

November 8, 2017



# CV Sciences, Inc. Reports Third Quarter 2017 Financial Results

*- Record Quarter for all Financial Performance Metrics*

*- Management to Host Webcast on November 8, 2017 to Discuss Q3 2017 Operating Results*

LAS VEGAS, Nov. 08, 2017 (GLOBE NEWSWIRE) -- CV Sciences, Inc. (OTCQB:CVSI) (the "Company", "CV Sciences", "our" or "we") announced today its financial results for the third quarter and nine months ended September 30, 2017.

## Third Quarter 2017 - Business Highlights

- **Record Quarterly Sales of \$5,591,200**, an increase of 90% compared to the third quarter in 2016
- **Record Quarterly Gross Profit of \$3,997,600**, an increase of 112% compared to the third quarter of 2016
- **Record Consolidated Quarterly Adjusted EBITDA of \$875,000**, an increase of \$1,543,400 compared to the third quarter of 2016
- **Drug Development Achieves Strong Progress.** The Company continues to make preclinical progress with CVSI-007, its patent pending synthetic-based cannabidiol, which will be co-administered with nicotine to provide treatment options for smokeless tobacco use and addiction, currently a multibillion market with no FDA-approved drugs to help patients.

Sales for the third quarter of 2017 was \$5,591,200 and demonstrates the Company's continued expansion into all sales channels including the natural product retail channel, wholesale and direct to consumer channels. The Company's natural product retail channel now includes more than 1,400 locations nationwide. CV Sciences plans to continue developing new sales channels and is encouraged by the strength of its branded products as evidenced by SPINS® Scan data, which positions them as the #1 selling hemp product in the Natural Products Industry.

Gross profit for the third quarter of 2017 was \$3,997,600 and indicates the Company's ability to expand sales while maintaining strong gross margins.

Adjusted EBITDA for the third quarter of 2017 was \$875,000 and shows strong operating leverage from the Company's significant investment in inventory, product development, systems, marketing and distribution.

"We are thrilled with our operating performance during the third quarter," said Michael Mona, Jr., President and CEO of CV Sciences. "In every aspect, we set new financial performance records and laid the groundwork for continued operating excellence. We also continue to make steady progress in advancing CVSI-007 - our proprietary lead drug candidate, which

addresses the multibillion dollar smokeless tobacco use and addiction market.”

Financial highlights for the three and nine months ended September 30, 2017 are presented below:

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
<b>Financial Highlights</b>				
GAAP Measures:				
Product Sales, net	\$5,591,210	\$2,939,997	\$13,437,233	\$6,847,216
Gross Profit	\$3,997,649	\$1,888,949	\$9,275,111	\$4,429,277
Cash Generated from Operations				
Non-GAAP Measures (unaudited):				
EBITDA	(\$442,033)	(\$1,316,403)	(\$4,850,967)	(\$2,076,493)
Adjusted EBITDA	\$875,076	(\$668,426)	\$404,382	(\$1,429,277)

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

## Balance Sheet and Liquidity Highlights

As of September 30, 2017, the Company had unrestricted cash of \$1,572,125 and total cash of \$2,322,310. During the nine months ended September 30, 2017, the Company generated \$647,216 of cash from operating activities compared to cash used in operating activities of \$1,429,277 for the nine months ended September 30, 2016, a year over year improvement of \$2,076,493. Stockholders’ equity amounted to approximately \$15.3 million as of September 30, 2017.

## Non-GAAP Financial Measures

CV Sciences focuses on Adjusted EBITDA to evaluate its business relationships and its resulting operating performance and financial position. Adjusted EBITDA is defined as EBITDA (net income [loss], minus interest 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. CV Sciences management presents Adjusted EBITDA because they consider it an important measure of performance and it is a meaningful financial metric in assessing operating performance from period to period by excluding certain items that they believe are not representative of its core business, such as certain non-cash items and other adjustments. The Company believes that Adjusted EBITDA, viewed in addition to, and not in lieu of, their reported results in accordance with accounting principles generally accepted in the United States (“GAAP”), provides useful information to investors regarding its performance.

Adjusted EBITDA is a non-GAAP measure and does not purport to be an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The term Adjusted EBITDA is not defined under GAAP, and Adjusted EBITDA is not a measure of net income (loss), operating income or any other performance measure derived in accordance with GAAP. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. CV Sciences management compensates for these limitations by relying primarily on GAAP results and using Adjusted EBITDA as supplemental information.

A reconciliation from the Company's net loss to Adjusted EBITDA, a non-GAAP measure, for the three and nine months ended September 30, 2017 and 2016 is detailed below:

	For the three months ended September 30,		For the nine months ended	
	2017	2016	2017	
Net loss	\$ (589,983)	\$ (1,900,736)	\$ (5,366,946)	\$
Interest income	-	-	7	
Interest expense	108,203	321,006	371,678	
Amortization of purchased intangible assets	8,850	214,350	26,550	
Depreciation of property & equipment	30,897	48,977	117,744	
EBITDA	(442,033)	(1,316,403)	(4,850,967)	
EBITDA Adjustments:				
Stock-based compensation expense (1)	1,328,096	647,977	3,072,224	
Gain on changes from derivative liability (2)	(10,987)	-	(248,875)	
Royalty buy-out (3)	-	-	2,432,000	
Total EBITDA Adjustments	1,317,109	647,977	5,255,349	
Adjusted EBITDA	\$ 875,076	\$ (668,426)	\$ 404,382	\$

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 using the Black-Scholes valuation model.
2. Represents the gain on changes in derivative liabilities.
3. Represents the share-based royalty buy-out associated the CanX acquisition.

For further discussion of the Company's financial results for the three and nine months ended September 30, 2017, please refer to the Company's consolidated financial statements and related Management's Discussion and Analysis, which can be found at [www.cvsciences.com](http://www.cvsciences.com) or EDGAR at [www.sec.gov/edgar/searchedgar/webusers.htm](http://www.sec.gov/edgar/searchedgar/webusers.htm) in the Company's Quarterly Report on Form 10-Q as filed with the U.S. Securities and Exchange Commission on November 7, 2017.

### **About CV Sciences, Inc.**

CV Sciences, Inc. (OTCQB:CVSI) operates two distinct business segments: a drug development division focused on developing and commercializing novel therapeutics utilizing synthetic CBD; and, a consumer product division focused on 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](http://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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