

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

The Stephan Co
7901 4th St. N. Ste 300
St. Petersburg, FL 33702
800-637-1996
www.thestephanco.com
ir@thestephanco.com
2844

Annual Report

For the Period Ending: December 31, 2025 (the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

4,152,051 as of December 31, 2025

4,152,051 as of September 30, 2025

4,152,051 as of December 31, 2024

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ “Change in Control” shall mean any events resulting in:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The Stephan Co, a Florida corporation, was formed in 1952 and was reorganized in 1960 through a merger of the Stephan Cosmetic Corp., a California corporation; Stephan Products, Inc., a Massachusetts corporation; and Stepaco, Inc. a California corporation; into The Stephan Co. The predecessor company of Stephan Products, Inc., one of the merger partners, was organized in Massachusetts in 1897.

Effective December 31, 2015, the Company went through a reorganization to close out all of its dormant entities. Entities remaining after the reorganization in 2016 are The Stephan Company, Bowman Beauty & Barber Supply, Inc. and Morris Flamingo-Stephan, Inc.

In September 2017, the Company completed the acquisition of MD Barber Supply, LLC, a distributor of barber supplies and specialized products for the barber and consumer beauty industry.

In November 2018, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the BarberMate Brand through an asset purchase agreement.

In July 2019, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Stix Fix and Pomade brand through an asset purchase agreement.

In June 2020, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Norva Barber Supply through an asset purchase agreement.

In October 2021, the company acquired the assets of 614 Barber Supply, the leading wholesale barber supply distributor in the Columbus, OH Metropolitan Area, which was formerly known as Columbus Barber and Beauty Supply.

In August 2022, the Company purchased inventory, assets, patents and trademarks that are used in connection with the business of the Appleton Barber Supply through an asset purchase agreement.

In October 2023, the company purchased certain FMS product names and inventory through an asset purchase agreement.

In March 2025, the company completed the merger of its wholly owned subsidiaries, Bowman NBS, Inc. and MD Barber Supply LLC, into Bowman Beauty & Barber Supply, Inc.

In May 2025, the company purchased the full and exclusive ownership of the “FMS” brand, logo, inventory, and product portfolio through an asset purchase agreement.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

May 29, 1952, Florida, Active

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

In March 2025, the company completed the merger of its wholly owned subsidiaries, Bowman NBS, Inc. and MD Barber Supply LLC, into Bowman Beauty & Barber Supply, Inc.

In May 2025, the company purchased the full and exclusive ownership of the "FMS" brand, logo, inventory, and product portfolio through an asset purchase agreement.

The Company has been named in more than 783 lawsuits related to talc products it previously manufactured, usually as a contract manufacturer for larger brands. In nearly all cases, the Company is one of a large number of defendants named. All of the currently-filed lawsuits arise out of the prior manufacturing and sale of products no longer produced by the Company, and all involve allegations, denied by the Company, that certain talc-containing products also contained asbestos. We have been active in our defense of these claims; to date we have settled 15 cases and been dismissed from approximately 200 cases. Even so, the number of active cases continues to increase (currently 568 active cases). The expenses to defend the Company in these cases have been, and will continue to be, material. To date our insurance carriers have funded a substantial portion of our legal fees and other defense costs, but some prior relevant insurance policies of ours may have reached or could soon reach their stated coverage limits (causing the obligation under the policy to cover allocable defense costs to expire). It is possible that our legal expenses, prior and future settlements, and potential adverse judgments will ultimately overwhelm all applicable insurance coverage limits.

On November 26, 2025, The Stephan Co filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Florida. The chapter 11 filing was made in connection with The Stephan Co's talc-related litigation matters and is intended to facilitate an orderly process to address such claims. The Stephan Co continues to operate its business in the ordinary course during the pendency of the chapter 11 proceedings. The subsidiaries of The Stephan Co are not defendants in talc-related litigation, have not filed for bankruptcy protection, and are not subject to the chapter 11 proceedings. Management presently expects that The Stephan Co on a consolidated basis, will generate sufficient operating cash flow to continue its current level of operations for at least the next 12 months. In connection with its chapter 11 case, on March 16, 2026, The Stephan Company filed its proposed plan of reorganization which plan includes, among other provisions, the formation of a trust to which all present and future talc related claims would be channeled. The proposed plan, following notice to all affected

parties and a voting process, is subject to a confirmation hearing before the bankruptcy court, at which hearing the court will decide whether or not to confirm the plan.

As noted above, among other provisions, the plan provides for channeling all current and future talc personal injury claims to a trust, which trust would be the sole source of recovery for such claims, with an accompanying release of The Stephan Co and affiliates from all such claims. The trust would be funded, at a minimum, by the proceeds of a buyback of certain insurance policies, assignments of rights with respect to additional insurance policies, and a \$1 million note payable over 5 years guaranteed by The Stephan Co, which guaranty would be secured by a pledge of newly issued stock (held in treasury or similar status) equal to 50.1% of all outstanding stock. Upon payment of the note, at or prior to the end of its term, the pledge would be released, and the newly issued stock would be retired or, at the discretion of the board of directors, distributed pro rata to existing stockholders. Existing stockholders also retain their existing shares under the terms of the plan. ***There is no guarantee that the plan will be confirmed or confirmed in the form summarized above.***

The address(es) of the issuer's principal executive office:

The Stephan Co - 7901 4th St. N Suite 300 St. Petersburg, FL 33702
Bowman Beauty and Barber Supply, Inc - 2211 Reach Road, Suite B4, Williamsport, Pennsylvania 17701
614 Barber Supply, Inc – 1456 Bethel Road, Columbus, Ohio 43214 (Bethel Center Mall)

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address:

The Stephan Co - 7901 4th St. N Suite 300 St. Petersburg, FL 33702
Bowman Beauty and Barber Supply, Inc - 2211 Reach Road, Suite B4, Williamsport, Pennsylvania 17701
614 Barber Supply, Inc – 1456 Bethel Road, Columbus, Ohio 43214 (Bethel Center Mall)

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: No:

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

On November 26, 2025, The Stephan Co filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Florida. The chapter 11 filing was made in connection with The Stephan Co's talc-related litigation matters and is intended to facilitate an orderly process to address such claims. The Stephan Co continues to operate its business in the ordinary course during the pendency of the chapter 11 proceedings. The subsidiaries of The Stephan Co are not defendants in talc-related litigation, have not filed for bankruptcy protection, and are not subject to the chapter 11 proceedings. Management presently expects that The Stephan Co on a consolidated basis, will generate sufficient operating cash flow to continue its current level of operations for at least the next 12 months. In connection with its chapter 11 case, on March 16, 2026, The Stephan Company filed its proposed

plan of reorganization which plan includes, among other provisions, the formation of a trust to which all present and future talc related claims would be channeled. The proposed plan, following notice to all affected parties and a voting process, is subject to a confirmation hearing before the bankruptcy court, at which hearing the court will decide whether or not to confirm the plan.

As noted above, among other provisions, the plan provides for channeling all current and future talc personal injury claims to a trust, which trust would be the sole source of recovery for such claims, with an accompanying release of The Stephan Co and affiliates from all such claims. The trust would be funded, at a minimum, by the proceeds of a buyback of certain insurance policies, assignments of rights with respect to additional insurance policies, and a \$1 million note payable over 5 years guaranteed by The Stephan Co, which guaranty would be secured by a pledge of newly issued stock (held in treasury or similar status) equal to 50.1% of all outstanding stock. Upon payment of the note, at or prior to the end of its term, the pledge would be released, and the newly issued stock would be retired or, at the discretion of the board of directors, distributed pro rata to existing stockholders. Existing stockholders also retain their existing shares under the terms of the plan. ***There is no guarantee that the plan will be confirmed or confirmed in the form summarized above.***

2) Security Information

Transfer Agent

Name: Equiniti Trust Company, LLC
Address: 28 Liberty Street, 53rd Floor, New York, NY 10005
Phone: 800-937-5449
Email: helpast@equiniti.com

Is the Transfer Agent registered under the Exchange Act? Yes: No:

Trading symbol: SPCOQ.PK
Exact title and class of securities outstanding: Common Stock
CUSIP: 858603103
Par or stated value: \$0.01

| | | |
|---|-------------|------------------------|
| Total shares authorized: | 25,000,000 | as of date: 12/31/2025 |
| Total shares outstanding: | 4,152,051 | as of date: 12/31/2025 |
| Number of shares in the Public Float ² : | 2,020,663 | as of date: 12/31/2025 |
| Total number of shareholders of record: | 82 (Approx) | as of date: 12/31/2025 |

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Each share of common stock is entitled to one vote and not generally entitled to any specific preemptive rights. Dividends, if any, are declared at the discretion of the Board of Directors

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions. - None
3. Describe any other material rights of common or preferred stockholders. - None
4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report. - None

3) Issuance History

Changes to the Number of Outstanding Shares

| Shares Outstanding as of Second Most Recent Fiscal Year End: | | | | | | | | | |
|--|---|--|---------------------|---|--|---|---|---|---------------------------------|
| <u>Balance</u> | | <u>Opening</u> | | | | | | | |
| Date 01/01/2022 | Common: | Common: | | | | | | | |
| 4,068,051 | Preferred: Nil | Preferred: Nil | | | | | | | |
| Date of Transaction | Transaction type (e.g. new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individuals with voting / investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided | Restricted (R) or Unrestricted (U) as of this filing. | Exemption or Registration Type. |
| 5/9/2022 | Stock Grants | 10,000 | Common | \$2.16 | No | Joel Getz, Board of Director | Directors Incentive Share plan | U | Rule 701 |
| 5/9/2022 | Stock Grants | 10,000 | Common | \$2.16 | No | Jad Fakhry, Board of Director | Directors Incentive Share plan | U | Rule 701 |
| 5/9/2022 | Stock Grants | 10,000 | Common | \$2.16 | No | Brian Harper, Board of Director | Directors Incentive Share plan | U | Rule 701 |
| 5/9/2022 | Stock Grants | 10,000 | Common | \$2.16 | No | Benjamin Large, Board of Director, CEO | Directors Incentive Share plan | U | Rule 701 |
| 8/31/2023 | Stock Repurchase | -1,000 | Common | \$1.17 | | | | | |
| 12/20/2024 | Stock Grants | 10,000 | Common | \$0.90 | No | Joel Getz, Board of Director | Directors Incentive Share plan | U | Rule 701 |
| 12/20/2024 | Stock Grants | 10,000 | Common | \$0.90 | No | Jad Fakhry, Board of Director | Directors Incentive Share plan | U | Rule 701 |

| | | | | | | | | | |
|--|----------------|--------|--------|--------|----|---------------------------------------|--------------------------------------|---|----------|
| 12/20/2024 | Stock Grants | 10,000 | Common | \$0.90 | No | Brian Harper, Board of Director | Directors Incentive Share plan | U | Rule 701 |
| 12/20/2024 | Stock Grants | 15,000 | Common | \$0.90 | No | Henry Jacobi CEO | Incentive Share plan | U | Rule 701 |
| | | | | | | | | | |
| Shares Outstanding on Date of This Report: | | | | | | | | | |
| <u>Ending Balance:</u> | | | | | | | | | |
| Date 12/31/2025 | Common: | | | | | | | | |
| 4,152,051 | Preferred: NIL | | | | | | | | |

B. Debt Securities, Including Promissory and Convertible Notes

None.

4) Issuer's Business, Products and Services

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Stephan Co operates six distribution brands: Williamsport Bowman Barber Supply, Morris Flamingo, MD Barber Supply, Norva Barber Supply, Appleton Barber Supply and 614 Barber Supply. Williamsport Bowman is a wholesale barber distributor selling third party and proprietary branded products directly to barbershops. Morris Flamingo is a two-step wholesale distributor selling primarily our proprietary branded barber products to other barber distributors. MD Barber sells its owned brands and third party brands through various online channels. Norva is a wholesale barber distributor selling third party products to barbershops. 614 Barber Supply has a walk-in showroom location in Columbus, OH and also provides service and repair. Appleton Barber Supply is a wholesale barber distributor. The Company also owns a portfolio of barber brands including LatherKing, Campbell's, Stephan's, BarberMate, StixFix and MD Barber, and FMS among others.

B. Please list any subsidiaries, parents, or affiliated companies.

The Stephan Co has the following 100% owned subsidiaries and brands

- Bowman Beauty and Barber Supply, Inc
- Morris Flamingo- Stephan, Inc
- 614 Barber Supply, Inc

In March 2025, the company completed the merger of its wholly owned subsidiaries, Bowman NBS, Inc. and MD Barber Supply LLC, into Bowman Beauty & Barber Supply, Inc.

C. Describe the issuer's principal products or services.

We have one reportable operating segment, which includes a Master Distributor as well as distributors of barber

and beauty supplies for professionals and consumers. Our Master Distributor segment consists of sales to distributors, schools, correctional institutions and supply stores. Our Distributor segment consists of sales to the barber and beauty professionals for use in the barbershops and salons as well as consumers and end users through various marketplaces.

5) Issuer's Facilities

The Company occupies 26,465 Sq. Ft of leased space and the lease term will expire on September 30, 2029. Office Address: 2211 Reach Road, Suite B4, Williamsport, PA 17701

The company has a 1,500 square foot walk-in showroom in Bethel Center Mall, Columbus, Ohio Office Address: 1456 Bethel Road, Columbus, Ohio 43214 (Bethel Center Mall)

6) Officers, Directors, and Control Persons

| Name of Officer/Director or Control Person | Affiliation with Company (e.g. Officer/Director/Owner of more than 5%) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Note |
|--|--|---|------------------------|------------------|---|---|
| Brian Harper | Director/ more than 5% Holder | Longmont, CO | 518,990 | Common Shares | 12.5% | Includes 491,698 shares held beneficially by Harper Asset Management, LLC. Mr. Harper is founder and president of the firm. |
| Jad Fakhry | Director/ more than 5% Holder | Burlingame, CA | 1,521,190 | Common Shares | 36.6% | Jad Fakhry and Poplar Point Capital together own 36.6% of the company's outstanding common shares. Jad Fakhry is the founder and Managing member of Poplar Point Capital Management LLC |
| Joel Getz | Director | New Haven, CT | 60,000 | Common Shares | 1.4% | |
| Henry Jacobi | CEO | Buffalo, NY | 15,000 | Common Shares | 0.4% | |

7) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);
None.
2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;
None.
3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;
None
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or
None
5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.
None
6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.
None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

The Company has been named in more than 783 lawsuits related to talc products it previously manufactured, usually as a contract manufacturer for larger brands. In nearly all cases, the Company is one of a large number of defendants named. We have been active in our defense of these claims; to date we have settled 15 cases and been dismissed from approximately 200 cases. Even so, the number

of active cases continues to increase (currently 568 active cases). The expenses to defend the Company in these cases have been, and will continue to be, material. To date our insurance carriers have funded a substantial portion of our legal fees and other defense costs, but some prior relevant insurance policies of ours may have reached or could soon reach their stated coverage limits (causing the obligation under the policy to cover allocable defense costs to expire). It is possible that that our legal expenses, prior and future settlements, and potential adverse judgments will ultimately overwhelm all applicable insurance coverage limits.

On November 26, 2025, The Stephan Co filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Florida. The chapter 11 filing was made in connection with The Stephan Co's talc-related litigation matters and is intended to facilitate an orderly process to address such claims. The Stephan Co continues to operate its business in the ordinary course during the pendency of the chapter 11 proceedings. The subsidiaries of The Stephan Co are not defendants in talc-related litigation, have not filed for bankruptcy protection, and are not subject to the chapter 11 proceedings. Management presently expects that The Stephan Co on a consolidated basis, will generate sufficient operating cash flow to continue its current level of operations for at least the next 12 months. In connection with its chapter 11 case, on March 16, 2026, The Stephan Company filed its proposed plan of reorganization which plan includes, among other provisions, the formation of a trust to which all present and future talc related claims would be channeled. The proposed plan, following notice to all affected parties and a voting process, is subject to a confirmation hearing before the bankruptcy court, at which hearing the court will decide whether or not to confirm the plan.

As noted above, among other provisions, the plan provides for channeling all current and future talc personal injury claims to a trust, which trust would be the sole source of recovery for such claims, with an accompanying release of The Stephan Co and affiliates from all such claims. The trust would be funded, at a minimum, by the proceeds of a buyback of certain insurance policies, assignments of rights with respect to additional insurance policies, and a \$1 million note payable over 5 years guaranteed by The Stephan Co, which guaranty would be secured by a pledge of newly issued stock (held in treasury or similar status) equal to 50.1% of all outstanding stock. Upon payment of the note, at or prior to the end of its term, the pledge would be released, and the newly issued stock would be retired or, at the discretion of the board of directors, distributed pro rata to existing stockholders. Existing stockholders also retain their existing shares under the terms of the plan. ***There is no guarantee that the plan will be confirmed or confirmed in the form summarized above.***

8) Third Party Providers

Auditors

Firm: DeJoy, Knauf & Blood, LLP
Address 1: 280 East Broad Street, Suite 300, Rochester
Address 2: NY 14604
Phone: 585-546-1840

Accountants

Firm: Redge Global Services
Address 1: 405 Sai Paragon Meadows, 4th Street, BEML Layout Bangalore-560066
Phone: 918-398-0155
Email: contact@redgeglobal.com

9) Disclosure and Financial Statements

A. This Disclosure Statement was prepared by (name of individual):

Name: Narasimha Rao Muppalla
Title: Chief Financial Officer (Consultant)
Relationship to Issuer: Consultant, Redge Global Services

B. The following financial statements were prepared in accordance with:

- U.S. GAAP
 IFRS

C. The financial statements for this reporting period were prepared by (name of individual):

Name: Narasimha Rao Muppalla
Title: Consultant
Relationship to Issuer: Consultant, Redge Global Services
Describe the qualification of person or person who prepared the financial statements: Finance major from ICAI with 20 years accounting experience.

SPCO: Annual Letter 2025

Dear Fellow Shareholder,

In 2025, SPCO faced a significant challenge as legacy legal issues caused it to file for Chapter 11 bankruptcy, which remains ongoing. Please refer to our recent press release and the public filings for an update on this process.

Legal challenges notwithstanding, the company made significant operational progress with 2025 EBITDA coming in basically flat to 2024 despite a 4% decline in sales as higher ticket discretionary categories (electricals) were weak. Management worked hard to execute on a few operational initiatives:

1. Improving the LatherKing, a key high margin product. Sales of the LatherKing were up 66% in 2025 versus 2024. Management improved the product design and customer feedback has been positive.
2. We moved our Columbus retail location (614 Columbus Barber Supply) and the new location helped the 614 division return to growth in 2025.
3. We launched the WBarber app, which contributed 2% of 2025 sales.
4. The company restored its relationship with Amazon and reported over 10% growth in this channel in 2025.
5. We significantly reduced expenses in the business overall through process simplification and warehouse reorganization, cutting operating expenses by approximately \$60,000 in 2025.

As we look ahead, we believe that we have the right management team, a more efficient operating platform and that our legacy legal liabilities could soon be behind us provided the court confirms our proposed plan of reorganization. We have the team and an attractive return on capital platform that we hope will allow us to return to profitable growth in the event the chapter 11 proceedings put an end to the litigation challenges.

We would like to thank our employees, customers and shareholders.

The Stephan Co Board of Directors:

Brian Harper (Chairman), Joel Getz (Secretary), Jad Fakhry (Director).

The Stephan Co

CONSOLIDATED BALANCE SHEETS
At December 31, 2025 and December 31, 2024
(In thousands, except share and per share amounts)

| | <u>2025</u> (Unaudited) | <u>2024</u> (Audited) |
|---|----------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 539 | \$ 823 |
| Accounts receivable, net | 182 | 177 |
| Inventories, net | 1,853 | 1,824 |
| Prepaid expenses and other current assets | <u>82</u> | <u>116</u> |
| Total Current Assets | 2,656 | 2,940 |
| Other assets, net | 362 | 15 |
| Right to use of Assets, Net | 741 | 937 |
| Property and equipment, net | 90 | 106 |
| Deferred tax assets, net | - | - |
| Intangibles, net | 724 | 848 |
| Goodwill | <u>1,890</u> | <u>1,890</u> |
| TOTAL ASSETS | <u>\$ 6,463</u> | <u>\$ 6,736</u> |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | 1,081 | 667 |
| Line of Credit | 358 | |
| Current portion of operating lease liabilities | 197 | 193 |
| Current portion of loan payable | <u>222</u> | <u>232</u> |
| Total Current Liabilities | 1,858 | 1,092 |
| Long-term Liabilities | | |
| Operating lease liabilities | 564 | 761 |
| Loans payable | 576 | 796 |
| Total Long-term Liabilities | <u>1,140</u> | <u>1,557</u> |
| TOTAL LIABILITIES | <u>\$ 2,998</u> | <u>\$ 2,649</u> |
| STOCKHOLDERS' EQUITY | | |
| At December 31, 2025 and December 31, 2024: | | |
| Preferred stock, \$.01 par value; 1,000,000 shares authorized; none issued or outstanding | --- | --- |
| Common stock, \$.01 par value; 25,000,000 shares authorized; 4,799,436 and 4,799,436 shares in 2025 and 2024, respectively issued | | |
| (4,152,051 shares outstanding at December 31, 2025 and 4,152,051 shares outstanding at December 31, 2024) | 48 | 48 |
| Additional paid-in capital | 18,917 | 18,917 |
| Accumulated deficit | (14,233) | (13,611) |
| Treasury stock (647,385 shares at December 31, 2025 and 647,385 shares at December 31, 2024), at cost | <u>(1,267)</u> | <u>(1,267)</u> |
| TOTAL STOCKHOLDERS' EQUITY | <u>3,465</u> | <u>4,087</u> |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | <u>\$ 6,463</u> | <u>\$ 6,736</u> |

The Stephan Co
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended December 31, 2025 and December 31, 2024
(in thousands, except per share data)

| | <u>2025</u> (Unaudited) | <u>2024</u> (Audited) |
|--|----------------------------|--------------------------|
| Revenue | \$ 2,388 | \$ 2,475 |
| Cost of revenue | <u>1,714</u> | <u>1,836</u> |
| Gross profit | 674 | 639 |
| Selling, general and administrative expenses | 1,061 | 628 |
| Depreciation and amortization | <u>148</u> | <u>148</u> |
| Operating income/ (loss) | (535) | (137) |
| Interest Income/ (expenses) | (9) | 9 |
| Other income/ (expenses), net | <u>-</u> | <u>(2)</u> |
| Income/ (loss) from operations before taxes | (544) | (130) |
| Income tax benefit (expense) | - | (3,474) |
| NET INCOME/ (LOSS) | <u>\$ (544)</u> | <u>\$ (3,604)</u> |
| Per common share: | | |
| Income/(loss) from continuing operations | \$ (0.13) | \$ (0.87) |
| Income from discontinued operations | <u>---</u> | <u>---</u> |
| Net income | <u>\$ (0.13)</u> | <u>\$ (0.87)</u> |
| Weighted average common shares outstanding | 4,152,051 | 4,122,051 |

The Stephan Co
CONSOLIDATED STATEMENTS OF OPERATIONS
 Twelve Months Ended December 31, 2025 and December 31, 2024
(in thousands, except per share data)

| | <u>2025</u> (Unaudited) | <u>2024</u> (Audited) |
|--|----------------------------|--------------------------|
| Revenue | \$ 9,579 | \$ 9,959 |
| Cost of revenue | <u>6,838</u> | <u>7,153</u> |
| Gross profit | 2,741 | 2,806 |
| Selling, general and administrative expenses | 3,002 | 2,604 |
| Depreciation and amortization | <u>172</u> | <u>190</u> |
| Operating income/ (loss) | (433) | 12 |
| Interest Income/ (expenses) | (23) | (17) |
| Other income/ (expenses), net | <u>-</u> | <u>12</u> |
| Income/ (loss) from operations before taxes | (456) | 7 |
| Income tax benefit (expense) | - | (3,474) |
| NET INCOME/ (LOSS) | <u>\$ (456)</u> | <u>\$ (3,467)</u> |
| Per common share: | | |
| Income from continuing operations | \$ (0.11) | \$ (0.84) |
| Income from discontinued operations | <u>---</u> | <u>---</u> |
| Net income | <u>\$ (0.11)</u> | <u>\$ (0.84)</u> |
| Weighted average common shares outstanding | 4,152,051 | 4,110,801 |

The Stephan Co
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 Twelve Months Ended December 31, 2025
(in thousands, except share information)

| | <u>Shares Issued</u> | <u>Par Value</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Treasury Stock</u> | <u>Stockholders' Equity</u> |
|---|--------------------------|----------------------|---------------------------------------|--------------------------------|---------------------------|---------------------------------|
| Balance at December 31, 2024 (Audited) | 4,799,436 | \$ 48 | \$ 18,917 | \$ (13,611) | \$ (1,267) | \$ 4,087 |
| Dividend paid | | | | (166) | | (166) |
| Net Income | -- | - | - | (456) | - | (456) |
| Balance at December 31, 2025 (Unaudited) | <u>4,799,436</u> | <u>\$ 48</u> | <u>\$ 18,917</u> | <u>\$ (14,233)</u> | <u>\$ (1,267)</u> | <u>\$ 3,465</u> |

CONSOLIDATED STATEMENTS OF CASH FLOWS
 Twelve Months Ended December 31, 2025 and December 31, 2024
(in thousands)

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| | (Unaudited) | (audited) |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| NET INCOME | \$ (456) | \$ (3,467) |
| Net cash flows provided by operating activities: | | |
| Deferred Incometax Provision (Benefit) | - | 3,460 |
| Depreciation and amortization | 172 | 190 |
| Stock based compensation | - | 55 |
| Non-Cash lease expenses | 3 | 17 |
| Changes in operating assets & liabilities: | | |
| (Increase) decrease in accounts receivable, net | (5) | (41) |
| (Increase) decrease in inventories, net | (29) | 305 |
| (Increase) decrease in prepaid expenses and other assets | 34 | 18 |
| Other Assets | (347) | (13) |
| Increase in accounts payable and accrued expenses | 414 | (39) |
| Deferred Revenue | <u>-</u> | <u>-</u> |
| Net cash provided by operating activities - continuing operations | (214) | 485 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Cash paid for Asset Purchase | (16) | |
| Purchases of property and equipment | <u>(16)</u> | <u>(61)</u> |
| Net cash used in investing activities | (32) | (61) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Dividend paid | (166) | (123) |
| Line of Credit | 358 | - |
| Loans received/ repayment, net | <u>(230)</u> | <u>(239)</u> |
| Net cash used in financing activities | (38) | (362) |
| NET (DECREASE) IN CASH | (284) | 62 |
| CASH AT BEGINNING OF PERIOD | <u>823</u> | <u>761</u> |
| CASH AT END OF THE PERIOD | <u>\$ 539</u> | <u>\$ 823</u> |

Management's Discussion and Analysis

Business overview

The Stephan Co (“SPCO”) has six operating brands: Williamsport Bowman, Morris Flamingo, MD Barber, Norva, 614 Barber Supply and Appleton Barber Supply. Our Williamsport Bowman subsidiary is a wholesale barber distributor selling third party and proprietary branded products directly to barbershops. Morris Flamingo is a two-step wholesale distributor selling primarily our proprietary branded barber products to other Barber distributors. MD Barber sells its owned brands and third party brands through various online channels. Norva and Appleton are wholesale barber distributors selling third party products to barbershops. 614 Barber Supply is a wholesale barber supply distributor in the Columbus, OH metropolitan area, has a walk-in showroom location in Columbus, OH that includes service and repair. SPCO also owns a portfolio of barber brands including LatherKing, Campbell’s, Stephan’s, BarberMate, StixFix, and MD Barber, and FMS among others. The company continues to pursue an acquisition program and is actively pursuing barber brands and distribution assets.

SPCO remains focused on growing through organic customer acquisition and through acquisitions of brands and distributors at attractive valuations.

Summary of Q4 2025

| (Amount \$'000) | Q4 2025 | Q4 2024 |
|-------------------------------|---------|---------|
| Net Income | (544) | (3,604) |
| Depreciation and Amortization | 148 | 149 |
| Deferred incometax provision | - | 3,474 |
| Stockbased compenstation | - | 55 |
| Onetime legal cost | 519 | 66 |
| Interest expenses, net | 9 | 7 |
| Other income/expenses, Net | - | 2 |
| Adjusted EBITDA | 132 | 149 |

In Q4 2025, revenue decreased by 3.5% and gross profit increased to 28.2% from 25.8%. The revenue decline resulted from an 11% decrease in sales within our Clippers and Trimmers category, which are higher priced discretionary categories. The gross profit improvement was driven by a continued shift in our product mix toward our own proprietary products particularly the Campbell's line of lather machines and lather, which grew 27% over the prior year. Our distribution business as well as sales through third-party websites, showed significant growth this quarter. However, our direct-to-barber business declined due to weaker demand for higher-priced purchases, resulting in a lower AOV.

Regarding our legal exposure, described in section 7B, to date our insurance carriers have funded a substantial portion of our legal fees and other defense costs, but some prior relevant insurance policies of ours may have reached or could soon reach their stated coverage limits

(causing the obligation under the policy to cover allocable defense costs to expire). It is possible that that our legal expenses, prior and future settlements, and potential adverse judgments will ultimately overwhelm all applicable insurance coverage limits.

On November 26, 2025, The Stephan Co filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Florida. The chapter 11 filing was made in connection with The Stephan Co's talc-related litigation matters and is intended to facilitate an orderly process to address such claims. The Stephan Co continues to operate its business in the ordinary course during the pendency of the chapter 11 proceedings. The subsidiaries of The Stephan Co are not defendants in talc-related litigation, have not filed for bankruptcy protection, and are not subject to the chapter 11 proceedings. Management presently expects that The Stephan Co on a consolidated basis, will generate sufficient operating cash flow to continue its current level of operations for at least the next 12 months. In connection with its chapter 11 case, on March 16, 2026, The Stephan Company filed its proposed plan of reorganization which plan includes, among other provisions, the formation of a trust to which all present and future talc related claims would be channeled. The proposed plan, following notice to all affected parties and a voting process, is subject to a confirmation hearing before the bankruptcy court, at which hearing the court will decide whether or not to confirm the plan.

Results of Operations Three Months Ended December 31, 2025 vs. Three Months Ended December 31, 2024

For the three months ended December 31, 2025, reported revenues totaled \$2,388,000, representing a decrease of approximately 3.5% compared to \$2,475,000 for the three months ended December 31, 2024. Gross profit margins were 28.2% for the quarter ended December 31, 2025, compared to 25.8% for the same period in 2024.

Liquidity and Capital Resources

We held cash and cash equivalents of \$ 539,000 on December 31, 2025. Our cash was maintained in FDIC and NCUA-insured bank accounts, and the majority is earning competitive rates of interest.

We have adequate liquidity and do not foresee the need for additional capital for day-to-day operations in the next year. We have no off-balance sheet financing arrangements except for operating leases primarily related to our distributor operations.

Twelve Months Ended December 31, 2025 and December 31, 2024
(in thousands)

| | <u>2025</u> | <u>2024</u> |
|-------------------|-------------|-------------|
| Sales | 9,579 | 9,959 |
| <i>% change</i> | -3.8% | -5.9% |
| Gross profit | 2,741 | 2,806 |
| <i>% of sales</i> | 28.6% | 28.2% |
| SG&A | 3,002 | 2,604 |
| <i>% of sales</i> | 31.3% | 26.1% |
| Adjusted EBITDA | 326 | 332 |
| <i>% of sales</i> | 3.4% | 3.3% |

Please read our Audited 2024 Annual Report, which can be found at www.otcmarkets.com (symbol: SPCOOQ), for further information about the Company's financial results and future plans.

10) Issuer Certification

Principal Executive Officer:

I, Henry Jacobi, certify that:

1. I have reviewed this Annual disclosure statement of The Stephan Co.
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2026

/s/ Henry Jacobi

[CEO's Signature]