May 16, 2016

CV Sciences, Inc. Reports Financial Results for the Three Months Ended March 31, 2016

LAS VEGAS, NV -- (Marketwired) -- 05/16/16 -- CV Sciences, Inc. (OTCBB: CANV) (the "Company", "CV Sciences", "our" or "we") is reporting financial results for the three months ended March 31, 2016.

	For the three months ended March 31,	
	2016	***2015***
Financial Highlights		
GAAP Measures:		
Product Sales, net	$2,422,675	$2,714,051
Net Loss	($1,533,117)	($2,648,809)
Earnings Per Share - basic and diluted	($0.03)	($0.08)
Non-GAAP Measures (unaudited):		
EBITDA	($942,048)	($2,436,125)
Adjusted EBITDA	($536,897)	($680,131)

A reconciliation and explanation of GAAP measures to non-GAAP measures is provided later in this release.

"CV Sciences initiated its re-branding and drug development division during the first quarter of 2016 following the acquisition of CanX, Inc. ("CanX Acquisition") in December 2015. CV Sciences now operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD products to a range of market sectors," stated Michael Mona, Jr., chairman and CEO of CV Sciences. "We are excited to focus on the development and commercialization of innovative medicines and are assembling a strong and experienced team to advance our clinical efforts," continued Mr. Mona. "Our consumer products division continued to expand during the first quarter of 2016. Distribution of our branded products increased to 574 retail locations as of March 31, 2016 compared to zero retail locations during the first quarter of 2015. Market acceptance and trust in the quality of our branded products and bulk raw materials is expanding," continued Mr. Mona. "As we transition from reliance on bulk oil sales, our branded consumer products division remained strong during the three months ended March 31, 2016 with sales of $2.4 million compared to sales of $2.7 million for the three months ended March 31, 2015."

First Quarter 2016 - Business Highlights

- ***Re-branding and Drug Development Initiatives.*** Following the CanX Acquisition in December 2015, we commenced our re-branding and transition into drug development. Our rebranding efforts are nearly complete with our name change to CV Sciences. Our drug development efforts include pursuing synthetic-based CBD drugs in areas that we believe have the potential to provide significant improvement in patient treatment for therapeutic areas with sizable addressable markets.

- ***Sales expansion into U.S. Natural Products channel.***The Company's marketing to the $35 billion U.S. Natural Products sales channel continues to make excellent progress with placement in 574 stores as of March 31, 2016. We continue to expand our education program and marketing efforts in partnership with our broker relationships and physician educators, to further support this sales channel.
- ***Positioned for Economies of Scale in Consumer Product Division.***Our infrastructure investment over the last several years in inventory supply chain, distribution, systems and people, has positioned the Company to achieve economies of scale as sales increase. Our increase in gross margin to 67.1% for the three months ended March 31, 2016 compared to 58.1% for the three months ended March 31, 2015 is an example of realized economies from our infrastructure investment.

Operating Results for the three month ended March 31, 2016 and 2015

The Company's net loss for the three months ended March 31, 2016 was $1,533,117 or ($0.03) per share (basic and diluted), compared to net loss of $2,648,809, or ($0.08) per share (basic and diluted) for the three months ended March 31, 2015. There are significant non-cash transactions that caused the year-over-year difference which are explained in the Non-GAAP Financial Measures below. Revenues for the first quarter of 2016 compared to 2015 are slightly lower due to lower product pricing in 2016; however, our sales mix is transitioning from the Company's historical reliance on bulk oil sales to a more diversified and profitable business model as a manufacturer and distributor of branded consumer products. These changes have resulted in higher gross margins during the first quarter of 2016 (67.1%) compared to 2015 (58.1%).

Selling, general and administrative expenses for the three months ended March 31, 2016 were $2,689,245 compared to $3,940,651 for the three months ended March 31, 2015. SG&A expense for the three months ended March 31, 2016 and 2015 includes $405,151 and $1,743,327, respectively, of stock-based compensation, a non-cash expense. The SG&A expenses also include $263,375 and $249,725 of depreciation and amortization expense for the three months ended March 31, 2016 and 2015, respectively. After adjusting for non-cash stock-based compensation and depreciation and amortization for the three months ended March 31, 2016 and 2015, SG&A costs increased by approximately $73,000 in the first quarter of 2016 compared to the first quarter of 2015.

Research and development ("R&D") expense for the three months ended March 31, 2016 and 2015 was $141,813 and $323,145, respectively. The decrease in the first quarter of 2016 over 2015 relates primarily to the Company transitioning R&D activities into production of inventory products. R&D expense during the three months ended March 31, 2016 and 2015 includes stock-based compensation, a non-cash expense, of $0 and $12,667, respectively.

Balance Sheet and Liquidity Highlights

As of March 31, 2016, the Company had cash of approximately $0.5 million. The Company has sufficient cash reserves and access to capital to meet its working capital requirements. Stockholders equity amounted to approximately $23.0 million as of December 31, 2015.

Management believes the Company has the funds needed to continue its consumer product division and meet its other obligations over the next year solely from current projected increased revenues and cash flow and because our current inventory levels are sufficient to support sales for 2016, resulting in reduced cash outflow for inventory purchases. In addition, we do not intend to purchase raw inventory from our supply chain arrangements from the 2016 crop. The Company's pharmaceutical division will require additional capital of approximately $1,500,000 over the next 12 months. We currently have an executed term sheet on a financing arrangement that would provide this capital. Management believes that it will be able to obtain such financing on terms acceptable to the Company.

Non-GAAP Financial Measures

The Company reports EBITDA and Adjusted EBITDA to present information about its operating performance and financial position. We currently focus on EBITDA and Adjusted EBITDA to evaluate our business relationships and our resulting operating performance. EBITDA and Adjusted EBITDA are defined as net income plus interest expense, income tax expense, depreciation and amortization, further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We present Adjusted EBITDA because we consider it an important measure of our performance and it is a meaningful financial metric in assessing our operating performance from period to period by excluding certain items that we believe are not representative of our core business, such as certain non-cash items and other adjustments. We believe that EBITDA and Adjusted EBITDA, viewed in addition to, and not in lieu of, our reported results in accordance with accounting principles generally accepted in the United States ("GAAP"), provides useful information to investors regarding our performance for the following reasons:

- because non-cash equity grants made to employees and non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time, stock-based compensation expense is not a key measure of our operating performance; and
- revenues and expenses associated with acquisitions, dispositions, equity issuance and related offering costs can vary from period to period and transaction to transaction and are not considered a key measure of our operating performance.

The reconciliation from net loss to EBITDA and Adjusted EBITDA, both non-GAAP measures, for the periods presented is as follows:

	For the three months ended March 31, 2016	2015
Net loss	$ (1,533,117)	$ (2,648,809)
Interest income	(27,655)	(37,041)
Interest expense	355,349	-
Amortization of purchased intangible assets	214,350	205,500
Depreciation of property & equipment	49,025	44,225
EBITDA	(942,048)	(2,436,125)
EBITDA Adjustments:		
Stock-based compensation expense (1)	405,151	1,755,994
Total EBITDA Adjustments	405,151	1,755,994
Adjusted EBITDA	$ (536,897)	$ (680,131)

(1) Represents stock-based compensation expense related to stock options and stock grants awarded to employees, consultants and non-executive directors based on the grant date fair value under the Black-Scholes valuation model.

EBITDA and Adjusted EBITDA are non-GAAP measures and do not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The terms EBITDA and Adjusted EBITDA are not defined under GAAP, and EBITDA and Adjusted EBITDA are not measures of net income (loss), operating income or any other performance measure derived in accordance with GAAP.

EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect all cash expenditures, future requirements for capital expenditures or contractual requirements;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs; and
- EBITDA and Adjusted EBITDA can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, the level of capital investment, thus, limiting their usefulness as comparative measures.

EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us for investment in our business. We compensate for these limitations by relying primarily on GAAP results and using EBITDA and Adjusted EBITDA as supplemental information.

For further discussion of the Company's financial results for the three months ended March 31, 2016, please refer to the Company's consolidated financial statements and related Management Discussion and Analysis, which can be found at www.cvsciences.com or EDGAR at www.sec.gov/edgar/searchedgar/webusers.htm in the Company's Annual Report on Form 10-Q as filed with the U.S. Securities and Exchange Commission on May 16, 2016.

About CV Sciences, Inc.
CV Sciences, Inc. (OTCBB: CANV) operates two distinct business segments: a drug development division focused on developing and commercializing novel therapeutics utilizing synthetic CBD; and, a consumer product division in manufacturing, marketing and selling plant-based CBD products to a range of market sectors. CV Sciences, Inc. has primary offices and facilities in Las Vegas, Nevada and San Diego, California. Additional information is available from OTCMarkets.com or by visiting www.cvsciences.com.

FORWARD-LOOKING DISCLAIMER
This press release may contain certain forward-looking statements and information, as defined within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and is subject to the Safe Harbor created by those sections. This material contains statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Such forward-looking statements by definition involve risks, uncertainties.

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