties.

Working Capital Deficit

	June 30, 2025	December 31, 2024
Current assets	\$ 16,961,765	\$ 17,818,439
Current liabilities	23,223,711	32,011,304
Working capital deficit	<u>\$ (6,261,946)</u>	<u>\$ (14,192,865)</u>

The decrease in current assets is primarily due to a decrease in accounts receivable of \$2,321,089, offset by an increase in prepaid expenses and other assets of \$1,601,476. The decrease in current liabilities is primarily the result of a decrease in fair value of share adjustment of \$9,299,703.

Cash Flows

	Six Months Ended June 30,	
	2025	2024
Net cash (used in) provided by operating activities	\$ (859,889)	\$ 124,729
Net cash used in investing activities	(130,951)	(82,049)
Net cash provided by financing activities	693,062	206,614
(Decrease) Increase in cash	<u>\$ (297,778)</u>	<u>\$ 249,294</u>

Operating Activities

Net cash used in operating activities was \$859,889 for the six months ended June 30, 2025 and was primarily due to the impact of the net loss for the six month period, a gain on stock payable share adjustment of \$3,692,529 and a decrease in accounts payable of \$1,117,059, offset by a decrease in accounts receivable of \$2,321,089, an increase in other payables and accrued liabilities of \$835,130 and amortization of intangible assets of \$1,423,588.

Net cash provided by operating activities was \$101,258 for the six months ended June 30, 2024 and was primarily due to the impact of the net loss for the six month period, offset by loss on stock payable share adjustment of \$10,597,514, an increase in accounts payable and other payables/acrued liabilities of \$4,931,205 and a decrease in accounts receivable of \$580,189.

Investing Activities

Net cash used in investing activities was \$130,951 for the six months ended June 30, 2025 and was due to the purchase of property and equipment and intangibles.

Net cash used in investing activities was \$82,049 for the six months ended June 30, 2024 and was due to the purchase of property, equipment and intangibles.

Financing Activities

For the six months ended June 30, 2025, net cash provided by financing activities was \$693,062, which includes net proceeds of \$362,194 on the revolving loan and net proceeds of \$330,868 on a notes payable.

For the six months ended June 30, 2024 net cash provided by financing activities was \$206,614, which primarily includes payments of approximately \$5.8 million on the line of credit and notes payable, offset by proceeds of approximately \$6.2 million from the revolving loan and 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 six months ended June 30, 2025 and 2024.

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 six months ended June 30, 2025 and 2024.

Accounts Receivable

We measure accounts receivable at net realizable value. This value includes an appropriate allowance for credit losses to present the net amount expected to be collected on the financial asset. We calculate the allowance for credit losses based on available relevant information, in addition to historical loss information, the level of past-due accounts based on the contractual terms of the receivables, and our relationships with, and the economic status of, our partners and customers.

Inventory

Inventory consists of premium body and skincare products, fragrances and nutritional products. Inventory is measured using the first-in, first-out method and stated at average cost as of June 30, 2025. The value of inventories is reduced for excess and obsolete inventories. We monitor inventory to identify events that would require impairment due to obsolete inventory and adjust the value of inventory when required.

Fair Value of Financial Instruments

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

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data.

The carrying amount of our consolidated financial assets and liabilities, such as cash and cash equivalents, accounts receivable, accounts payable, prepaid expenses, and accrued expenses approximate their fair value because of the short maturity of those instruments. Our notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2025 and December 31, 2024.

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

Income Taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the 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 Operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25") with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the 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.

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 June 30, 2025, 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 June 30, 2025 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, 2024, as filed with the SEC on April 18, 2025.

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

Effective May 15, 2025, in accordance with the Soylent Merger Agreement and the Stockholder Agreement, the Company settled the \$5,607,174 fair value liability outstanding by issuing 136,760,337 shares of Class A common stock to the Consenting Stockholders at a price of \$0.041 per share.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

As of June 30, 2025, the Company had several Events of Default under the Loan and Security Agreement, due to reporting deficiencies and failure to maintain the minimum EBITDA financial covenant. The Company and its lender entered into an amendment and waiver to the Loan and Security Agreement, waiving (i) specified defaults therein, (ii) allowing additional permitted liens relating to the Company’s credit cards and credit card processing services as set forth therein, and (iii) adjusting certain financial and reporting covenants. Additionally, the Company and its lender entered into a forbearance agreement, effective July 18, 2025, with its lender related to its revolving loan facility (the “Forbearance Agreement”). The Forbearance Agreement acknowledges the existence of certain continuing Events of Default and provides that, subject to specified conditions, the lender will forbear from exercising remedies related to those defaults through September 16, 2025. The forbearance period may be extended to October 16, 2025 and November 15, 2025, respectively, if the Company meets minimum EBITDA thresholds of \$300,000 for the periods ending July 31, 2025 and August 31, 2025. The Forbearance Agreement does not constitute a waiver of any defaults, and the lender reserves all rights and remedies under the loan documents.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS**EXHIBIT INDEX**

Exhibit No.	Exhibit Description
3.1 (*)	<u>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.</u>
3.2 (*)	<u>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.</u>
4.1 (*)†	<u>Registration Rights Agreement, by and between Starco Brands, Inc., a Nevada corporation, and the Investors listed on Schedule A thereto, dated September 12, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on September 15, 2022.</u>
4.2 (*)†	<u>Voting Agreement, by and among Starco Brands, Inc., a Nevada corporation, and the stockholders listed on Schedule A thereto, dated September 12, 2022, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on September 15, 2022.</u>
4.3 (*)†	<u>Registration Rights Agreement, by and between Starco Brands, Inc., a Nevada corporation, and the Investors listed on Schedule A thereto, dated December 29, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 4, 2023.</u>

- 4.4 (*) [Voting Agreement, by and among Starco Brands, Inc., a Nevada corporation, and the stockholders listed on Schedule A thereto, dated December 29, 2022, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on January 4, 2023.](#)
- 4.5 (*) [Registration Rights Agreement, by and between Starco Brands, Inc., and Hamilton Start, LLC in its capacity as Stockholder Representative on behalf of the Investors \(as defined therein\) dated February 15, 2023, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023.](#)
- 4.6 (*) [Amendment to Registration Rights Agreement, dated May 14, 2024, by and among Starco Brands, Inc., and YL Management, LLC in its capacity as Successor Stockholder Representative on behalf of the Investors \(as defined in the Registration Rights Agreement, by and between Starco Brands, Inc. and Hamilton Start, LLC, dated February 15, 2023\), filed as Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2024.](#)
- 4.7 (*) [Voting Agreement, by and among Starco Brands, Inc., Ross Sklar, and the stockholders of the Company listed on Schedule A thereto, dated February 15, 2023, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023.](#)
- 4.8 (*) [Amendment to Voting Agreement, dated May 14, 2024, by and among Starco Brands, Inc., Ross Sklar, and the stockholders of the Company listed on Schedule A to the Voting Agreement, by and between Starco Brands, Inc., Ross Sklar, and the stockholders of the Company listed on Schedule A thereto, dated February 15, 2023, filed as Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 14, 2024.](#)
- 10.1 (*) [Form of Indemnification Agreement by and between Starco Brands, Inc. and each of its current directors, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 21, 2023.](#)
- 10.2 (*) (+) [Brand License Agreement, by and between Starco Brands, Inc. and The Starco Group, effective as of July 12, 2017, filed as Exhibit 6.2 to the Company's Regulation A+ offering statement filed with the Commission on August 31, 2021.](#)
- 10.3 (*) (+) [License Agreement by and between Sklar Holdings, Inc., and Starco Brands, Inc. executed April 1, 2018, filed as Exhibit 99.2 to the Company's Current Report on Form 8-K filed with the Commission on February 19, 2021.](#)
- 10.4 (*) (+) [License Agreement by and between Winona Pure, Inc. and Starco Brands, Inc. executed April 1, 2018, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on February 19, 2021.](#)
- 10.5 (*) (+) [Amended and Restated License Agreement, by and between Whipshots Holdings LLC, Washpoppin Inc., and "Cardi B," effective as of November 27, 2023, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 8, 2023.](#)
- 10.6 (*) (+) [Intellectual Property Purchase Agreement, by and between Whipshots LLC and PENGUINS FLY, LLC, dated as of August 24, 2021, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on September 14, 2021.](#)

- 10.7 (*) [Form of Distribution Agreement, by and between Starco Brands, Inc. and “Distributor”, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on November 10, 2021.](#)
- 10.8 (*) [Form of Broker Agreement, by and between Starco Brands, Inc. and “Broker”, filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Commission on November 10, 2021.](#)
- 10.9 (*) [Consolidated Secured Promissory Note of Starco Brands, Inc., issued in favor of Ross Sklar, dated August 11, 2023, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on August 11, 2023.](#)
- 10.10 (*) [Amendment to Consolidated Secured Promissory Note, by and between Starco Brands and Ross Sklar, dated May 31, 2024, filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Commission on May 31, 2024.](#)
- 10.11 (#) [Amendment No. 2 to Consolidated Secured Promissory Note, by and between Starco Brands and Ross Sklar, dated August 13, 2025.](#)
- 10.12 (*) [Amended and Restated Consolidated Security Agreement, by and between Starco Brands, Inc. and Ross Sklar, dated August 11, 2023, filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Commission on August 11, 2023.](#)
- 10.13 (*) [Warrant to Purchase Common Stock, issued to Ross Sklar, dated December 29, 2022, filed as Exhibit 10.3 to the Company’s Current Report on Form 8-K filed with the Commission on January 5, 2023.](#)
- 10.14 (*) [Warrant to Purchase Class A Common Stock, issued to Ross Sklar, dated March 3, 2023, filed as Exhibit 10.3 to the Company’s Current Report on Form 8-K filed with the Commission on March 9, 2023.](#)
- 10.15 (*) (+) [License Agreement by and between Starco Brands, Inc. and Temperance Distilling Company, executed January 24, 2022, filed as Exhibit 10.25 to the Company’s Annual Report on Form 10-K filed with the Commission on April 18, 2023.](#)
- 10.16 (*) (+) [Loan and Security Agreement, dated as of May 24, 2024, by and among, Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc., Gibraltar Business Capital, LLC, and certain other persons from time to time that may become a party thereto, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on May 31, 2024.](#)
- 10.17 (#) [Waiver and Amendment No. 1, dated September 17, 2024, to Loan and Security Agreement, dated as of May 27, 2024, by and among, Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc., Gibraltar Business Capital, LLC, and certain other persons from time to time that may become a party thereto.](#)
- 10.18 (#) [Forbearance Agreement and Amendment No. 2, dated as of July 18, 2025, to Loan and Security Agreement, dated as of May 27, 2024, by and among, Starco Brands, Inc., Whipshots Holdings, LLC, Whipshots, LLC, The AOS Group Inc., Skylar Body, LLC, Soylent Nutrition, Inc., Gibraltar Business Capital, LLC, and certain other persons from time to time that may become a party thereto.](#)
- 10.19 (*) [Starco Brands, Inc. – 2023 Equity Incentive Plan, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on November 29, 2023.](#)
- 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)

August 14, 2025

AMENDMENT NUMBER TWO TO CONSOLIDATED SECURED PROMISSORY NOTE

This Amendment Number Two to Consolidated Secured Promissory Note (this "Amendment") is entered into as of August 13, 2025, by and between **STARCO BRANDS, INC.**, a Nevada corporation ("Borrower" or the "Company"), and **ROSS SKLAR**, an individual ("Lender"). Capitalized terms used in this Amendment without definition shall have the meanings given to them in the Consolidated Note (as defined below).

RECITALS

WHEREAS, the Lender and Borrower are parties to a Consolidated Secured Promissory Note, dated August 11, 2023 (as restated, supplemented, or otherwise modified from time to time, collectively, the "Consolidated Note"), pursuant to which the Lender had loaned to Borrower the aggregate principal sum of Four Million Dollars (\$4,000,000).

WHEREAS, the Borrower and certain of its subsidiaries (the "Borrower Group") entered into a Loan and Security Agreement dated as of May 24, 2024 (as restated, supplemented or otherwise modified from time to time, collectively, the "LSA") with Gibraltar Business Capital, LLC ("Gibraltar"), pursuant to which Gibraltar has agreed to extend certain financing arrangements to the Borrower Group;

WHEREAS, in connection with the LSA, the Lender and Gibraltar entered into that certain Subordination Agreement, dated as of May 24, 2024, between Lender and Gibraltar (the "Subordination Agreement"), pursuant to which the Lender has agreed to subordinate its rights under the Consolidated Note to Gibraltar's rights under the LSA as set forth in the Subordination Agreement;

WHEREAS, the Lender, Borrower and Gibraltar, entered into Amendment Number One to the Consolidated Note, on May 31, 2024, pursuant to which, among other things, the Consolidated Note was made subject to the Subordination Agreement;

WHEREAS, in connection with the proceeds received by Borrower under the LSA and the terms of the Subordination Agreement, Borrower repaid Lender a sum of One Million Five Hundred Twenty-Seven Thousand Five Hundred Dollars (\$1,527,500) on the original principal amount of the Consolidated Note, and as of the date hereof, the outstanding principal balance of the Consolidated Note is Two Million Four Hundred Seventy-Two Thousand Dollars Five Hundred (\$2,472,500);

WHEREAS, the LSA has been amended by (a) that certain Waiver and Amendment No. 1 to Loan and Security Agreement, dated as of September 17, 2024 (the "First Amendment"), and (b) that certain Forbearance Agreement and Amendment No. 2 to Loan Agreement, dated as of July 18, 2025 (the "Forbearance and Amendment");

WHEREAS, pursuant to the terms of the Forbearance and Amendment, Lender has (i) made an additional loan to Borrower in an amount equal to \$500,000 as of July 15, 2025 (the "July 2025 Loan"), and (b) Lender intends to make an additional loan to Borrower in an amount equal to \$500,000 on or prior to August 15, 2025 (the "August 2025 Loan"), and together with the July 2025 Loan, collectively, the "2025 Loans"), and has agreed that the 2025 Loans shall constitute Subordinated Debt under the terms of the LSA and Subordination Agreement; and

WHEREAS, Borrower has requested, and Lender has agreed, to consolidate the 2025 Loans as part of the obligations due and owing to Lender pursuant to the Consolidated Note, and to make such other amendments to the Consolidated Note pursuant to the terms hereof.

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

1. Recitals. Each of the parties hereto acknowledges and agrees that the recitals set forth above in this Amendment are true and accurate and are hereby incorporated into and made a part of this Amendment.

2. Amendments to the Consolidated Note.

a. The Consolidated Note is hereby amended by removing “\$4,000,000” from the heading of the Consolidated Note and replacing it with “\$3,472,500”.

b. The preamble of the Consolidated Note is hereby amended and restated in its entirety to read as follows:

“FOR VALUE OF RECEIVED **Starco Brands, Inc.**, a Nevada corporation, its successors and assigns (“Borrower”), enter into this Consolidated Secured Promissory Note (this “Consolidated Secured Promissory Note”) to consolidate (a) the Prior Notes (as defined below), (b) that certain loan to Borrower in an amount equal to \$500,000 as of July 15, 2025 (the “July 2025 Loan”), and (c) that certain loan to Borrower in an amount equal to \$500,000 to be made by Lender on or prior to August 15, 2025 (the “August 2025 Loan”, and together with the July 2025 Loan, collectively, the “2025 Loans”). Borrower promises to pay to the order of **Ross Sklar**, an individual (“Sklar” or “Lender”), at Lender’s current address of 706 N. Citrus Ave, Los Angeles, CA 90038, or at such other addresses as Lender may from time to time designate in writing to Borrower, the principal sum of THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND FIVE HUNDRED AND ZERO CENTS (\$3,472,500.00) (the “Loan Amount”), together with interest thereon and all other sums due and/or payable under any Loan Document (the “Loan”); such principal and other sums to be calculated and payable as provided in this Consolidated Secured Promissory Note.”

c. The following Section 15 is hereby added to Consolidated Note, immediately following Section 14, to read as follows:

“15. Subordination. This Consolidated Secured Promissory Note is subject to that certain Subordination Agreement dated as of May 24, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “Subordination Agreement”), by and between Lender and Gibraltar Business Capital, LLC, a Delaware limited liability company (“Senior Lender”). Notwithstanding anything to the contrary in this Consolidated Secured Promissory Note, the obligations of Borrower in respect of this Consolidated Secured Promissory Note and Lender’s rights hereunder shall be subordinate and junior, to the extent and in the manner set forth in the Subordination Agreement, to the Senior Indebtedness. The provisions of this Section 15 are included solely for the purpose of defining the relative rights of Lender and Senior Lender, and nothing herein shall impair, as between Borrower and Lender, Borrower’s unconditional and absolute obligation to pay Lender all amounts owing hereunder when due in accordance with the terms of this Note and otherwise comply with the terms hereof. In the event of any conflict between the terms of the Consolidated Secured Promissory Note and the Subordination Agreement, the Subordination Agreement shall control.”

3. Representations and Warranties. In order to induce Lender to enter into this Amendment, Borrower, for itself, and for its affiliates, successors and assigns, hereby acknowledges, represents, warrants and agrees as follows:

a. Borrower has full power and authority to enter into this Amendment and to incur and perform all obligations and covenants contained herein, all of which have been duly authorized by all proper and necessary action. No consent, approval, filing or registration with or notice to any governmental authority is required as a condition to the validity of this Amendment or the performance of any of the obligations of Borrower hereunder.

b. There is no fact known to Borrower or which should be known to Borrower which Borrower has not disclosed to Lender on or prior to the date of this Amendment which would or could materially and adversely affect the understanding of Lender expressed in this Amendment or any representation, warranty, or recital contained in this Amendment.

c. Except as expressly set forth in (i) this Amendment, (ii) the Subordination Agreement, and (iii) the LSA, Borrower acknowledges and agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of Borrower under the terms of any other agreement between Lender and Borrower.

d. Borrower has no defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Lender, directly or indirectly, arising out of, based upon, or in any manner connected with, the transactions contemplated hereby, whether known or unknown, which occurred, existed, was taken, permitted, or begun prior to the execution of this Amendment and occurred, existed, was taken, permitted or begun in accordance with, pursuant to, or by virtue of any of the terms or conditions of any agreements between Lender and Borrower. To the extent any such defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action exist or existed, such defenses, rights, claims, counterclaims, actions and causes of action are hereby waived, discharged and released. Borrower hereby acknowledges and agrees that the execution of this Amendment by Lender shall not constitute an acknowledgment of or admission by Lender of the existence of any claims or of liability for any matter or precedent upon which any claim or liability may be asserted.

e. Borrower represents and warrants that as of the date hereof no events of default or other material breaches exist under any agreements between Lender and Borrower, or have occurred prior to the date hereof.

4. Certain Acknowledgements. Borrower and Lender each acknowledge and agree that (i) (a) Lender's right to receive payments under the Consolidated Note; and (b) the lien granted by Borrower to Lender under the Consolidated Note are expressly subordinate and junior to Gibraltar's right to receive payments under the LSA and to the lien granted by Borrower to Gibraltar under the LSA, pursuant to the terms of the Subordination Agreement, and (ii) Borrower's repayment of principal and interest under the Consolidated Note are only permitted strictly in accordance with the terms set forth in Section 3.7 of the Subordination Agreement. In the event of a conflict between the terms of the Consolidated Note and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and prevail.

5. Other Terms Unchanged. The Consolidated Note, as amended by this Amendment, remains and continues in full force and effect, constitutes legal, valid, and binding obligations of each of the parties, and is in all respects agreed to, ratified, and confirmed. Any reference to the Consolidated Note after the date of this Amendment is deemed to be a reference to the Consolidated Note as amended by this Amendment. If there is a conflict between the terms of this Amendment and the Consolidated Note, the terms of this Amendment shall control. No forbearance or waiver may be implied by this Amendment. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment to, any right, power, or remedy of Borrower under the Consolidated Note, as in effect prior to the date hereof. For the avoidance of doubt, this Amendment shall be subject to the governing law and venue provisions, as set forth in the Consolidated Note.

6. No Reliance. Borrower acknowledges and agrees that neither Lender nor any of its officers, directors, members, managers, equity holders, representatives or agents has made any representations or warranties to Borrower or any of its agents, representatives, officers, directors, or employees except as expressly set forth in this Amendment and, in making its decision to enter into the transactions contemplated by this Amendment, Borrower is not relying on any representation, warranty, covenant or promise of Borrower or its officers, directors, members, managers, equity holders, agents or representatives other than as set forth in this Amendment.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The parties hereto confirm that any electronic copy of another party's executed counterpart of this Amendment (or such party's signature page thereof) will be deemed to be an executed original thereof.

8. Further Assurances. Each party shall do and perform or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Amendment and the consummation of the transactions contemplated hereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

“Borrower”

STARCO BRANDS, INC.,
a Nevada corporation

By: /s/ Darin Brown
Name: Darin Brown
Title: Chief Operating Officer

“Lender”

/s/ Ross Sklar
Ross Sklar, an individual

Amendment Number Two
to Consolidated Secured Promissory Note

Accepted and Agreed on and as of
the date of this Amendment:

“Gibraltar”

GIBRALTAR BUSINESS CAPITAL, LLC,
a Delaware limited liability company

By: /s/ Todd A. Seehase
Name: Todd A. Seehase
Title: Senior Vice President

Amendment Number Two
to Consolidated Secured Promissory Note

WAIVER AND AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT

THIS WAIVER AND AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of September 17, 2024, is by and among STARCO BRANDS, INC., a Nevada corporation ("Starco"), WHIPSHOTS HOLDINGS, LLC, a Delaware limited liability company ("Whipshots Holdings"), WHIPSHOTS, LLC, a Wyoming limited liability company ("Whipshots"), THE AOS GROUP INC., a Delaware corporation ("AOS Group"), SKYLAR BODY, LLC, a Delaware limited liability company ("Skylar"), SOYLENT NUTRITION, INC., a Delaware corporation ("Soylent"); and together with Starco, Whipshots Holdings, Whipshots, AOS Group and Skylar, individually and collectively, jointly and severally, the "Borrower", and GIBRALTAR BUSINESS CAPITAL, LLC, a Delaware limited liability company (the "Lender").

WITNESSETH:

WHEREAS, Borrower and Lender have entered into certain financing arrangements, pursuant to which, among other things, Lender may make loans and advances to Borrower, as set forth in that certain Loan and Security Agreement, dated as of May 24, 2024, by and among Borrower and Lender (as amended, restated, supplemented or modified from time to time, the "Loan Agreement" and together with all other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, as amended, restated, supplemented or modified from time to time, collectively, the "Loan Documents"); and

WHEREAS, an Event of Default has occurred and is continuing under the Loan Agreement as a result of the Borrower's failure to maintain EBITDA of at least (\$900,000) for the three (3) month period ending July 31, 2024, in violation of Section 8.1 of the Loan Agreement, resulting in an Event of Default under Section 9.2 of the Loan Agreement (the "Specified Default"); and

WHEREAS, Borrower has requested that Lender (i) waive the Specified Default, and (ii) agree to make certain modifications to the Loan Agreement, and Lender is willing to agree to waive the Specified Default and make such modifications, in each case, subject to the terms and conditions and to the extent set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and the respective agreements, warranties and covenants contained herein, the parties hereto agree, covenant and warrant as follows:

1. Interpretation. All capitalized terms used herein shall have the meanings assigned thereto in the Loan Agreement unless otherwise defined herein.

2. Waiver; Reservation of Rights.

2.1 Waiver. Lender hereby waives the Specified Default, subject to (i) there being no Default or Event of Default in existence and continuing on the date hereof after giving effect to this Amendment, and (ii) the other terms and conditions set forth herein.

2.2 No Other Waiver. Except as expressly provided in Section 2.1 of this Amendment, Lender has not waived, is not by this Amendment waiving, and has no intention of waiving, any Event of Default that may be continuing on the effective date hereof or any Event of Default that may occur after the effective date hereof, and Lender has not agreed to forbear with respect to any of its rights or remedies concerning any Event of Default that may have occurred or is continuing as of the effective date hereof or that may occur after the effective date hereof.

2.3 Reservation of Rights. Subject to the waiver contained in Section 2.1, Lender reserves the right, in its discretion, to exercise any or all of its rights and remedies under the Loan Agreement and the other Loan Documents as a result of any Event of Default (other than the Specified Default) that may be continuing on the effective date hereof or any Event of Default (other than the Specified Default) that may have occurred or occur after the effective date hereof, Lender has not waived any of such rights or remedies, and nothing in this Amendment, and no delay on the part of Lender in exercising any such rights or remedies, shall be construed as a waiver of any such rights or remedies.

3. Amendments to Loan Agreement

3.1 Permitted Liens. Effective as of the date hereof, the definition of “Permitted Liens” set forth in Section 1.1 of the Loan Agreement is hereby amended by deleting the period at the end of clause (p) and adding “; and” in its place, and by the addition of new clause (q) to read in its entirety as follows:

“(q) Liens over cash collateral (and any deposit accounts solely containing such cash collateral) in connection in respect of credit cards, credit card processing services provided by BMO Bank N.A. (or other financial institution reasonably acceptable to Lender), not in excess of \$105,000.”

3.2 Financial Statements. Effective as of the date hereof, Section 6.6(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(b) as soon as available, and in any event, (i) within forty five (45) days following the end of each month that is the end of a fiscal quarter and (ii) within thirty (30) days following the end of each other month, a copy of the internal financial statements of the Loan Parties regarding such month, including balance sheet, statement of income and retained earnings, statement of cash flows for the month then ended and such other information (including nonfinancial information) as the Lender may reasonably request, in reasonable detail, prepared and certified as accurate by a Responsible Officer of Administrative Borrower to the effect that such statements are fairly stated in all material respects;”

3.3 Certificates; Other Information. Effective as of the date hereof, Section 6.7 of the Loan Agreement is hereby amended to (i) delete the “and” at the end of clause (d), (ii) replace the “.” at the end of clause (e) with “; and”, and (iii) insert the following new clause (f) at the end thereof:

“(f) at least once every seven (7) days, deliver to Lender a 13-week cash flow forecast for the Loan Parties in form and detail reasonably acceptable to the Lender.”

4. Amendment Fee. In consideration of the amendments made hereunder, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, concurrently with the execution of this Agreement, Borrower shall pay to Lender an amendment fee in the amount of \$5,000 (the “Amendment Fee”). The Amendment Fee is fully earned, due and payable on the date hereof and shall not be subject to rebate, refund or proration for any reason whatsoever.

5. Conditions to Effectiveness. The effectiveness of this Amendment is subject to satisfaction of the following conditions precedent:

5.1 Amendment. Lender shall have received a counterpart of this Amendment duly executed by Borrower.

5.2 Amendment Fee. Lender shall have received the Amendment Fee.

5.3 Representations and Warranties. The representations and warranties of Borrower contained in the Loan Agreement, this Amendment and the other Loan Documents shall be true and correct on and as of the date hereof (except for representations and warranties that expressly relate to an earlier date in which case such representations and warranties shall be true and correct as of such earlier date).

5.4 No Defaults. No Default or Event of Default shall have occurred and be continuing.

6. Provisions of General Application.

6.1 Effect of this Amendment. Except as modified pursuant hereto, no other changes or modifications to the Loan Documents are intended or implied and in all other respects the Loan Documents are hereby specifically ratified, restated and confirmed by all parties hereto as of the effective date hereof. To the extent of conflict between the terms of this Amendment and the other Loan Documents, the terms of this Amendment shall control.

6.2 Legal Expenses. Borrower shall pay on demand all fees and expenses incurred by Borrower in connection with the preparation, negotiation and execution of this Amendment and all related documents.

6.3 Further Assurances. The parties hereto shall execute and deliver such additional documents and take such additional action as may be necessary or desirable to effectuate the provisions and purposes of this Amendment.

6.4 Merger. This Amendment and the documents executed in connection herewith represent the entire expression of the agreement of Borrower and Lender regarding the matters set forth herein. No modification, rescission, waiver, release or Amendment of any provision under the Loan Documents shall be made, except by a written agreement signed by Borrower and Lender.

6.5 Binding Effect; No Third-Party Beneficiaries. This Amendment shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns. This Amendment is solely for the benefit of each of the parties hereto and their respective successors and assigns, and no other person shall have any right, benefit, priority or interest under, or because of the existence of, this Amendment.

6.6 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confirmed to the provision so held to be invalid or unenforceable.

6.7 Governing Law. The rights and obligations hereunder of each of the parties hereto shall be governed by and interpreted and determined in accordance with the internal laws of the State of Illinois (without giving effect to principles of conflict of laws).

6.8 Counterparts. This Amendment and any notices delivered under this Amendment, may be executed by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Lender reserves the right, in its sole discretion, to accept, deny, or condition acceptance of any electronic signature on this Amendment or on any notice delivered to Lender under this Amendment. This Amendment and any notices delivered under this Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. Delivery of an executed counterpart of a signature page of this Amendment and any notices as set forth herein will be as effective as delivery of a manually executed counterpart of this Amendment or notice.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their authorized officers as of the day and year first above written.

BORROWER:

STARCO BRANDS, INC.

By: /s/ Kevin Zaccardi
Name: Kevin Zaccardi
Title: CFO

WHIPSHOTS HOLDINGS, LLC

By: /s/ Kevin Zaccardi
Name: Kevin Zaccardi
Title: CFO

WHIPSHOTS, LLC

By: /s/ Kevin Zaccardi
Name: Kevin Zaccardi
Title: CFO

THE AOS GROUP INC.

By: /s/ Kevin Zaccardi
Name: Kevin Zaccardi
Title: CFO

SKYLAR BODY, LLC

By: /s/ Kevin Zaccardi
Name: Kevin Zaccardi
Title: CFO

SOYLENT NUTRITION, INC.

By: /s/ Kevin Zaccardi
Name: Kevin Zaccardi
Title: CFO

LENDER:

GIBRALTAR BUSINESS CAPITAL, LLC

By: /s/ Todd A. Seehase

Name: Todd A. Seehase

Title: SVP

[Signature Page to Waiver and Amendment No. 1 to Loan Agreement]

**FORBEARANCE AGREEMENT AND
AMENDMENT NO. 2 TO LOAN AGREEMENT**

THIS FORBEARANCE AGREEMENT AND AMENDMENT NO. 2 TO LOAN AGREEMENT, dated as of July 18, 2025 (the “Forbearance Agreement”) is entered into by and among STARCO BRANDS, INC., a Nevada corporation (“Starco”), WHIPSHOTS HOLDINGS, LLC, a Delaware limited liability company (“Whipshots Holdings”), WHIPSHOTS, LLC, a Wyoming limited liability company (“Whipshots”), THE AOS GROUP INC., a Delaware corporation (“AOS Group”), SKYLAR BODY, LLC, a Delaware limited liability company (“Skylar”), SOYLENT NUTRITION, INC., a Delaware corporation (“Soylent”; and together with Starco, Whipshots Holdings, Whipshots, AOS Group and Skylar, individually and collectively, jointly and severally, the “Borrower”) and Gibraltar Business Capital, LLC, a Delaware limited liability company (“Lender”).

WITNESSETH:

WHEREAS, Lender and Borrower have entered into financing arrangements pursuant to which Lender has made and provided and may hereafter make and provide loans, advances and other financial accommodations to Borrower as set forth in the Loan and Security Agreement, dated as of May 24, 2024, by and between Lender and Borrower (as amended hereby and as the same may hereafter be further amended, modified, supplemented, extended, renewed, restated or replaced, the “Loan Agreement”), and the other Loan Documents;

WHEREAS, in accordance with the (a) Notice of Event Default and Reservation of Rights, dated November 22, 2024, certain Events of Default have occurred under the Loan Agreement as a result of (i) Borrowers’ failure to deliver to Lender, within forty five (45) days following the month ended September 30, 2024 that was the end of a fiscal quarter, a copy of the internal financial statements of the Loan Parties regarding such month, as required by Section 6.6(b) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement, (ii) Borrowers’ failure to deliver to the Lender, within thirty (30) days following the month ended September 30, 2024, a Compliance Certificate, as required by Section 6.7(d) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement, (iii) Borrowers’ failure to deliver to Lender additional information (including nonfinancial information) reasonably requested by Lender with respect to the internal financial statements delivered to Lender for the month ended August 31, 2024, as required by section 6.6(b) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement and (iv) Borrowers’ failure to provide to Gordon Brothers, as Lender’s authorized representative in connection with an updated appraisal of Borrowers’ Inventory, information regarding the operations, business affairs, financial condition and Collateral of Borrowers, as required by Section 6.6(f) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement, (b) Notice of Events of Default and Reservation of Rights dated December 4, 2024, certain additional Events of Default have occurred as a result of (i) Borrowers’ failure to deliver to Lender, within thirty (30) days following the month ended October 31, 2024, a copy of the internal financial statements of the Loan Parties regarding such month, as required by Section 6.6(b) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement and (ii) Borrowers’ failure to deliver to the Lender, within thirty (30) days following the month ended October 31, 2024, a Compliance Certificate, as required by Section 6.7(d) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement, (c) Notice of Events of Default and Reservation of Rights dated January 21, 2025, certain additional Events of Default have occurred as a result of Borrowers’ failure to maintain the minimum EBITDA of (\$300,000) for the five (5) month period ended September 30, 2024, as required by Section 8.1 of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement, (d) Notice of Events of Default and Reservation of Rights dated April 7, 2025, certain additional Events of Default have occurred as a result of (i) Borrowers’ failure to maintain the minimum EBITDA of (A) \$850,000 for the eight (8) month period ended December 31, 2024 and (B) \$1,100,000 for the nine (9) month period ended January 31, 2025, each as required by Section 8.1 of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement; (ii) Borrowers’ failure to deliver to Lender, within thirty (30) days following each of the months ended December 31, 2024, January 31, 2025 and February 28, 2025, a copy of the internal financial statements of the Loan Parties regarding such month, as required by Section 6.6(b) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement; (iii) Borrowers’ failure to deliver to the Lender, within thirty (30) days following each of the months ended November 30, 2024, December 31, 2024, January 31, 2025 and February 28, 2025, a Compliance Certificate, as required by Section 6.7(d) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement; (iv) Borrowers’ failure to deliver to Lender, within ninety (90) days following the fiscal year ended December 31, 2024, a copy of the annual audited consolidated financial statements of the Loan Parties regarding such fiscal year, as required by Section 6.6(a) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement; (v) Borrowers’ failure to deliver to Lender, within thirty (30) days following the fiscal year ended December 31, 2024, projections for the operations of the Loan Parties’ business for the fiscal year immediately following such fiscal year, as required by Section 6.6(e) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement, (e) Notice of Events of Default and Reservation of Rights dated June 13, 2025, certain additional Events of Default have occurred as a result of (i) Borrowers’ failure to maintain the minimum EBITDA of (A) \$1,200,000 for the ten (10) month period ended February 28, 2025, (B) \$1,300,000 for the eleven (11) month period ended March 31, 2025 and (C) \$1,400,000 for the twelve (12) month period ended April 30, 2025, each as required by Section 8.1 of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement; (ii) Borrowers’ failure to deliver to Lender, within forty five (45) days following the month ended March 31, 2025 and thirty (30) days following the month ended April 30, 2025, a copy of the internal financial statements of the Loan Parties regarding such month, as required by Section 6.6(b) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement; and (iii) Borrowers’ failure to deliver to the Lender, within thirty (30) days following each of the months ended March 31, 2025 and April 30, 2025, a Compliance Certificate, as required by Section 6.7(d) of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement and (f) Borrowers’ failure to maintain the minimum EBITDA of \$2,200,000 for the twelve (12) month period ended May 31, 2025, as required by Section 8.1 of the Loan Agreement and resulting in an Event of Default under Section 9.2(a) of the Loan Agreement (collectively, the “Existing Events of Default”);

WHEREAS, as a result of the occurrence of the Existing Events of Default under the Loan Agreement and other Loan Documents, Borrower has requested that Lender (a) forbear from exercising its rights and remedies under the Loan Agreement, the other Loan Documents and applicable law arising in respect of the Existing Events of Defaults; and (b) agree to make certain amendments to the Loan Agreement; and

WHEREAS, by this Forbearance Agreement, Borrower and Lender desire and intend to evidence such forbearance and amendments.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

1.1 Existing Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

1.2 Additional Definitions. As used herein, the following terms shall have the respective meanings given to them below, and Section 1.1 of the Loan Agreement shall be deemed and is hereby amended to include, in addition to and not in limitation of all other definitions, each of the following defined terms in appropriate alphabetical order:

(a) “Existing Events of Default” shall have the meaning ascribed to such term in the recitals of the Forbearance Agreement.

(b) “Forbearance Agreement” shall mean the Forbearance Agreement and Amendment No. 2 to the Loan Agreement, dated as of July 18, 2025, by and between Borrower and Lender, as the same now exists or may hereafter be amended, modified, extended, renewed restated or replaced.

(c) “Forbearance Effective Date” shall mean the date on all of the conditions precedent set forth in Section 8 have been satisfied, waived, or the time for satisfaction extended in writing by Lender.

(d) “Forbearance Period” shall mean the period commencing on the Forbearance Effective Date and ending on the Forbearance Termination Date.

(e) “Forbearance Termination Date” shall have the meaning given to such term in Section 4.2 of the Forbearance Agreement.

(f) “Paid in Full” or “Payment in Full” mean the indefeasible payment and satisfaction in full in immediately available funds of all of the Obligations (other than contingent and indemnification obligations for which no claim has been made) and the termination of the financing arrangements provided by Lender to Borrower on terms and conditions acceptable to Lender and otherwise in accordance with the terms of the Loan Agreement and the other Loan Documents, including without limitation the provision of cash collateral or other security sufficient to collateralize or otherwise secure the prompt payment and performance of any contingent or unliquidated Obligations as determined by Lender in its Permitted Discretion.

SECTION 2. AMENDMENTS TO LOAN AGREEMENT.

2.1 Permitted Indebtedness. Effective as of the date hereof, clause (f) of the definition of “Permitted Indebtedness” set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(f) Subordinated Debt in an aggregate principal amount not exceeding \$10,000,000, so long as such Subordinated Debt is subject to the terms of a Subordination Agreement.”

SECTION 3. ACKNOWLEDGMENTS AND AGREEMENTS.

3.1 Acknowledgment of Indebtedness. Borrower hereby acknowledges, confirms and agrees, subject to the terms of the Loan Documents, that as of the close of business on July 17, 2025, Borrower is indebted to Lender for Obligations in the aggregate principal amount of \$4,222,125.36, which amount, together with all interest accrued and accruing thereon at the Default Rate, and all costs, fees, expenses and other charges now or hereafter payable by Borrower to Lender, is, as of the date hereof, subject to the terms of the Loan Documents, unconditionally owing by Borrower to Lender, without offset, defense or counterclaim of any kind, nature or description whatsoever.

3.2 Acknowledgment of Security Interests. Borrower hereby acknowledges, confirms and agrees that Lender has, and shall continue to have, valid, enforceable and perfected liens upon and security interests in the Collateral and all other assets and properties of Borrower upon or in which Lender has been granted or holds a lien or security interest.

3.3 Binding Effect of Documents. Borrower hereby acknowledges, confirms and agrees that: (a) each of the Loan Documents to which Borrower is a party has been duly executed and delivered by Borrower to Lender and is in full force and effect as of the date hereof; (b) the agreements and obligations of Borrower contained in the Loan Documents constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with the terms thereof, and Borrower has no valid defense to the enforcement of such obligations as of the date hereof; and (c) Lender are and shall be entitled to all of the rights, remedies and benefits provided for in the Loan Documents.

3.4 No Obligation to Lend. Borrower hereby acknowledges, confirms and agrees that notwithstanding anything in this Forbearance Agreement or any other Loan Document to the contrary, Lender shall have no further obligations to make any additional Revolving Loans, advances, or other financial accommodations to Borrower; provided, that, Lender may continue to make additional Revolver Loans to Borrower so long as (i) such Revolver Loans shall continue to be and remain subject to the Borrowing Base Amount pursuant to the Loan Agreement, and (ii) no Default or Event of Default, other than the Existing Events of Default, shall exist or shall have occurred and be continuing. Borrower further acknowledges, confirms and agrees that any Revolving Loans, advances, or other financial accommodations made by Lender to Borrower, if any, shall be in Lender’s sole and absolute discretion.

3.5 Reasonably Equivalent Value. The Borrower hereby admits, acknowledges and agrees that (i) the Lender’s entry into, and covenants to perform in accordance with, this Forbearance Agreement and (ii) the Lender’s consummation of the transactions contemplated in this Forbearance Agreement, constitute “new value” and “reasonably equivalent value,” as those terms are used in Section 547 and 548 of Title 11 of the United States Code (the “**Bankruptcy Code**”), received by the Borrower as of the Effective Date of this Forbearance Agreement in contemporaneous exchange for the Borrower’s entry into, and covenants to perform in accordance with, this Forbearance Agreement, and the Borrower’s consummation of the transactions contemplated hereby.

SECTION 4. FORBEARANCE.

4.1 Acknowledgment of Existing Events of Default. Borrower hereby acknowledges, confirms and agrees that (a) each Specified Event of Default has occurred and is continuing; (b) each Existing Event of Default constitutes an Event of Default under the Loan Agreement and the other Loan Documents; and (c) in the absence of this Forbearance Agreement, the occurrence of the Existing Events of Default entitles Lender to exercise its rights and remedies under the Loan Documents, applicable law and otherwise.

4.2 Forbearance.

(a) In reliance upon the representations, warranties and covenants of Borrower contained in this Forbearance Agreement, and subject to the terms and conditions of this Forbearance Agreement, Lender agrees that, subject to the terms and conditions contained herein, during the period commencing on the Forbearance Effective Date and ending on the earlier of the following dates (the earliest of such dates being referred to herein as the “Forbearance Termination Date”): (i) the date of the occurrence of any Forbearance Termination Event or any Event of Default, other than the Existing Events of Default, and (ii) September 16, 2025, Lender shall forbear from exercising any of its rights and remedies arising under the Loan Documents or applicable law due to the occurrence of the Existing Events of Default.

(b) So long as no Forbearance Termination Event or any Event of Default, other than the Existing Events of Default, has occurred, the Forbearance Termination Date shall be extended until (i) October 16, 2025; provided, that, Borrower shall have delivered to Lender, on or before August 31, 2025, evidence in form and substance acceptable to Lender that Borrower has maintained minimum EBITDA, for period commencing on May 1, 2025 through and including July 31, 2025, equal to or greater than \$300,000 and (ii) November 15, 2025; provided, that, Borrower shall have delivered to Lender, on or before September 30, 2025, evidence in form and substance acceptable to Lender that Borrower has maintained, minimum EBITDA for period commencing on May 1, 2025 through and including August 31, 2025, equal to or greater than \$300,000;

(c) Upon the Forbearance Termination Date, the agreement of Lender to forbear with respect to the Existing Events of Default shall automatically and without further action terminate and be of no force and effect, it being understood and agreed that the effect of such termination will be to permit Lender to immediately exercise, without any further notice or forbearance of any kind, all of its rights and remedies under the Loan Agreement and other Loan Documents, applicable law or otherwise with respect to the Existing Events of Default or any other Event of Default which shall exist or shall have occurred and be continuing at such time, including without limitation, the right to require payment in full in cash of all Obligations or any portion thereof.

(d) No termination of the Loan Agreement or other Loan Documents shall relieve or discharge Borrower of its duties, covenants and obligations under the Loan Documents until all Obligations have been indefeasibly paid and satisfied in full in immediately available funds on terms and conditions acceptable to Lender. Borrower hereby expressly waives any right to receive notification under Section 9-611 of the UCC or otherwise of any disposition of any Collateral by Lender or its designees, and waives any rights under Sections 9-620(e) and 9-623 of the UCC.

4.3 No Waiver; Reservation of Rights.

(a) Lender has not waived, is not by this Forbearance Agreement waiving and has no intention of waiving the Existing Events of Default or any other Event of Default that has occurred as of the date hereof, that may be continuing as of the date hereof or that may occur after the date hereof, whether any such Events of Default are the same or similar to the Existing Events of Defaults. Except with respect to the Existing Events of Default, in each case, as and to the extent expressly set forth in Sections 4.2(a) above, Lender has not agreed to forbear from exercising any of its rights or remedies concerning any Event of Default that may have occurred as of the date hereof, that may be continuing as of the date hereof or that may occur after the date hereof.

(b) Subject to Sections 4.2 above, Lender reserves the right to exercise any or all of its rights and remedies under the Loan Documents or otherwise as a result of any Event of Default that may be continuing on the date hereof or that may occur after the date hereof. Lender has not waived any of its rights or remedies and nothing in this Forbearance Agreement, or any delay on its part in exercising any such rights or remedies, should be construed as a waiver of any such rights or remedies.

SECTION 5. TERMINATION EVENTS.

Each of the following shall constitute a “Forbearance Termination Event”:

5.1 The occurrence of an Event of Default under the Loan Agreement or any of the other Loan Documents, including without limitation this Forbearance Agreement, other than the Existing Events of Default;

5.2 Any representation or warranty made or deemed made by Borrower herein or which is contained in any certificate, document or financial or other statement furnished by Borrower at any time under or in connection with this Forbearance Agreement or otherwise shall prove to have been inaccurate in any material respect on or as of the date made or deemed made;

5.3 The Borrower shall default in the observance or performance of any covenant, obligation, or agreement contained in this Forbearance Agreement;

5.4 The occurrence of any event which could reasonably be expected to result in an adverse change in (a) the Borrower’s financial condition or business operations or (b) the ability of the Borrower to comply with the terms of this Forbearance Agreement; or

5.5 The commencement of any action, suit, litigation, investigation or other proceeding (i) against Lender by Borrower or entity controlled by, affiliated with, related to or under common control with Borrower; and (ii) against Lender by any Person asserting claims relating in any way to Borrower, the Loan Agreement, the Loan Documents, or the Collateral.

SECTION 6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

Borrower represents, warrants and covenants with and to Lender, in addition to the continuing covenants and agreements made by Borrower to Lender pursuant to the Loan Documents, as follows (which representations, warranties and covenants are continuing and shall survive the execution and delivery hereof):

6.1 Authorization, Execution and Delivery. This Forbearance Agreement has been duly authorized, executed and delivered by all necessary action on the part of Borrower, and, if necessary, its equity holders and is in full force and effect as of the date hereof, and the agreements and obligations of Borrower contained herein constitute legal, valid and binding obligations of Borrower enforceable against it in accordance with their terms.

6.2 Accuracy of Existing Representations and Warranties. All of the representations and warranties set forth in the Loan Documents, each as amended hereby, are true and correct in all material respects on and as of the date hereof as if made on the date hereof, except to the extent any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such date; provided that any such representations or warranties made as of the Closing Date shall be true and correct in all material respects as of the Forbearance Effective Date.

6.3 No Default. No Event of Default, as of the date hereof, exists or has occurred and is continuing other than the Existing Events of Default.

6.4 Additional Defaults. The parties hereto acknowledge, confirm and agree that any misrepresentation by Borrower, or any failure of Borrower to comply with the covenants, conditions and agreements contained in this Forbearance Agreement or in any other agreement, document or instrument at any time executed and/or delivered by Borrower with, to or in favor of Lender shall constitute an Event of Default under the Loan Agreement and the other Loan Documents, and shall not be subject to any cure or grace period.

SECTION 7. ADDITIONAL COVENANTS AND AGREEMENTS.

7.1 Capital Contribution. On or before (i) July 18, 2025, Ross Sklar shall make a capital contribution to Borrower equal to not less than Five Hundred Thousand (\$500,000) in the form of Subordinated Debt (the "July 2025 Capital Contribution") and (ii) August 15, 2025, Ross Sklar shall make a capital contribution to Borrower equal to not less than Five Hundred Thousand (\$500,000) in the form of Subordinated Debt (the "August 2025 Capital Contribution"; and together with the July 2025 Capital Contribution, collectively, the "Capital Contribution"). In connection with the Capital Contributions, Borrower shall deliver to Lender:

(a) at least five (5) Business Days prior to the receipt by Borrower of each Capital Contribution (or such later date as Lender may agree to in its discretion), copies of all material agreements relating to such Capital Contribution which agreements shall be in form and substance acceptable to Lender;

(b) on or before the receipt by Borrower of each Capital Contribution (or such later date as Lender may agree to in its discretion), fully executed copies of all material agreements relating to such Capital Contribution substantially in the form provided pursuant to Section 7.4(a) above; and

(c) on or before the receipt by Borrower of each Capital Contribution (or such later date as Lender may agree to in its discretion), an amendment to the Subordination Agreement, dated as of May 24, 2024, duly executed by Ross Sklar and Lender, which amendment shall be in form and substance acceptable to Lender.

7.2 Financial Covenants. From the month ended June 30, 2025 through the Forbearance Termination Date, Borrower shall not be required to comply with the minimum EBITDA covenant set forth in Section 8.1 of the Loan Agreement.

7.3 Additional Audits, Inspections, and Appraisals. Without in any way limiting the rights set forth herein or in the Loan Agreement, and in addition to all other rights and remedies available to the Lender, Lender shall be permitted to conduct such additional audits, field exams, and inspections, as the Lender may determine to be necessary or appropriate, all at the Borrower's sole cost and expense, and the Loan Parties agree to cooperate with Lender's consultants and representatives, including granting such consultants and representatives reasonable access to the Loan Parties' premises, books and records, and personnel in connection with the foregoing. For the avoidance of doubt, such permission granted by this Section 7.6, shall include, but not be limited to, the ability of Lender to audit, test, and inspect, any and all receipts, disbursements, Collateral, and loan balances of the Borrower on a weekly basis.

7.4 Exclusive Obligations of Borrower. The Borrower hereby acknowledges, covenants, and agrees that nothing in this Forbearance Agreement or otherwise shall or shall be construed to obligate or require, or evidence any agreement or commitment of Lender, to make Revolving Loans, fund or otherwise ensure that Borrower has sufficient funding to pay any of the expenses or other obligations that Borrower is required to pay in accordance with the terms and conditions of this Forbearance Agreement or under the other Loan Documents. Lender shall have no obligation to extend any Revolving Loans or other financial accommodations to Borrower and any such extensions shall be in Lender's sole and absolute discretion.

7.5 Application of Proceeds. Borrower hereby covenants and agrees that any proceeds Borrower receives in connection with (i) any of Borrower's Accounts, (ii) the sale of any Inventory owned by Borrower, (iii) any licenses or other similar rights provided to any other Person in or with respect to any Intellectual Property owned or controlled by Borrower and (iv) the sale of any other assets of the Borrower, shall be held in trust for Lender and immediately remitted to Lender for application to the Obligations in such order and manner as determined by Lender.

7.6 Release.

(a) In consideration of the agreements of Lender contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower, on behalf of itself and its successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably release, remise and forever discharge Lender, its successors and assigns, and its respective present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Lender and all such other parties being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or its successors, assigns or other legal representatives, may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the day and date of this Forbearance Agreement, in connection with the Loan Agreement or other Loan Documents, as amended and supplemented through the date hereof.

(b) Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final and unconditional nature of the release set forth above.

7.7 Covenant Not to Sue. Borrower, on behalf of itself and its successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably covenant and agree with each Releasee that Borrower will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged pursuant to Section 7.8 above. If Borrower violates the foregoing covenant, then Borrower agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

7.8 Waiver of Statutory Provisions. BORROWER HEREBY EXPLICITLY WAIVES ALL RIGHTS UNDER AND ANY BENEFITS OF ANY COMMON LAW OR STATUTORY RULE OR PRINCIPLE WITH RESPECT TO THE RELEASE OF SUCH CLAIMS. BORROWER AGREES THAT NO SUCH COMMON LAW OR STATUTORY RULE OR PRINCIPLE SHALL AFFECT THE VALIDITY OR SCOPE OR ANY OTHER ASPECT OF THIS MUTUAL RELEASE.

SECTION 8. CONDITIONS TO EFFECTIVENESS.

The forbearance provisions set forth in Section 4.2 herein shall be effective as of the date hereof, but only upon the satisfaction of each of the following conditions precedent, in a manner satisfactory to Lender:

(a) the receipt by Lender of an original (or faxed or electronic copy) of this Forbearance Agreement, duly authorized, executed and delivered by Borrower;

(b) all of the representations and warranties contained in this Forbearance Agreement, the Loan Agreement and each of the other Loan Documents, as amended hereby, shall be true and correct in all material respects after giving effect to this Forbearance Agreement, except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct as of such date;

(c) after giving effect to the provisions of this Forbearance Agreement, no Default or Event of Default, other than the Existing Events of Default, shall exist or shall have occurred and be continuing.

SECTION 9. PROVISIONS OF GENERAL APPLICATION.

9.1 Effect of this Forbearance Agreement. Except as expressly set forth herein, no other changes or modifications to the Loan Documents are intended or implied, and in all other respects the Loan Documents are hereby specifically ratified, restated and confirmed by all parties hereto as of the date hereof. This Forbearance Agreement and any instruments or documents delivered or to be delivered in connection herewith, represent the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. To the extent of conflict between the terms of this Forbearance Agreement and the other Loan Documents, the terms of this Forbearance Agreement shall control. The Loan Agreement and this Forbearance Agreement shall be read and construed as one agreement.

9.2 Binding Agreement; No Third Party Beneficiaries. This Forbearance Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns. This Forbearance Agreement is solely for the benefit of Lender, Borrower, and their respective successors and assigns, and no other person shall have any right, benefit, priority or interest under, or because of the existence of, this Forbearance Agreement.

9.3 Costs and Expenses. In addition to all other fees and expenses payable by Borrower to Lender under the Loan Documents or otherwise, Borrower shall reimburse Lender for all costs and expenses including, without limitation, all legal fees and expenses incurred by Lender in the structuring, negotiation, arrangement and/or preparation of this Forbearance Agreement and the agreements, documents and/or instruments in connection herewith or contemplated hereby.

9.4 Further Assurances. The parties hereto shall execute and deliver such additional documents and take such additional action as may be reasonably necessary or desirable to effectuate the provisions and purposes of this Forbearance Agreement.

9.5 Governing Law. The validity, interpretation and enforcement of this Forbearance Agreement and any dispute arising out of the relationship between the parties hereto whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Illinois but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of Illinois.

9.6 Waiver of Jury Trial. To the fullest extent permitted by applicable law, Borrower hereby irrevocably waives any right to trial by jury of any claim, demand, action or cause of action arising under this agreement or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this agreement or the transactions contemplated hereby, in each instance whether now existing or hereafter arising and whether in contract, tort, equity or otherwise.

9.7 Headings. The headings listed herein are for convenience only and do not constitute matters to be construed in interpreting this Forbearance Agreement.

9.8 Counterparts. This Forbearance Agreement may be executed in any number of counterparts, but all of such counterparts shall together constitute but one and the same agreement. In making proof of this Forbearance Agreement, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Forbearance Agreement by telecopier or other electronic method of transmission shall have the same force and effect as delivery of an original executed counterpart of this Forbearance Agreement. Any party delivering an executed counterpart of this Forbearance Agreement by telecopier or other electronic method of transmission also shall deliver an original executed counterpart of this Forbearance Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Forbearance Agreement as to such party or any other party.

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IN WITNESS WHEREOF, the parties hereto have caused this Forbearance Agreement to be duly executed and delivered by their authorized officers as of the day and year first above written.

BORROWER:

STARCO BRANDS, INC.

By: /s/ Ross Sklar
Name: Ross Sklar
Title: CEO

WHIPSHOTS HOLDINGS, LLC

By: /s/ Ross Sklar
Name: Ross Sklar
Title: CEO

WHIPSHOTS, LLC

By: /s/ Ross Sklar
Name: Ross Sklar
Title: CEO

THE AOS GROUP INC.

By: /s/ Ross Sklar
Name: Ross Sklar
Title: CEO

SKYLAR BODY, LLC

By: /s/ Ross Sklar
Name: Ross Sklar
Title: CEO

SOYLENT NUTRITION, INC.

By: /s/ Ross Sklar
Name: Ross Sklar
Title: CEO

[Signature Page to Forbearance Agreement (Starco)]

LENDER:

GIBRALTAR BUSINESS CAPITAL, LLC

By: /s/ Todd A. Seehase

Name: Todd A. Seehase

Title: SVP

[Signature Page to Forbearance Agreement (Starco)]

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 June 30, 2025 (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: August 14, 2025

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

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 June 30, 2025 (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: August 14, 2025

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

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

In connection with the Quarterly Report of Starco Brands, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2025 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: August 14, 2025

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

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

In connection with the Quarterly Report of Starco Brands, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2025 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: August 14, 2025

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