November 9, 2018

STARCO BRANDS

Starco Brands Reports Third Quarter 2018 Financial Results

SANTA MONICA, Calif., Nov. 09, 2018 (GLOBE NEWSWIRE) -- Starco Brands (OTC: STCB), a creator of innovative and disruptive consumer products, reported financial results for the third quarter ended September 30, 2018.

Third Quarter 2018 Highlights:

- Significantly increased net revenue compared to the third quarter of 2017;
- Reduced the net loss compared to both the first and second quarters of 2018;
- Further expanded the distribution of Breathe™ through more than 25 additional outlets in the UNFI distribution network, including Piggly Wiggly stores in Wisconsin.

Management Commentary

"During Q3 of 2018, we saw continued expansion of our product lines through our distribution network, and continued to lay the groundwork for adding more product lines in early 2019," said Starco Brands' CEO Ross Sklar. "For the balance of 2018, we will continue to take steps to solidify our balance sheet and improve trading liquidity."

Third Quarter 2018 Financial Results

Net revenues were $36,582, up more than tenfold compared to the third quarter of 2017. Total net revenues booked since the Company's strategic pivot began in mid-2017 have been $85,246. (Revenues under the new business model did not begin until the second half of 2017.) Net revenues in the third quarter consisted of royalties from The Starco Group's sales of Breathe, KleenOut and Winona Pure products. The company's strategic pivot began in the third quarter of 2017 with the renaming of the company to Starco Brands, and the launch of the first Starco Brands product line, Breathe. The strategic repositioning continued with the execution of a 1-for-30 reverse stock split effective midway through the first quarter of 2018, and with the launch of new product lines during the second quarter of 2018. Thus, the third quarter of 2018 represents the first full quarter where Starco Brands operated under its new name, with new capital structure and supported by its new product lines.

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 third quarter and first nine months of 2018, the aggregate wholesale shipments of such products were approximately $148,542 and $764,860, respectively, 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, and only $3,027 was booked in the third quarter of 2017.

Operating expenses for the third quarter of 2018 totaled $127,893, down from $141,426 in the second quarter of 2018. The net loss was $93,919, or $0.00 per diluted share. Adjusted EBITDA was negative $91,311. See note below on "Use of Non-GAAP Financial Information."

Outlook

The Company continues to expect revenues to grow significantly in 2018 compared to 2017 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.
CONDENSED BALANCE SHEETS
(Unaudited)

	September 30, 2018	December 31, 2017

ASSETS		
Current Assets:		
Cash	$ 9,671	$ 314,181
Accounts receivable, related party	22,914	4,692
Prepaid and other assets	37,555	43,218
Total Current Assets	70,140	362,091
Deposit	3,500	3,500
Total Assets	$ 73,640	$ 365,591
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 228,266	$ 194,462
Other payables and accruals	281,090	276,149
Accrued compensation	35,850	30,050
Loans payable – related party	364,664	362,664
Notes payable	33,186	33,158
Total Current Liabilities	943,056	896,483
Total Liabilities	943,056	896,483
Stockholders' Deficit:		
Common Stock, par value $0.001 300,000,000 shares authorized, 159,090,914 and 2,417,569 shares issued and outstanding, respectively	159,091	2,418
Additional paid in capital	15,518,455	14,965,081
Common stock to be issued	-	600,000
Accumulated deficit	(16,546,962)	(16,098,391)
Total Stockholders' Deficit	(869,416)	(530,892)
Total Liabilities and Stockholders' Deficit	$ 73,640	$ 365,591

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues, net, related party	$ 36,582	$ 3,027	$ 77,061	$ 3,027
Operating Expenses:				
Compensation expense	57,035	19,497	173,533	150,497

Officer stock compensation	-	3,495,810	31,666	3,495,810
Advertising and promotion	2,972	6,987	22,522	6,987
Professional fees	6,161	25,940	95,290	57,236
General and administrative	61,725	158,795	190,148	224,234
Total operating expenses	127,893	3,707,029	513,159	3,934,764
Loss from operations	(91,311)	(3,704,002)	(436,098)	(3,931,737)
Other Income (Expense):				
Interest expense	(7,862)	(33,641)	(23,770)	(35,439)
Loss on conversion of debt	-	-	-	(259,739)
Interest income	4	37	47	37
Other income	5,250	6,000	11,250	6,000
Gain on extinguishment of debt	-	221,757	-	221,757
Total other income (expense)	(2,608)	194,153	(12,473)	(67,384)
Loss before provision for income taxes	(93,919)	(3,509,849)	(448,571)	(3,999,121)
Provision for income taxes	-	-	-	-
Net Loss	$ (93,919)	$ (3,509,849)	$ (448,571)	$ (3,999,121)
Loss per share, basic and diluted	$ (0.00)	$ (0.08)	$ (0.00)	$ (0.11)
Weighted average shares outstanding, basic and diluted	159,090,914	41,795,643	124,891,494	38,064,406

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

For the Nine Months Ended September 30,

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	$ (448,571)	$ (3,999,121)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	8,181	5,469
Stock based compensation – related party	31,666	3,495,810
Contributed services	70,200	-
Gain on extinguishment of debt	-	(221,757)
Additional shares issued for prior debt conversion	-	259,739
Financing costs for related party note	-	25,000
Changes in Operating Assets and Liabilities:		
Accounts receivable, related party	(18,222)	(3,027)
Prepaids & other assets	5,663	(53,251)
Accounts payable	30,956	(2,135)
Accrued expenses	13,589	142,862
Net Cash Used in Operating Activities	(306,538)	(350,411)
CASH FLOWS FROM INVESTING ACTIVITIES:	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from a related party	4,000	178,070
Repayment of advances from a related party	(2,000)	(5,671)
Proceeds from the sale of common stock	-	400,000
Proceeds from notes payable	36,400	81,270
Payments on notes payable	(36,372)	(28,471)
Net Cash Provided by Financing Activities	2,028	625,198
Net Increase (Decrease) in Cash	(304,510)	274,787
Cash at Beginning of Period	314,181	-
Cash at End of Period	$ 9,671	$ 274,787

Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss	$ (93,919)	$ (3,509,849)	$ (448,571)	$ (3,999,121)
Other income	(5,250)	(6,000)	(11,250)	(6,000)
Interest expense	7,862	33,641	23,770	35,439
Interest income	(4)	(37)	(47)	(37)
Loss on conversion of debt	-	-	-	259,739
Stock based compensation	-	-	8,181	-

Stock based compensation, related party	-	3,495,810	31,666	3,495,810
Gain on extinguishment of debt	-	221,757	-	221,757
Adjusted EBITDA	$ (91,311)	$ 235,322	$ (396,251)	$ 7,587

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