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

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended June 30, 2024**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission file number 000-54830*

**SUNSTOCK, INC.**

(Exact Name of Registrant as Specified in its Charter)

**SANDGATE ACQUISITION CORPORATION**

(Former Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**46-1856372**

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

**111 Vista Creek Circle**

**Sacramento, California 95835**

(Address of principal executive offices) (zip code)

**916-860-9622**

(Registrant's telephone number, including area code)

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--------------------------|--------------------------------------------------|
| None                       | None                     | None                                             |

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--------------------------|--------------------------------------------------|
| Common Stock.              | SSOK.                    | None                                             |

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

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

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 the number of shares outstanding of each of the issuer’s classes of stock, as of the latest practicable date.

| Class                               | Outstanding at August 20, 2024 |
|-------------------------------------|--------------------------------|
| Common Stock, par value \$0.0001    | 5,021,857                      |
| Preferred Stock, par value \$0.0001 | -                              |

Documents incorporated by reference: None

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## PART I — FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

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**SUNSTOCK, INC.**  
**CONDENSED AND CONSOLIDATED BALANCE SHEETS**

|                                                                                                                                                                                | June 30, 2024<br>(unaudited) | December 31, 2023<br>(audited) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|
| <b>ASSETS</b>                                                                                                                                                                  |                              |                                |
| Current assets                                                                                                                                                                 |                              |                                |
| Cash                                                                                                                                                                           | \$ 5,682                     | \$ 13,790                      |
| Inventory – coins                                                                                                                                                              | 1,462,705                    | 1,272,999                      |
| Inventory – precious metals                                                                                                                                                    | 994,658                      | 814,574                        |
| Prepaid expenses                                                                                                                                                               | 21,013                       | 9,327                          |
| Total current assets                                                                                                                                                           | 2,484,058                    | 2,110,690                      |
| Property and equipment, net                                                                                                                                                    | 92                           | 203                            |
| Right of use lease asset                                                                                                                                                       | 28,562                       | 37,120                         |
| Total assets                                                                                                                                                                   | <u>\$ 2,512,712</u>          | <u>\$ 2,148,013</u>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                    |                              |                                |
| Current liabilities                                                                                                                                                            |                              |                                |
| Accounts payable and accrued expenses                                                                                                                                          | \$ 602,031                   | \$ 564,933                     |
| SBA loan – current                                                                                                                                                             | 2,570                        | 8,368                          |
| Right of use lease liability – current                                                                                                                                         | 18,683                       | 16,233                         |
| Loans payable – related parties                                                                                                                                                | 99,235                       | 25,681                         |
| Total current liabilities                                                                                                                                                      | 722,519                      | 615,215                        |
| SBA loan – net of current portion                                                                                                                                              | 147,211                      | 141,632                        |
| Right of use lease liability – non-current                                                                                                                                     | 9,879                        | 20,887                         |
| Total liabilities                                                                                                                                                              | <u>879,609</u>               | <u>777,734</u>                 |
| Stockholders' equity                                                                                                                                                           |                              |                                |
| Preferred stock; \$0.0001 par value, 20,000,000 shares authorized; 0 and 0 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively               | -                            | -                              |
| Common stock, \$0.0001 par value, 100,000,000 shares authorized; 5,021,857 and 5,021,857 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively | 502                          | 502                            |
| Additional paid – in capital                                                                                                                                                   | 67,279,869                   | 67,279,869                     |
| Accumulated deficit                                                                                                                                                            | (65,647,268)                 | (65,910,092)                   |
| Total stockholders' equity                                                                                                                                                     | <u>1,633,103</u>             | <u>1,370,279</u>               |
| Total liabilities, convertible preferred stock, and stockholders' equity                                                                                                       | <u>\$ 2,512,712</u>          | <u>\$ 2,148,013</u>            |

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

**SUNSTOCK, INC.**  
**CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

|                                                                          | For the three months ended June 30, |                     | For the six months ended June 30, |                     |
|--------------------------------------------------------------------------|-------------------------------------|---------------------|-----------------------------------|---------------------|
|                                                                          | 2024                                | 2023                | 2024                              | 2023                |
| Revenues                                                                 | \$ 3,006,739                        | \$ 3,158,247        | \$ 3,288,877                      | \$ 6,498,131        |
| Cost of revenue                                                          | 2,813,020                           | 3,124,057           | 3,091,505                         | 6,417,450           |
| Gross profit                                                             | <u>193,719</u>                      | <u>34,190</u>       | <u>197,372</u>                    | <u>80,681</u>       |
| Operating expenses                                                       |                                     |                     |                                   |                     |
| Professional fees                                                        | 54,174                              | 20,229              | 97,580                            | 82,281              |
| Other operating expenses                                                 | <u>7,273</u>                        | <u>8,233</u>        | <u>12,235</u>                     | <u>16,481</u>       |
| Total operating expenses                                                 | <u>61,447</u>                       | <u>28,462</u>       | <u>109,815</u>                    | <u>98,762</u>       |
| Profit (loss) from operations                                            | <u>132,272</u>                      | <u>5,728</u>        | <u>87,557</u>                     | <u>(18,081)</u>     |
| Other income (expense)                                                   |                                     |                     |                                   |                     |
| Unrealized gain (loss) on investments in precious metals                 | 131,920                             | (40,051)            | 180,084                           | (25,976)            |
| Interest expense                                                         | (1,371)                             | (1,443)             | (2,814)                           | (2,886)             |
| Interest expense related party                                           | (1,377)                             | (1,145)             | (2,003)                           | (1,614)             |
| Loss on settlement of related party debt                                 | -                                   | (123,600)           | -                                 | (123,600)           |
| Total other income (expense), net                                        | <u>129,172</u>                      | <u>(166,239)</u>    | <u>175,267</u>                    | <u>(154,076)</u>    |
| Income (loss) before provision for income taxes                          | <u>261,444</u>                      | <u>(160,511)</u>    | <u>262,824</u>                    | <u>(172,157)</u>    |
| Provision for income taxes                                               | <u>-</u>                            | <u>-</u>            | <u>-</u>                          | <u>-</u>            |
| Net income (loss)                                                        | <u>\$ 261,444</u>                   | <u>\$ (160,511)</u> | <u>\$ 262,824</u>                 | <u>\$ (172,157)</u> |
| Income (loss) per share – basic and diluted                              | <u>\$ 0.05</u>                      | <u>\$ (0.03)</u>    | <u>\$ 0.05</u>                    | <u>\$ (0.04)</u>    |
| Weighted average number of common shares outstanding – basic and diluted | <u>5,021,857</u>                    | <u>4,836,231</u>    | <u>5,021,857</u>                  | <u>4,826,100</u>    |

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

**SUNSTOCK, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND CHANGES IN STOCKHOLDERS'**  
**EQUITY**

|                                                             | <u>Preferred Stock</u> |               | <u>Common Stock</u> |               | <u>Additional</u> | <u>Accumulated</u> | <u>Stockholders'</u> |
|-------------------------------------------------------------|------------------------|---------------|---------------------|---------------|-------------------|--------------------|----------------------|
|                                                             | <u>Shares</u>          | <u>Amount</u> | <u>Shares</u>       | <u>Amount</u> | <u>Paid-in</u>    | <u>Deficit</u>     | <u>Deficit</u>       |
|                                                             |                        |               |                     |               | <u>Capital</u>    |                    |                      |
| <b>Balance at December 31, 2022</b>                         | -                      | \$ -          | 4,815,857           | \$ 481        | \$67,053,289      | \$ (65,915,978)    | \$ 1,137,792         |
| Net loss                                                    | -                      | -             | -                   | -             | -                 | (11,646)           | (11,646)             |
| <b>Balance at March 31, 2023</b><br><b>(unaudited)</b>      | -                      | \$ -          | 4,815,857           | \$ 481        | \$67,053,289      | \$ (65,927,624)    | \$ 1,126,146         |
| Issuance of common stock for<br>related party notes payable | -                      | -             | 206,000             | 21            | 226,580           | -                  | 226,601              |
| Net loss                                                    | -                      | -             | -                   | -             | -                 | (160,511)          | (160,511)            |
| <b>Balance at June 30, 2023</b><br><b>(unaudited)</b>       | -                      | \$ -          | 5,021,857           | \$ 502        | \$67,279,869      | \$ (66,088,135)    | \$ 1,192,236         |
| <b>Balance at December 31, 2023</b>                         | -                      | \$ -          | 5,021,857           | \$ 502        | \$67,279,869      | \$ (65,910,092)    | \$ 1,370,279         |
| Net income                                                  | -                      | -             | -                   | -             | -                 | 1,380              | 1,380                |
| <b>Balance at March 31, 2024</b><br><b>(unaudited)</b>      | -                      | \$ -          | 5,021,857           | \$ 502        | \$67,279,869      | \$ (65,908,712)    | \$ 1,371,659         |
| Net income                                                  | -                      | -             | -                   | -             | -                 | 261,444            | 261,444              |
| <b>Balance at June 30, 2024</b><br><b>(unaudited)</b>       | -                      | \$ -          | 5,021,857           | \$ 502        | \$67,279,869      | \$ (65,647,268)    | \$ 1,633,103         |

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

**SUNSTOCK, INC.**  
**CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

|                                                                                     | For the six months ended June 30, |                   |
|-------------------------------------------------------------------------------------|-----------------------------------|-------------------|
|                                                                                     | 2024                              | 2023              |
| <b>OPERATING ACTIVITIES</b>                                                         |                                   |                   |
| Net income (loss)                                                                   | \$ 262,824                        | \$ (172,157)      |
| Adjustments to reconcile net income (loss) to net cash used in operating activities |                                   |                   |
| Unrealized (gain) loss on investment in precious metals                             | (180,084)                         | 25,976            |
| Depreciation                                                                        | 111                               | 111               |
| Loss on settlement of related party debt                                            | -                                 | 123,600           |
| Changes in operating assets and liabilities                                         |                                   |                   |
| Inventories – coins                                                                 | (189,706)                         | (72,359)          |
| Prepaid expenses                                                                    | (11,686)                          | (12,597)          |
| Accounts payable and accrued expenses                                               | 37,098                            | 9,139             |
| Net cash used in operating activities                                               | <u>(81,443)</u>                   | <u>(98,287)</u>   |
| <b>INVESTING ACTIVITIES</b>                                                         |                                   |                   |
| Net cash used in investing activities                                               | <u>-</u>                          | <u>-</u>          |
| <b>FINANCING ACTIVITIES</b>                                                         |                                   |                   |
| Payments on SBA loan                                                                | (219)                             | -                 |
| Proceeds from loan – related parties                                                | 73,554                            | 91,480            |
| Net cash provided by financing activities                                           | <u>73,335</u>                     | <u>91,480</u>     |
| Net change in cash                                                                  | (8,108)                           | (6,807)           |
| Cash, beginning of period                                                           | 13,790                            | 16,691            |
| Cash, end of period                                                                 | <u>\$ 5,682</u>                   | <u>\$ 9,884</u>   |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITIES:</b>                             |                                   |                   |
| Interest                                                                            | \$ -                              | \$ -              |
| Income taxes                                                                        | \$ -                              | \$ -              |
| <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>      |                                   |                   |
| Shares issued in exchange for related party debt                                    | <u>\$ -</u>                       | <u>\$ 103,000</u> |

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

**SUNSTOCK, INC.**  
**NOTES TO CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

Sunstock, Inc. (“Sunstock” or “the Company”) was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. In July 2013, the Company implemented a change of control by issuing shares to new shareholders, redeeming shares of existing shareholders, electing new officers and directors and accepting the resignations of its then existing officers and directors. In connection with the change of control, the shareholders of the Company and its board of directors unanimously approved the change of the Company’s name from Sandgate Acquisition Corporation to Sunstock, Inc. On July 18, 2013, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 22, 2018, Sunstock, Inc. acquired all assets and liabilities of Mom’s Silver Shop, Inc. (the “Retail Store”) located in Sacramento, California.

The Company’s business plan includes the buying, selling and distribution of precious metals, primarily gold. The Company pursues a “ground to coin” strategy, whereby it seeks to acquire mining assets as well as rights to purchase mining production and to sell these metals primarily through retail channels including their own branded coins. The Company emphasizes investment in enduring assets that we believe may provide ‘resource to retail’ conversion upside. Our goal is to provide our shareholders with an exceptional opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with actual mining operations.

**BASIS OF PRESENTATION**

The accompanying unaudited condensed and consolidated financial statements of Sunstock, Inc. were prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all disclosures required for financial statements prepared in conformity with U.S. GAAP.

The accompanying condensed and consolidated balance sheet at December 31, 2023, has been derived from audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying unaudited condensed and consolidated financial statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023, have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements, and should be read in conjunction with the audited consolidated financial statements and related notes to the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the U.S. Securities and Exchange Commission (SEC). In the opinion of management, all material adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been made to the unaudited condensed and consolidated financial statements. The unaudited condensed and consolidated financial statements include all material adjustments (consisting of all normal accruals) necessary to make the condensed and consolidated financial statements not misleading as required by Regulation S-X Rule 10-01. Operating results for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ended December 31, 2024 or any future periods.

## **USE OF ESTIMATES**

The preparation of the unaudited condensed and consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the Company's management include realizability and valuation of inventories and value of stock-based transactions.

## **CONCENTRATION OF RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with high quality banking institutions. The Company did not have cash balances in excess of the Federal Deposit Insurance Corporation limit as of June 30, 2024 and December 31, 2023.

## **CASH AND CASH EQUIVALENTS**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

## **INVENTORIES**

### **INVENTORY - COINS**

The Company acquires collectible coins from both companies and individuals and then marks them up for resale. The inventory is recorded at lower of cost or market or net realizable value. Inventory can fluctuate in relation to when it is purchased and when it is sold. Collectible coins inventory was \$1,462,705 at June 30, 2024 compared to \$1,272,999 at December 31, 2023.

At each balance sheet date, the Company evaluates its ending inventory quantities on hand and on order and records a provision for excess quantities and obsolescence. Among other factors, the Company considers historical demand and forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining obsolescence and net realizable value. In addition, the Company considers changes in the market value of components in determining the net realizable value of its inventory. Provisions are made to reduce excess or obsolete inventories to their estimated net realizable values. Once established, write-downs are considered permanent adjustments to the cost basis of the excess or obsolete inventories.

### **INVENTORY – PRECIOUS METALS**

Inventories of precious metals and coins held for investment at June 30, 2024 include \$994,658 of gold and silver bullion and bullion coins and \$814,574 at December 31, 2023 and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: 1) published market values attributable to the costs of the raw precious metal, and 2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources such as Kitco and Apmex. The Company's inventory is subsequently recorded at fair market values on a quarterly basis. The fair value of the inventory is determined using pricing and data derived from the markets on which the underlying commodities are traded. Precious metals commodities inventories are classified in Level 1 of the valuation hierarchy as defined later in this section. The Company has continuously experienced a shortage of cash and has had significantly past due obligations. While the Company's preference is to hold the silver and gold bullion to achieve long-term gains, the bullion is available to pay current obligations should the Company not be able to raise cash through issuance of stock or notes payable. Thus, the Company believes that including the gold and silver bullion in current assets under inventory is appropriate.

## **INVENTORY – PRECIOUS METALS (CONTINUED)**

The change in fair value of the precious metals was included in the financial statements herein as recorded on the Company's Statements of Operations as an unrealized gain in precious metal of \$131,920 for the three months ended June 30, 2024, an unrealized loss of \$40,051 for the three months ended June 30, 2023, an unrealized gain of \$180,084 for the six months ended June 30, 2024, and an unrealized loss in precious metals of \$25,976 for the six months ended June 30, 2023.

## **PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 5 years. Any leasehold improvements are amortized at the lesser of the useful life of the asset or the lease term.

## **LONG-LIVED ASSETS**

The Company reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. No impairment charges were incurred during the six months ended June 30, 2024 and 2023. There can be no assurance, however, that market conditions will not change or demand for the Company's services will continue, which could result in impairment of long-lived assets in the future.

## **REVENUE RECOGNITION**

The Company's principal activities from which it generates revenue are product sales. Revenue is measured based on considerations specified in a contract with a customer. A contract exists when it becomes a legally enforceable agreement with a customer. These contracts define each party's rights, payment terms and other contractual terms and conditions of the sale. Consideration is typically paid at time of sale via credit card, check, or cash when products are sold direct to consumers.

A performance obligation is a promise in a contract to transfer a distinct product to the customer, which for the Company is transfer of a product to customers. Performance obligations promised in a contract are identified based on the goods that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract, whereby the transfer of the goods is separately identifiable from other promises in the contract. The Company has concluded the sale of product and related shipping and handling are accounted for as the single performance obligation.

The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation. The transaction price is determined based on the consideration to which the Company will be entitled to receive in exchange for transferring goods to the customer. We do not issue refunds.

The Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control over a product to a customer when product is shipped based on fulfillment by the Company or when a point-of-sale transaction is completed. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of product sales. The Company does not accept returns.

## **INCOME TAXES**

The Company accounts for income taxes and the related accounts under the liability method. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the income tax bases of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Therefore, the Company has recorded a full valuation allowance against the net deferred tax assets. The Company's income tax provision consists of state minimum taxes.

The Company recognizes any uncertain income tax positions on income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

There are no unrecognized tax benefits included in the balance sheet that would, if recognized, affect the effective tax rate.

The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had \$0 accrued for interest and penalties on each of the Company's balance sheets at June 30, 2024 and December 31, 2023.

## **INCOME (LOSS) PER COMMON SHARE**

Basic income (loss) per share represents income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted income (loss) per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income (loss) that would result from the assumed issuance. The Company had no potential common shares as of June 30, 2024 and June 30, 2023.

## **FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company measures the fair value of certain of its financial assets on a recurring basis. A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, such as derivative liabilities in relation to the conversion feature of notes payable.

At June 30, 2024 and December 31, 2023, the Company's financial instruments include cash, precious metals inventory, coins inventory, SBA loan, and accounts payable and accrued expenses. The carrying amount of cash, precious metals inventory, coins inventory, SBA loan, and accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments. Inventory – precious metals is at fair value measured under the Level 1 category.

## PRINCIPLES OF CONSOLIDATION

We consolidate entities that we control due to ownership of a majority voting interest. All intercompany balances and transactions have been eliminated in consolidation.

## NOTE 2 - GOING CONCERN

The Company has not posted annual operating income since inception. It has an accumulated deficit of \$65,647,268 as of June 30, 2024. The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and /or obtain additional financing from its stockholders and/or other third parties. Therefore, there is substantial doubt about the Company's ability to continue as a going concern.

These unaudited condensed and consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, successfully locating and negotiate with a business entity for the combination of that target company with the Company.

There is no assurance that the Company will ever be profitable. The unaudited condensed and consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

The Company intends to initiate discussions with an undetermined third party in regards to raising funds through a private placement of equity which, if it occurs, will provide the Company with funds to expand its operations and likely eliminate the going concern issue.

## NOTE 3 – PROPERTY AND EQUIPMENT

|                                 | June 30, 2024 | December 31, 2023 |
|---------------------------------|---------------|-------------------|
| Furniture and equipment         | \$ 58,460     | \$ 58,460         |
| Less – accumulated depreciation | (58,368)      | (58,257)          |
|                                 | <u>\$ 92</u>  | <u>\$ 203</u>     |

Depreciation expense for the three months ended June 30, 2024 and 2023 was \$55 and \$55, respectively, and for the six months ended June 30, 2024 and 2023 was \$111 and \$111, respectively.

## NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

|                                        | June 30, 2024     | December 31, 2023 |
|----------------------------------------|-------------------|-------------------|
| Accrued court decision                 | \$ 338,171        | \$ 338,171        |
| Accrued consultant fees                | 133,981           | 133,649           |
| Accrued audit fees                     | 47,002            | 14,934            |
| Accrued dividends – preferred stock    | 36,326            | 36,326            |
| Accrued interest payable               | 23,022            | 20,208            |
| Accrued interest payable related party | 14,729            | 12,726            |
| Other accrued expenses                 | 8,800             | 8,919             |
|                                        | <u>\$ 602,031</u> | <u>\$ 564,933</u> |

## NOTE 5 - RELATED PARTY ACTIVITY

During the six months ended June 30, 2024, the Company was provided loans totaling \$73,554 by the Company's chief executive officer. The loans bear interest at 6% per annum. There was \$14,729 in accrued interest at June 30, 2024.

During the six months ended June 30, 2023, the Company was provided loans totaling \$91,480 by the Company's chief executive officer. The loans bear interest at 6% per annum. There was \$12,270 in accrued interest at June 30, 2023.

During the six months ended June 30, 2023, the Company issued 206,000 shares of common stock to the Company's chief executive officer in exchange for \$97,480 in loan principal and \$5,520 in accrued interest.

As of June 30, 2024, the Company had \$36,326 in accrued dividends on preferred stock, of which \$19,141 was due to the Company's chief executive officer.

The following table is a summary of the activity for Loans payable- related parties principal for the six months ended June 30, 2024 and June 30, 2023:

|                                          |    |          |
|------------------------------------------|----|----------|
| Balance at 12/31/2022                    | \$ | 6,000    |
| Loan advances                            |    | 91,480   |
| Loan principal converted to common stock |    | (97,480) |
| Balance at 06/30/23                      | \$ | -        |
| Balance at 12/31/2023                    | \$ | 25,681   |
| Loan advances                            |    | 73,554   |
| Balance at 06/30/24                      | \$ | 99,235   |

## NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company leases space for Mom's Silver Shop. The lease was for five years and began in October 2018 and runs through September 2023. The lease called for payments of \$1,305.60 per month for the first year, with a 3% increase per year for years two through five. The lease expired in September 2023 and the Company operated on a month-to-month lease until a new lease was signed on February 16, 2024. The new lease is through January 31, 2026 and calls for \$1,469 per month from November 2023 through January 2024, \$0 for February 2024 (February 2024 rent is allocated equally in the March 2024 through January 2026 rent), \$1,628 per month from March 2024 through January 2025, and \$1,673 per month from February 2025 through January 2026. 4.95% was used in the calculation of the present value of the right of use lease asset and liability.

## **LITIGATION**

On August 21, 2020, Boustead Securities, LLC (“Boustead”) filed suit against Sunstock, Inc. (“Sunstock”) in the County of Orange, California. Boustead is an investment banking firm engaged by Sunstock on September 19, 2019 to raise equity. Boustead maintained that Sunstock owed it 87,179 shares of Preferred Stock Warrants and 9,231 shares of Common Stock Warrants. Boustead also sought general damages, interest, and costs of the suit. Sunstock believed that Boustead had not fulfilled its obligations in raising equity and vigorously contested the suit. Sunstock hired an arbitrator but there was no resolution between Sunstock and Boustead. The matter went to trial in September 2021 and on November 2, 2021 the Court determined that Sunstock owed Boustead \$260,308 for warrants issued that Sunstock did not honor. \$260,308 was accrued and is shown as part of accounts payable and accrued expenses in the balance sheet. See detail in Note 4 above. The warrants are no longer outstanding (see Note 9). All other monetary claims by Boustead were dismissed by the Court. The \$260,308 is to be paid in cash. The Company filed an appeal of the judgment on December 9, 2021. On August 17, 2023, the Court found that Sunstock owed Boustead \$338,171 for damages, attorneys’ fees and costs. Sunstock accrued an additional \$77,863 in the period ended September 30, 2023.

In December 2020, a former employee of Sunstock filed a claim with the California Labor Commission regarding claimed back pay owed. A preliminary hearing was held on January 4, 2021 and the Company is currently awaiting the next step.

## **INDEMNITIES AND GUARANTEES**

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Delaware. In connection with its facility leases, the Company has agreed to indemnify its lessors for certain claims arising from the use of the facilities. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheets.

## NOTE 7 – SBA LOAN

In June 2020, the Company received a \$150,000 loan (less \$100 expense) from the Small Business Administration (“SBA”). The loan is for thirty years, interest is 3.75% per annum, and payments of \$731 are monthly beginning twenty-four months after closing. Per discussion with the SBA, the Company made payments of \$73 in each of April, May, and June 2024 and is to make three additional payments of \$73 per month. The SBA will then assess the Company’s loan and inform the Company as to how much following payments should be and the frequency.

|                                      | Remaining Loan<br>Payments |
|--------------------------------------|----------------------------|
| 2024                                 | \$ 2,454                   |
| 2025                                 | 8,940                      |
| 2026                                 | 8,940                      |
| 2027                                 | 8,940                      |
| 2028                                 | 8,940                      |
| thereafter                           | 211,163                    |
| Total remaining loan payments        | 249,377                    |
| Less: imputed interest               | (99,596)                   |
| Total loan liability                 | 149,781                    |
| Less: current portion                | (2,570)                    |
| Long term loan liability             | \$ 147,211                 |
| Weighted average remaining loan term | 28.4 years                 |

## NOTE 8- STOCKHOLDERS' EQUITY

### COMMON STOCK

The Company is authorized to issue 100,000,000 shares of common stock and 20,000,000 of preferred stock.

During the six months ended June 30, 2024, the Company issued no shares of its common stock.

During the six months ended June 30, 2023, the Company issued 206,000 shares of its common stock to its chief executive officer for the conversion of \$97,480 of related party notes payable and \$5,520 of accrued interest related party.

## NOTE 9 – SUBSEQUENT EVENTS

The Company follows the guidance in FASB ASC Topic 855, *Subsequent Events* (“ASC 855”), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that may occur for potential recognition or disclosure in the unaudited condensed and consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its condensed and consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company has no subsequent events as of the date of this report.

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

The following information should be read in conjunction with the unaudited condensed and consolidated financial statements and notes thereto appearing elsewhere in this report. For additional context with which to understand our financial condition and results of operations, see the discussion and analysis included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission ("SEC") on April 3, 2024, as well as the unaudited condensed and consolidated financial statements and related notes contained therein.

### **Forward Looking Statements**

Certain statements in this report, including information incorporated by reference, are "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 the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements reflect current views about future events and financial performance based on certain assumptions. They include opinions, forecasts, intentions, plans, goals, projections, guidance, expectations, beliefs or other statements that are not statements of historical fact. Words such as "may," "should," "could," "would," "expects," "plans," "believes," "anticipates," "intends," "estimates," "approximates," "predicts," or "projects," or the negative or other variation of such words, and similar expressions may identify a statement as a forward-looking statement. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business, our goals, strategies, focus and plans, and other characterizations of future events or circumstances, including statements expressing general optimism about future operating results and the development of our products, are forward-looking statements.

Although forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed elsewhere in this Quarterly Report on Form 10-Q. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We file reports with the SEC. You can read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

### **Overview**

Sunstock, Inc. ("Sunstock" or "the Company") was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions.

On July 18, 2013, the Company changed its name from Sandgate Acquisition Corporation to Sunstock, Inc. On the same date, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 22, 2018, the Company acquired all assets and liabilities of the Retail Store of Sacramento, California. The Retail Store specializes in buying and selling gold, silver, and rare coins, and is one of the leading precious metals retailers in the greater Sacramento metropolitan area.

### ***Going Concern***

The Company has not posted operating income and has not generated cash from operations since inception. It has an accumulated deficit of \$65,647,268 as of June 30, 2024. The Company did not generate cash flow from operations for the six months ended June 30, 2024 and the year ended December 31, 2023. Therefore, there is substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and /or obtain additional financing from its stockholders and/or other third parties.

These unaudited condensed and consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next fiscal year. The continuation of the Company as a going concern is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, successfully locating and negotiate with a business entity for the combination of that target company with the Company.

There is no assurance that the Company will ever be profitable. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

The Company intends to initiate discussions with an undetermined third party in regards to raising funds through a private placement of equity which, if it occurs, will provide the Company with funds to expand its operations and likely eliminate the going concern issue.

### ***Critical Accounting Policies***

There have been no material changes from the critical accounting policies as previously discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

### **Results of Operations**

#### Discussion of the Three Months ended June 30, 2024 and 2023

The Company generated revenues during the three months ended June 30, 2024 of \$3,006,739 as compared to \$3,158,247 in revenues posted for the three months ended June 30, 2023. The decrease in revenues is due to the CEO having surgery early in the first quarter 2024 and not returning to work until April 13, 2024.

For the three months ended June 30, 2024 and 2023, cost of sales were \$2,813,020 and \$3,124,057, respectively, which decrease was driven by the CEO being unable to work during most of the first quarter 2024 as disclosed above. Professional fees increased to \$54,174 from \$20,229 for the three months ended June 30, 2024 and 2023, respectively. Other operating expenses decreased to \$7,273 from \$8,233 for the three months ended June 30, 2024 and 2023, respectively.

Interest expense was \$1,371 and \$1,443 for the three months ended June 30, 2024 and 2023, respectively. Interest expense related party increased to \$1,377 for the three months ended June 30, 2024 from \$1,145 for the three months ended June 30, 2023.

Unrealized gain on investments in precious metals was \$131,920 for the three months ended June 30, 2024 compared to an unrealized loss of \$40,051 for the three months ended June 30, 2023 due to a greater increase in the price of bullion.

Loss on settlement of related party debt was \$0 for the three months ended June 30, 2024 compared to \$123,600 for the three months ended June 30, 2023.

During the three months ended June 30, 2024, the Company posted a net income of \$261,444 as compared to a net loss of \$160,511 for the three months ended June 30, 2023. Such change is primarily related to higher gross profit in 2024, an unrealized gain on investments in precious metals in 2024 as compared to an unrealized loss in 2023, and a loss on settlement of related party debt in 2023.

#### Discussion of the Six Months ended June 30, 2024 and 2023

The Company generated revenues during the six months ended June 30, 2024 of \$3,288,877 as compared to \$6,498,131 in revenues posted for the six months ended June 30, 2023. The decrease in revenues is due to the CEO having surgery early in the first quarter 2024 and not returning to work until April 13, 2024.

For the six months ended June 30, 2024 and 2023, cost of sales were \$3,091,505 and \$6,417,450, respectively, which decrease was driven by the CEO being unable to work during most of the first quarter 2024 as disclosed above. Professional fees increased to \$97,580 from \$82,281 for the six months ended June 30, 2024 and 2023, respectively. Other operating expenses decreased to \$12,235 from \$16,481 for the six months ended June 30, 2024 and 2023, respectively.

Interest expense was \$2,814 and \$2,886 for the six months ended June 30, 2024 and 2023, respectively. Interest expense related party increased to \$2,003 for the six months ended June 30, 2024 from \$1,614 for the six months ended June 30, 2023.

Unrealized gain on investments in precious metals was \$180,084 for the six months ended June 30, 2024 compared to an unrealized loss of \$25,976 for the six months ended June 30, 2023 due to a greater increase in the price of bullion.

During the six months ended June 30, 2024, the Company posted a net income of \$262,824 as compared to a net loss of \$172,157 for the six months ended June 30, 2023. Such change is primarily related to higher gross profit in 2024, an unrealized gain on investments in precious metals in 2024 as compared to an unrealized loss in 2023, and a loss on settlement of related party debt in.

#### Liquidity and Capital Resources

As of June 30, 2024, the Company had \$5,682 in cash and \$2,457,363 in inventory of precious metals and coins compared to \$13,790 in cash and \$2,087,573 in inventory of precious metals and coins at December 31, 2023.

Net cash used in operating activities totaled \$81,443 during the six months ended June 30, 2024 as compared to net cash used in operating activities of \$98,287 during the six months ended June 30, 2023. Consolidated net income was \$262,824 for the six months ended June 30, 2024 as compared to consolidated net loss of \$172,157 for the six months ended June 30, 2023. Explanation of the difference between these six months of 2024 and 2023 are explained above in the results of operations of the Company.

Changes in the adjustments to reconcile net income (net loss) for the six months ended June 30, 2024 and 2023, respectively, consist of unrealized gain or loss on investment in precious metals, loss on settlement of related party debt, and depreciation.

Unrealized gain on investment in precious metals was \$180,084 for the six months ended June 30, 2024 and unrealized loss on investment in precious metals was \$25,976 for the six months ended June 30, 2023. Deprecation was \$111 and \$111, respectively, for the six months ended June 30, 2024 and 2023. Loss on settlement of related party debt was \$0 and \$123,600, respectively, for the six months ended June 30, 2024 and 2023.

Changes in assets and liabilities for inventories, prepaid expenses, and accounts payable and accrued expenses totaled a decrease of \$164,294 for the six months ended June 30, 2024 and a decrease of \$75,817 for the six months ended June 30, 2023.

No cash was used in investing activities for the six months ended June 30, 2024 and 2023, respectively.

Net cash provided by financing activities was \$73,335 for the six months ended June 30, 2024 and net cash provided by financing activities was \$91,480 for the six months ended June 30, 2023, both from notes payable related party.

#### Off-Balance Sheet Arrangements

The Company has 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 that would be considered material to investors.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Information not required to be filed by Smaller reporting companies.

### **ITEM 4. CONTROLS AND PROCEDURES**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Management must evaluate its internal controls over financial reporting, as required by Sarbanes-Oxley Act, Section 404 (a). The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles or GAAP.

As of June 30, 2024, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of the Company's internal controls over financial reporting that adversely affected its internal controls and that may be considered to be material weaknesses.

#### **Material Weaknesses:**

A material weakness 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 the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified are:

1. the Company does not have accounting personnel that have adequate technical accounting skills to identify terms in agreements that would have material accounting implications on the Company's consolidated financial statements in accordance with US GAAP, such as permanent vs. temporary equity treatment of the Company's preferred stock in accordance with ASC 480.
2. the Company does not obtain and retain supporting documentation over the precious metal trade dates and quantities traded and does not properly record the realized gain/loss on the trade according to the fair market value of the items traded on a given date.
3. the Company has an inadequate number of personnel that could accurately and timely record and report the Company's consolidated financial statements in accordance with US GAAP.

4. the Company does not perform formal risk assessments over financial reporting and does not evaluate its internal control processes.

Notwithstanding the existence of these material weaknesses in internal control over financial reporting, we believe that the financial statements in this Quarterly on Form 10-Q fairly present, in all material respects, our financial condition in conformity with U.S. generally accepted accounting principles (GAAP). Further, we do not believe the material weaknesses identified had an impact on prior financial statements.

**Material Weaknesses:**

**Remediation:**

As part of our ongoing remedial efforts, we have and will continue to, among other things:

1. Increase our efforts to educate both our existing and expanded accounting policy and control organization on the application of the internal control structure;
2. Emphasize with management the importance of our internal control structure;
3. Seek outside consulting services where our existing accounting policy and control organization believes the complexity of the existing exceeds our internal capabilities.
4. Plan to implement improved accounting systems.

We believe that the foregoing actions will improve our internal control over financial reporting, as well as our disclosure controls and procedures. When funds permit, we intend to perform such procedures and commit such resources as necessary to continue to allow us to overcome or mitigate these material weaknesses such that we can make timely and accurate quarterly and annual financial filings until such time as those material weaknesses are fully addressed and remediated.

**Changes in Internal Control Over Financial Reporting**

There have been no changes in the Company's internal controls over financial reporting during its current fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

On August 21, 2020, Boustead Securities, LLC (“Boustead”) filed suit against Sunstock, Inc. (“Sunstock”) in the County of Orange, California. Boustead is an investment banking firm engaged by Sunstock on September 19, 2019 to raise equity. Boustead maintained that Sunstock owed it 87,179 shares of Preferred Stock Warrants and 9,231 shares of Common Stock Warrants. Boustead also sought seeking general damages, interest, and costs of the suit. Sunstock believed that Boustead had not fulfilled its obligations in raising equity and vigorously contested the suit. Sunstock hired an arbitrator but there was no resolution between Sunstock and Boustead. The matter went to trial in September 2021 and on November 2, 2021 the Court determined that Sunstock owed Boustead \$260,308 for warrants issued that Sunstock did not honor. \$260,308 was accrued and is shown as part of accounts payable and accrued expenses in the balance sheet. See detail in Note 4 above. The warrants are no longer outstanding. All other monetary claims by Boustead were dismissed by the Court. The \$260,308 is to be paid in cash. The Company filed an appeal of the judgment on December 9, 2021. On August 17, 2023, the Court found that Sunstock owed Boustead \$338,171 for damages, attorneys’ fees and costs. Sunstock accrued an additional \$77,863 in the period ended September 30, 2023

In December 2020, a former employee of Sunstock filed a claim with the California Labor Commission regarding claimed back pay owed. A preliminary hearing was held on January 4, 2021 and the Company is currently awaiting the next step.

### **ITEM 1A. RISK FACTORS**

As a smaller reporting company, we are not required to provide the information required by this Item.

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

During the six months ended June 30, 2024, the Company issued no unregistered securities.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

(a) Not applicable.

(b) Item 407(c)(3) of Regulation S-K:

During the six months covered by this Report, there have not been any material changes to the procedures by which security holders may recommend nominees to the Board of Directors.

## ITEM 6. EXHIBITS

### (a) Exhibits

- 31.1      [Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1      [Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101.INS    Inline XBRL Instance Document
- 101.SCH    Inline XBRL Taxonomy Extension Schema
- 101.CAL    Inline XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF    Inline XBRL Taxonomy Extension Definition Linkbase
- 101.LAB    Inline XBRL Taxonomy Extension Label Linkbase
- 101.PRE    Inline XBRL Taxonomy Extension Presentation Linkbase
- 104        Cover Page Interactive Data File (embedded within the Inline XBRL document)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### SUNSTOCK, INC.

*Dated August 21, 2024*

By: /s/ Jason C. Chang

*Jason C. Chang*

*President, Chief Executive Officer, Chief Financial Officer*

*Dated August 21, 2024*

By: /s/ Ramnik Clair

*Ramnik Clair*

*Vice President, Board Member*

## CERTIFICATION PURSUANT TO SECTION 302

I, Jason C. Chang, certify that:

1. I have reviewed this Form 10-Q for the period ended June 30, 2024 of Sunstock, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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 consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; 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 officer(s) and I have disclosed, based on our most recent evaluation, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*Dated: August 21, 2024*

By: /s/ Jason C. Chang

*Jason C. Chang*  
*President, Chief Financial Officer*  
*(Principal Executive and Accounting Officer)*

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**CERTIFICATION PURSUANT TO SECTION 906**

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned officer of Sunstock Inc. (the “Company”), hereby certify to my knowledge that:

The Report on Form 10-Q for the period ended June 30, 2024 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Dated: August 21, 2024*

By: */s/ Jason C. Chang*

*Jason C. Chang*

*President, Chief Financial Officer*

*(Principal Executive and Accounting Officer)*

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