August 15, 2018

Starco Brands Reports Second Quarter 2018 Financial Results

SANTA MONICA, Calif., Aug. 15, 2018 (GLOBE NEWSWIRE) -- Starco Brands (OTC: STCB), a creator of innovative and disruptive consumer products, reported financial results for the second quarter ended June 30, 2018.

Second Quarter 2018 Highlights:

- Significantly increased net revenue and reduced the net loss by more than 50% compared to the first quarter of 2018;
- Further expanded the distribution of Breathe™ through UNFI distribution network;
- Entered into a strategic partnership with Deutsch, a creative agency owned by Interpublic Group, whereby Deutsch serves as Starco Brands' marketing agency of record and became a significant shareholder in Starco Brands;
- Secured distribution at Walmart of Breathe Multi Purpose Cleaner across the United States;
- Signed a ten-year national licensing agreement with Betterbilt Chemicals to market their full line of plumbing and other consumer products;
- Launched Honu™ Sunscreen, the Company's first personal care product that is Reef Friendly and contains a patented spray wand, at Walmart locations nationwide;
- Partnered with Walmart to launch a cobranded Parents Choice Nursey cleaner™ utilizing the Company's BreatheSafe™ Technology.

Management Commentary

"During Q2 of 2018, we delivered on the plans established in late 2017 and early 2018 by expanding the overall distribution of our Breathe line. We also successfully launched several new unique and behavior changing consumer products in personal care and food," said Starco Brands' CEO Ross Sklar. "We broadened the reach of Breathe, our flagship product line, and added Betterbilt Chemicals and Winona Pure Cooking sprays to our range. In addition, we began shipments of Honu Sunscreen and Parent's Choice Nursery cleaner, in partnership with Walmart. We continue to evaluate new product opportunities and expect to launch new products through our internal development, licensing partnerships and acquisitions. As our product assortment grows and our revenues increase we continue to consistently approach corporate profitability."

Second Quarter 2018 Financial Results

Net revenues were $39,716, bringing total net revenues booked since the Company's strategic pivot in mid-2017 to $48,664. (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 second quarter of 2018, the aggregate wholesale shipments of such products were approximately $616,318, which consisted of The Starco Group's sales of Breathe, Winona Pure, Kleen-Out and Parent's Choice. 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 $141,426. The net loss was $106,624, or $0.00 per diluted share. Adjusted EBITDA was negative $101,710. See note below on "Use of Non-GAAP Financial Information."

Outlook

The Company continues to expect revenues to grow significantly in 2018 and expects to continue to narrow its operating loss. This will be primarily driven by expanded distribution of its Breathe, Winona Pure, Kleen-Out line, Honu Sunscreen lines, as well as Parents Choice cobranded with Walmart. Other sources of revenue expansion will include 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.breathecleaning.com. For more information about Starco Brands, please visit 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.

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)

	June 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 46,300	$ 314,181
Accounts receivable, related party	39,717	4,692
Prepaid and other assets	11,991	43,218
Total Current Assets	98,008	362,091

Deposit	3,500	3,500
Total Assets	$ 101,508	$ 365,591
LIABILITIES AND STOCKHOLERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 229,844	$ 194,462
Other payables and accruals	250,214	276,149
Accrued compensation	57,683	30,050
Due to an officer	289,821	-
Loans payable – related party	72,843	362,664
Notes payable	-	33,158
Total Current Liabilities	900,405	896,483
Total Liabilities	900,405	896,483
Stockholders' Deficit:		
Common Stock par value $0.001 300,000,000 shares authorized, 150,000,004 and 2,417,569 shares issued, respectively	159,091	2,418
Additional paid in capital	15,495,055	14,965,081
Common stock to be issued	-	600,000
Accumulated deficit	(16,453,043)	(16,098,391)
Total Stockholders' Deficit	(798,897)	(530,892)
Total Liabilities and Stockholders' Equity	$ 101,508	$ 365,591

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues, net, related party	$ 39,716	$ -	$ 40,479	$ -
Operating Expenses:				
Compensation expense	61,698	64,750	148,164	131,000
Advertising and promotion	18,198	-	19,550	-
Professional fees	13,239	9,912	89,129	31,296
General and administrative	48,291	28,027	128,423	65,439
Total operating expenses	141,426	102,689	385,266	227,735
Loss from operations	(101,710)	(102,689)	(344,787)	(227,735)

Other Income (Expense):				
Interest expense	(7,927)	(934)	(15,908)	(1,798)
Interest income	13	-	43	-
Other income	3,000	-	6,000	-
Loss on conversion of debt	-	(259,739)	-	(259,739)
Total other expense	(4,914)	(260,673)	(9,865)	(261,537)
Loss before provision for income taxes	(106,624)	(363,362)	(354,652)	(489,272)
Provision for income taxes	-	-	-	-
Net Loss	$ (106,624)	$ (363,362)	$ (354,652)	$ (489,272)
Loss per share, basic and diluted	$ (0.00)	$ (0.30)	$ (0.00)	$ (0.46)
Weighted average shares outstanding, basic and diluted	157,925,413	1,196,099	107,508,363	1,058,904

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

	For the Six Months Ended June 30,	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	$ (354,652)	$ (489,272)
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	46,800	-
Additional shares issued for prior debt conversion	-	259,739
Changes in Operating Assets and Liabilities:		
Accounts receivable, related party	(35,025)	-
Prepaids & other assets	31,227	(15,690)
Accounts payable	32,535	4,057
Accrued expenses	4,545	128,754
Net Cash Used in Operating Activities	(234,723)	(112,412)
CASH FLOWS FROM INVESTING ACTIVITIES:	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		

Advances from a related party	2,000	154,248
Repayment of advances from a related party	(2,000)	(42,537)
Proceeds from the sale of common stock	-	250,000
Proceeds from notes payable	-	21,966
Payments on notes payable	(33,158)	(1,966)
Net Cash Provided (Used) by Financing Activities	(33,158)	381,711
Net Increase (Decrease) in Cash	(267,881)	269,299
Cash at Beginning of Period	314,181	-
Cash at End of Period	$ 46,300	$ 269,299
Cash paid during the period for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	$ (106,624)	$ (363,362)	$ (354,652)	$ (489,272)
Other income	(3,000)	-	(6,000)	-
Interest expense	7,927	934	15,980	1,798
Interest income	(13)	-	(43)	-
Loss on conversion of debt	-	259,739	-	259,739
Stock based compensation	-	-	8,181	-
Stock based compensation, related party	-	-	31,666	-
Adjusted EBITDA	$ (101,710)	$ (102,689)	$ (304,868)	$ (227,735)

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Source: Starco Brands