

May 18, 2018



# Starco Brands Reports First Quarter 2018 Financial Results

SANTA MONICA, Calif., May 18, 2018 (GLOBE NEWSWIRE) -- Starco Brands (OTC:STCB), a creator of innovative and disruptive consumer products, reported financial results for the first quarter ended March 31, 2018.

## First Quarter 2018 Highlights:

- Formally introduced the Brand Advisory Board consisting of veteran sales, marketing and media professionals to guide the Company's strategy of introducing a diverse range of innovative, behavior-changing products and brands;
- Executed a 1-for-30 reverse split to give the Company greater flexibility to take advantage of corporate opportunities and/or potential financings, should the opportunities arise;
- Breathe™, the Company's debut product, a line of aerosol household cleaning line received multiple prestigious industry awards from organizations and outlets that promote family- and environmentally-friendly products;
- Continued to expand the distribution of Breathe to additional retailers;
- Issuance of 117.3 million shares to officers and directors, and 30.3 million shares to various service providers for services rendered.

## Management Commentary

"During the first quarter of 2018, we continued to take steps to build a world-class platform for the design, development and distribution of truly innovative and disruptive consumer products," said Starco Brands' CEO Ross Sklar.

## First Quarter 2018 Financial Results

Net revenues were \$763, bringing total net revenues booked since the Company's strategic pivot in mid-2017 to \$8,948. (Comparisons to 2016 results are not relevant, as the Company was inactive and restructuring prior to mid- 2017. Revenues under the new business model did not begin until the second half of 2017.) Net revenues consisted of royalties from The Starco Group's sales of Breathe products.

Starco Brands' revenues are derived from royalties received from its production partner The Starco Group (TSG) on products whose brands are owned by Starco Brands. Starco Brands books the revenue upon receipt of the royalties related to such sales, typically within 60-90 days after the products are shipped to retailers. During the first quarter of 2018, the aggregate wholesale shipments of such products was approximately \$29,000. During the first quarter of 2018, these sales were exclusively in the Breathe product line, and more than doubled sequentially each month of the quarter. Because this business model was not adopted until the third quarter of 2017, there were no such revenues booked in the first half of 2017.

Operating expenses totaled \$243,840. The net loss was \$248,028, or \$0.00 per diluted share. Adjusted EBITDA was negative \$203,230. See note below on “Use of Non-GAAP Financial Information.”

Mr. Sklar continued, “In the weeks since the end of the first quarter, we have made several important announcements setting the stage for growth, including our distribution relationship with United Natural Foods, Inc. (a leading distributor of natural foods and other products), our global partnership with Deutsch, one of the world’s top advertising firms (which has been instrumental in the design and development of Breathe and several of our future products), and the availability of Breathe in Walmart stores across the United States. The year is off to a good start, and we look forward to sharing these results in the coming months and quarters.”

## **Outlook**

The Company continues to expect revenues to grow significantly in 2018, driven by expanded distribution of Breathe products, new product and brand launches and the addition of product licenses to be acquired during the coming year. Operating expenses are expected to grow as the Company expands its marketing team and activities.

## **Use of Non-GAAP Financial Information**

In addition to the preliminary results reported in accordance with U.S. GAAP included in this release, the Company has provided certain non-GAAP financial information including adjusted EBITDA which is a non-GAAP metric that excludes various items that are detailed in the financial tables and accompanying footnotes reconciling GAAP to non-GAAP results contained in this release. Management believes that the presentation of these non-GAAP financial measures provides useful information to investors because the information may allow investors to better evaluate ongoing business performance and certain components of the Company’s results. In addition, the Company believes that the presentation of these financial measures enhances an investor’s ability to make period-to-period comparisons of the Company’s operating results. This information should be considered in addition to the results presented in accordance with GAAP, and should not be considered a substitute for the GAAP results. The Company has reconciled the non-GAAP financial information included in this release to the nearest GAAP measures. See the attached “Reconciliation of Non-GAAP Financial Information.”

## **About Starco Brands**

Starco Brands, born out of The Starco Group, is an innovative consumer packaged goods company focused on technological innovation that changes the current landscape. Starco Brands invents cutting edge products that change our behavior. Starco Brands develops products across 10 different categories including: Household Cleaning, Personal Care, Food, Beverage & Spirits, DIY Hardware and Arts & Crafts. For more information about the Breathe product line, please visit [www.breathethecleaning.com](http://www.breathethecleaning.com). For more information about Starco Brands, please visit [www.starcobrands.com](http://www.starcobrands.com).

## **About The Starco Group**

The Starco Group was founded in 2010 by Ross Sklar and today is a large-scale and highly diversified manufacturer of a wide range of consumer products, including household cleaning, air care, DIY/hardware, arts & crafts, personal care, OTC’s, food, beverage and spirits. For more information, visit [www.thestarcogroup.com](http://www.thestarcogroup.com).

## Cautionary Note on Forward-Looking Statements

This press release may include forward-looking information and statements within the meaning of federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. Statements containing the words “may”, “could”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “estimate”, “target”, “project”, “intend” and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements are based on management’s current belief, as well as assumptions made by, and information currently available to, management.

While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to, risks related to the Company’s liquidity, the substantial uncertainties inherent in the acceptance of existing and future products, the difficulty of commercializing and protecting new technology, the impact of competitive products and pricing, general business and economic conditions, risks associated with the expansion of our business including the implementation of any businesses we acquire, factors discussed in our public filings, including the risk factors included in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and other periodic reports. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, the Company is under no obligation to publicly update or revise any forward-looking statement after the date of this release whether as a result of new information, future developments or otherwise.

**STARCO BRANDS, INC.**  
(FORMERLY INSYNERGY PRODUCTS, INC.)  
**CONDENSED BALANCE SHEETS**  
(Unaudited)

	March 31, 2018	December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 158,472	\$ 314,181
Accounts receivable, related party	599	4,692
Prepaid and other assets	28,445	43,218
Total Current Assets	187,516	362,091
Deposit	3,500	3,500
Total Assets	<u>\$ 191,016</u>	<u>\$ 365,591</u>

## LIABILITIES AND STOCKHOLDERS' DEFICIT

### Current Liabilities:

Accounts payable	\$ 222,576	\$ 194,462
Other payables and accruals	276,382	276,149
Accrued compensation	30,550	30,050
Due to an officer	1,190	-
Loans payable – related party	362,664	362,664
Notes payable	13,327	33,158
Total Current Liabilities	<u>906,689</u>	<u>896,483</u>
Total Liabilities	<u>906,689</u>	<u>896,483</u>

### Stockholders' Deficit:

Common Stock par value \$0.001 300,000,000 shares authorized, 150,000,004 and 2,417,569 shares issued, respectively	150,000	2,418
Additional paid in capital	14,880,746	14,965,081
Common stock to be issued	600,000	600,000
Accumulated deficit	<u>(16,346,419 )</u>	<u>(16,098,391 )</u>
Total Stockholders' Deficit	<u>(715,673 )</u>	<u>(530,892 )</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 191,016</u></u>	<u><u>\$ 365,591</u></u>

## STARCO BRANDS, INC. (FORMERLY INSYNERGY PRODUCTS, INC.) CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Revenues, net, related party	\$ 763	\$ -
Operating Expenses:		
Compensation expense	86,466	66,250
Advertising and promotion	1,352	-
Professional fees	75,890	21,384
General and administrative	80,132	37,412
Total operating expenses	<u>243,840</u>	<u>125,046</u>
Loss from operations	<u>(243,077 )</u>	<u>(125,046 )</u>
Other Income (Expense):		
Interest expense	(7,981 )	(864 )
Interest income	30	-
Other income	3,000	-
Total other expense	<u>(4,951 )</u>	<u>(864 )</u>
Loss before provision for income taxes	(248,028 )	(125,910 )

Provision for income taxes	-	-
Net Loss	\$ (248,028 )	\$ (125,910 )
Loss per share, basic & diluted	\$ (0.00 )	\$ (0.14 )
Weighted average shares outstanding, basic & diluted	56,531,124	920,185

**STARCO BRANDS, INC.**  
(FORMERLY INSYNERGY PRODUCTS, INC.)  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (248,028 )	\$ (125,910 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	8,181	-
Stock based compensation – related party	31,666	-
Contributed services	23,400	-
Changes in Operating Assets and Liabilities:		
Accounts receivable, related party	4,093	-
Prepays & other assets	14,773	(35 )
Accounts payable	22,420	(1,485 )
Accrued expenses	7,617	65,938
Net Cash Used in Operating Activities	(135,878 )	(61,492 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from a related party	2,000	92,988
Repayment of advances from a related party	(2,000 )	(27,282 )
Payments on notes payable	(19,831 )	-
Net Cash Used by Financing Activities	(19,831 )	(65,706 )
Net Increase (Decrease) in Cash	(155,709 )	4,214
Cash at Beginning of Period	314,181	-
Cash at End of Period	\$ 158,472	\$ 4,214

**Reconciliation of Net Income to Adjusted EBITDA**

**Three Months Ended  
March 31,**

	<b>2018</b>	<b>2017</b>
Net loss	\$ (248,028 )	\$ (125,910 )
Other income	(3,000 )	-
Interest expense	7,981	864
Interest income	(30 )	-
Stock based compensation	8,181	-
Stock based compensation, related party	31,666	-
Adjusted EBITDA	<u>\$ (203,230 )</u>	<u>\$ (125,046 )</u>

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**STARCO BRANDS**

Source: Starco Brands