

March 29, 2018



CV Sciences, Inc. Reports Fourth Quarter and Full Year 2017 Financial Results

- Record Year on All Key Financial Performance Metrics

- Management to Host Webcast on March 29, 2018 to Discuss Q4 2017 and Full Year 2017 Operating Results

LAS VEGAS, March 29, 2018 (GLOBE NEWSWIRE) -- CV Sciences, Inc. (OTCQB:CVSI) (the "Company", "CV Sciences", "our" or "we") announced today its financial results for the fourth quarter and year ended December 31, 2017.

Q4 2017 and 2017 Full Year - Operating Highlights

- **Record Q4 2017 Sales of \$7,242,000**, an increase of 126% compared to Q4 2016
- **Record Q4 2017 Gross Profit of \$5,213,600**, an increase of 187% compared to Q4 2016
- **Record Full Year 2017 Sales of \$20,679,200**, an increase of 87% compared to full year 2016
- **Record Full Year 2017 Gross Margin of \$14,488,700**, an increase of 107% compared to full year 2016
- **Record Full Year 2017 Adjusted EBITDA of \$2,067,200**, an improvement of \$5,040,500, a 170% increase when compared to full year 2016
- **Record Total 2017 Cash Flow from Operations of \$3,615,000**, an improvement of \$5,519,700, a 276% increase when compared to full year 2016
- **Increased Retail Channel Distribution to 1,548 Stores as of December 31, 2017**, an increase of 57% compared to December 31, 2016
- **Strong Progress in Drug Development Division** including preclinical progress with CVSI-007, the Company's 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 currently FDA-approved drugs available to help patients.

Sales for Q4 2017 were \$7.2 million and \$20.7 million for the full year 2017 demonstrating the Company's continued organic expansion into all sales channels including the natural product retail, wholesale and direct-to-consumer channels. The Company's natural product retail channel now includes more than 1,500 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 the Company as the #1 selling hemp product line in the natural products industry.

Gross profit for Q4 2017 was \$5.2 million and \$14.5 million for the full year 2017 and

indicates the Company's ability to expand sales while maintaining strong gross margins.

Adjusted EBITDA for the full year 2017 was \$2.1 million and shows strong operating leverage from the Company's significant investment in inventory, product development, systems, marketing and distribution.

"We ended 2017 with tremendous momentum by hitting record metrics for Q4 and an overall impressive and record year. Our operating performance further validates our ability to grow profitably and generate cash flow," said Joseph Dowling, CFO of CV Sciences. "In every aspect, we set new financial performance records and laid the groundwork for continued profitable growth. On the drug development side, we 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 years ended December 31, 2017 and 2016 are presented below:

Financial Highlights	For the years ended December 31,		YOY Change	
	2017	2016	\$	%
GAAP Measures:				
Product Sales, net	\$ 20,679,200	\$ 11,060,600	\$ 9,618,600	87%
Gross Profit	14,488,700	6,997,600	7,491,100	107%
Cash Generated from Operating Activities	3,615,000	(2,053,700)	5,668,700	276%
Non-GAAP Measure (unaudited):				
EBITDA	\$ (4,208,000)	\$ (12,029,600)	\$ 7,821,600	65%
Adjusted EBITDA	2,067,200	(2,973,300)	5,040,500	170%

Balance Sheet and Liquidity Highlights

As of December 31, 2017, the Company had unrestricted cash of \$2,013,000 and total cash of \$2,792,000. During the year ended December 31, 2017, the Company increased its total cash position by \$1,734,000. Stockholders' equity amounted to approximately \$16.4 million as of December 31, 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 we 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 management believes are not representative of the Company's 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, our reported results in accordance with accounting principles generally accepted in the United States ("GAAP"), provides useful information to investors regarding the Company's 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 the Company’s 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 years ended December 31, 2017 and 2016 is detailed below:

	For the years ended December 31,	
	2017	2016
Net loss	\$ (4,897,139)	\$ (14,141,298)
Interest income	(2)	(27,658)
Interest expense	506,384	1,086,793
Amortization of purchased intangible assets	35,400	857,400
Depreciation of property & equipment	147,395	195,167
EBITDA	<u>(4,207,962)</u>	<u>(12,029,596)</u>
EBITDA Adjustments:		
Stock-based compensation expense (1)	3,419,799	3,274,034
Gain on collection of notes receivable (2)	-	(379,486)
Loss on extinguishment of debt (3)	188,822	-
Gain on derivative liability (4)	(248,875)	(147,200)
Royalty buy-out (5)	2,432,000	-
Impairment of inventory (6)	-	3,562,459
Impairment of PhytoSPHERE goodwill and intangible assets (7)	-	2,746,512
Bad debt expense (8)	483,407	-
Total EBITDA Adjustments	<u>6,275,153</u>	<u>9,056,319</u>
Adjusted EBITDA	<u>\$ 2,067,191</u>	<u>\$ (2,973,277)</u>

(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 gain on collection of note receivable.

(3) Represents loss on extinguishment of debt.

(4) Represents the gain on changes in derivative liabilities.

(5) Represents the share-based royalty buy-out associated the CanX acquisition.

(6) Represents the impairment expense of certain raw material inventory.

(7) Represents the impairment expense associated with acquired goodwill and intangible assets.

(8) Recognition of the write-off of certain Company’s accounts receivable during 2017.

For further discussion of the Company’s financial results for the years ended December 31, 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 or EDGAR at 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 March 29, 2018.

Management to Host Financial Results Conference Call

The Company is scheduled to host a conference call to discuss its fourth quarter and full year 2017 results at 1:15 p.m.PDT/4:15 p.m. EDT on Thursday, March 29, 2018.

CV Sciences' CFO Joseph Dowling will lead the call to provide an operational and financial summary of the fourth quarter and year ended December 31, 2017. Interested parties may access the live webcast by visiting:

Participants may also access the listen-only audio call by dialing 1-201-612-7415. The conference ID# is 13676044.

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.

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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