



April 26, 2019

DEAR FELLOW SHAREHOLDERS,

The past year has been a seminal period for CV Sciences and the hemp-based CBD market we pioneered. The early consumer adopters have long known the value and efficacy of our products, and we have now entered the scaling of our high-quality CBD products, which is evident in the significant growth we generated during 2018. We reported 133% revenue growth to \$48 million, and generated over \$14 million of revenue in the fourth quarter alone. We reported four consecutive profitable quarters, grew adjusted EBITDA to \$14 million from \$2 million in the prior year, and net income increased to \$10 million compared to a net loss in the prior year. We further strengthened our competitive positioning with new product introductions and expanded retail distribution to our current store count of 3,308. Today, our PlusCBD Oil™ hemp-based CBD products are the #1 selling brand in the natural products industry, per the leading syndicated sales data company SPINS, and we are ranked #2 in the independent natural products retailer channel when combining all product category sales in food supplements.

In September 2018, we became the only company in our industry to achieve self-affirmed Generally Recognized as Safe (GRAS) status, which significantly enhanced the credibility of our company and products. We have established our leadership on store shelves and are providing industry leadership in the areas of education, science and regulatory affairs to support the continued growth of hemp-based CBD products. Market researchers and analysts universally see significant industry growth ahead and with the passage of the 2018 Farm Bill, a regulatory framework has been put into motion that is supporting accelerated growth and broader availability. As industry leaders, we plan to work closely with the Food and Drug Administration to establish the additional regulatory lanes to support long-term growth of quality and safe hemp-based CBD products. As an industry pioneer and the first and only company to receive GRAS status for our products, we are well-positioned to lead this next phase of category development. To support these efforts and further enhance our industry leadership, we recently appointed Dr. Duffy MacKay as Senior Vice President of Scientific and Regulatory Affairs to further educate and enhance relationships with regulators and the scientific community as we continue to responsibly develop this new product category. We believe, as do industry observers, that we are only at a very early development stage of hemp-based CBD products and are excited for the opportunities that



lie ahead. In addition to our strong consumer sales and market position, our drug development division continues to provide incremental opportunity. Our proprietary patent-pending drug candidate (CVSI-007), which combines CBD and nicotine, has the potential to effectively treat smokeless tobacco addiction. This treatment market is estimated at greater than \$2 billion and provides another important long-term growth channel for our Company. We continued to make progress during 2018, progressing with the required preclinical studies and plan to submit an Investigational New Drug application (IND) and begin clinical trials in 2019. CVSI-007 is set to be the world's first and only FDA-approved treatment for smokeless tobacco addiction.

As we progress in 2019, we believe we are poised to capitalize on the significant growth of the hemp-

based CBD market. We have assembled a strong leadership team, have developed industry-leading quality standards and reputation, have strong retail distribution and are well-equipped to capture additional distribution across traditional food, drug, mass merchant and convenience store channels. We are profitable, generating significant cash flow and ended 2018 in a strong financial position with \$13 million of cash and de minimis debt. As we look ahead to the future, we are very optimistic that 2019 will be another successful year for CV Sciences. We will continue to focus on initiatives that drive our sales and distribution channels, improve operational efficiency and drive shareholder value. Our accomplishments reflect the hard work of our dedicated employees and demonstrate their outstanding work throughout our Company. Their commitment and dedication are the foundation of our success, product excellence and industry leadership.

A handwritten signature in black ink that reads "Joseph Dowling".

Joseph Dowling  
Chief Executive Officer  
CV Sciences, Inc.