

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 12, 2021

CV SCIENCES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

000-54677
(Commission File Number)

80-0944970
(I.R.S. Employer Identification No.)

10070 Barnes Canyon Road
San Diego, California 92121
(Address of principal executive offices)

(866) 290-2157
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
N/A		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Conditions

The information provided below in "Item 7.01 - Regulation FD Disclosure" of this Current Report on Form 8-K is incorporated by reference into this Item 2.02.

Item 7.01 Regulation FD Disclosure

On August 12, 2021, CV Sciences, Inc. (the "Company") issued a press release regarding the Company's financial results for its fiscal quarter ended June 30, 2021. A copy of that press release is furnished as Exhibit 99.1 hereto and incorporated herein by reference. The press release includes non-GAAP financial measures as defined in Regulation G. The press release also includes a presentation of the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP), information reconciling the non-GAAP financial measures to the GAAP financial measures and a discussion of the reasons why the Company's management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding the Company's financial condition and results of operations. The non-GAAP financial measures presented therein should be considered in addition to, not as a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

Exhibit 99.1 contains forward-looking statements. These forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed in these forward-looking statements.

The information set forth under Item 7.01 of this Current Report on Form 8-K ("Current Report"), including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in Item 7.01 of this Current Report, including Exhibit 99.1, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing, except as expressly set forth by specific reference in such a filing. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release of CV Sciences, Inc. dated August 12, 2021.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 12, 2021

CV SCIENCES, INC.

By: /s/ Joseph Dowling
Joseph Dowling
Chief Executive Officer

CV Sciences, Inc. Reports Second Quarter 2021 Financial Results

San Diego, CA - August 12, 2021 (GLOBE NEWSWIRE) - CV Sciences, Inc. (OTCQB:CVSI) (the “Company”, “CV Sciences”, “our”, “us” or “we”), a preeminent supplier and manufacturer of hemp cannabidiol (CBD) products, today announced its financial results for the quarter ended June 30, 2021.

Second Quarter 2021 and Recent Financial and Operating Highlights

- Revenue of \$5.1 million for second quarter of 2021, compared to \$5.4 million for the second quarter of 2020;
- Gross margin of 44.7% for second quarter of 2021, improved from 43.0% for the second quarter of 2020;
- Total cash balance of \$3.0 million at quarter end, compared to \$4.5 million at year end;
- Total retail distribution of more than 7,800 stores as of June 30, 2021, an increase from 6,325 stores as of June 30, 2020;
- Launched PlusCBD™ Calm and Sleep, two flavorful gummies that meet the primary needs of our target customers to manage stress and improve sleep as they manage day-to-day challenges;
- Received NutraIngredients-USA 2021 Product of the Year: Immune Support Award for our new and highly innovative CV™ Defense product;
- Published study of cannabidiol efficacy in treating nicotine dependence in Journal of Psychopharmacology in collaboration with the University of California, San Diego; and
- CV Sciences PlusCBD™ hemp oil used as reference standard to develop Cannabis Quality Assurance Program Exercise 1 Final Report - published by National Institute for Standards and Technology (NIST), further establishing Company as the industry leader for science, technology and regulatory compliance.

“Second quarter execution was solid as we continued to focus on targeted growth opportunities, product innovation and cost efficiency initiatives. We delivered sequential growth for the first time in two quarters as revenues increased 6% compared to the first quarter, said Joseph Dowling, Chief Executive Officer. “In addition, gross margins increased by 170 basis points versus last year reflecting product mix factors as well as ongoing efforts to drive productivity. From a new product standpoint, consumers and key retail partners are responding positively to the PlusCBD™ Sleep and Calm gummies. Our new Sleep and

Calm products, along with other planned new product launches during the second half of 2021, give us confidence in the success of our strong innovation pipeline to generate future incremental revenue. In our drug development division, we recently announced results from our collaborative study with UC San Diego validating the efficacy of CBD treatment in reducing nicotine dependence. This is a significant step toward CV Sciences' efforts to develop and commercialize the only FDA-approved treatment for smokeless tobacco addiction. Finally, we remain committed to working with government and industry association stakeholders to fill scientific and regulatory gaps necessary for full FDA regulation of CBD as a dietary supplement and remain optimistic that the Company is well positioned financially and strategically to deliver long-term value for our shareholders."

Operating Results - Second Quarter 2021 Compared to Second Quarter 2020

Sales for second quarter of 2021 were \$5.1 million, a decrease of 5% from \$5.4 million in the second quarter of 2020. Current quarter sales were impacted by increased market competition, which is largely due to the uncertain regulatory environment for CBD. The Company's products were sold in more than 7,800 retail stores nationwide as of June 30, 2021, up from over 6,300 stores as of June 30, 2020.

The Company recognized an operating loss of \$3.5 million in the second quarter of 2021, compared to an operating loss of \$4.7 million in the second quarter of 2020.

The Company had negative adjusted EBITDA for the second quarter of 2021 of \$2.4 million, compared to negative adjusted EBITDA of \$3.2 million in the second quarter of 2020.

Conference Call and Webcast

The Company will host a conference call and webcast to discuss these results today at 4:30 pm EDT/1:30 pm PDT. The webcast of the conference call will be available on the Investor Relations section of the Company's website at <https://ir.cvsciences.com/news-events> or directly at <http://public.viavid.com/index.php?id=145430>. Investors interested in participating in the live call can also dial (877) 407-0784 from the U.S. or international callers can dial (201) 689-8560. A telephone replay will be available approximately two hours after the call concludes, and will be available through Thursday, August 19, 2021, by dialing (844) 512-2921 from the U.S. or (412) 317-6671 from international locations, and entering confirmation code 13720919.

About CV Sciences, Inc.

CV Sciences, Inc. (OTCQB:CVSI) operates two distinct business segments: a consumer product division focused on manufacturing, marketing and selling plant-based dietary supplements and CBD products to a range of market sectors; and a drug development division focused on developing and commercializing CBD-based novel therapeutics. The Company's PlusCBD™ products are sold at more than 7,800 retail locations throughout the U.S. and it is one of the top-selling brands of hemp-derived CBD in the natural products market, according to SPINS, the leading provider of syndicated data and insights for the natural, organic and specialty products industry. CV Sciences follows all guidelines for Good Manufacturing Practices (GMP) and the Company's products are processed, produced, and tested throughout the manufacturing process to confirm strict compliance with company standards and specifications. With a commitment to science, PlusCBD™ product benefits in healthy people are supported by human clinical research data, in addition to three published clinical case studies available on PubMed.gov. PlusCBD™ was the first hemp CBD supplement brand to invest in the scientific evidence necessary to receive self-affirmed Generally Recognized as Safe (GRAS) status. CV Sciences, Inc. has primary offices and facilities in San Diego, California. Additional information is available from OTCMarkets.com or by visiting www.cvsciences.com.

Forward Looking Statements

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 risk and uncertainties.

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CV SCIENCES, INC.

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Product sales, net	\$ 5,128	\$ 5,396	\$ 9,972	\$ 13,666
Cost of goods sold	2,838	3,074	5,324	7,336
Gross Profit	2,290	2,322	4,648	6,330
Operating expenses:				
Research and development	225	746	411	2,255
Selling, general and administrative	5,575	6,233	10,860	14,052
	5,800	6,979	11,271	16,307
Operating Loss	(3,510)	(4,657)	(6,623)	(9,977)
Interest expense (income), net	9	4	23	(6)
Loss before income taxes	(3,519)	(4,661)	(6,646)	(9,971)
Income tax expense (benefit)	11	20	11	(138)
Net Loss	\$ (3,530)	\$ (4,681)	\$ (6,657)	\$ (9,833)
Weighted average common shares outstanding, basic and diluted	107,623	99,863	106,074	99,771
Net loss per common share, basic and diluted	\$ (0.03)	\$ (0.05)	\$ (0.06)	\$ (0.10)

CV SCIENCES, INC.
CONDENSED BALANCE SHEETS (UNAUDITED)
(in thousands, except per share data)

	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,460	\$ 4,024
Restricted cash	501	501
Accounts receivable, net	1,119	1,126
Inventory	9,176	8,840
Prepaid expenses and other	1,771	2,372
Total current assets	15,027	16,863
Property & equipment, net	2,493	2,877
Operating lease assets	2,789	3,057
Intangibles, net	3,730	3,730
Goodwill	2,788	2,788
Other assets	983	1,310
Total assets	\$ 27,810	\$ 30,625
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 646	\$ 1,677
Accrued expenses	10,233	9,805
Current portion of operating lease liability	686	680
Current portion of long-term debt	2,998	2,174
Total current liabilities	14,563	14,336
Debt	—	1,453
Operating lease liability	3,113	3,467
Deferred tax liability	157	157
Total liabilities	17,833	19,413
Commitments and contingencies		
Stockholders' equity		
Preferred stock, par value \$0.0001; 10,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$0.0001; 190,000 shares authorized, 108,462 and 100,664 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	11	10
Additional paid-in capital	80,544	75,123
Accumulated deficit	(70,578)	(63,921)
Total stockholders' equity	9,977	11,212
Total liabilities and stockholders' equity	\$ 27,810	\$ 30,625

CV SCIENCES, INC.
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Six months ended June 30,	
	2021	2020
OPERATING ACTIVITIES		
Net loss	\$ (6,657)	\$ (9,833)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	402	389
Stock-based compensation	1,569	2,501
Deferred taxes	—	(158)
Non-cash lease expense	268	562
Loss on sale of property and equipment	—	176
Other	211	99
Change in operating assets and liabilities:		
Accounts receivable	(85)	1,032
Inventory	(336)	1,738
Prepaid expenses and other	822	2,208
Accounts payable and accrued expenses	(947)	(2,818)
Net cash used in operating activities	<u>(4,753)</u>	<u>(4,104)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(35)	(506)
Net cash flows used in investing activities	<u>(35)</u>	<u>(506)</u>
FINANCING ACTIVITIES		
Proceeds from debt	—	2,906
Repayment of unsecured debt	(629)	—
Proceeds from issuance of common stock	3,853	—
Proceeds from exercise of stock options	—	173
Net cash flows provided by financing activities	<u>3,224</u>	<u>3,079</u>
Net decrease in cash, cash equivalents and restricted cash	(1,564)	(1,531)
Cash, cash equivalents and restricted cash, beginning of period	4,525	9,608
Cash, cash equivalents and restricted cash, end of period	<u>\$ 2,961</u>	<u>\$ 8,077</u>
Supplemental cash flow disclosures:		
Income taxes paid	—	18
Supplemental disclosure of non-cash transactions:		
Purchase of property and equipment in accounts payable and accrued expenses	\$ —	\$ 327
Sale of property and equipment in exchange for note receivable (recorded in prepaid expenses and other) and inventory	\$ —	\$ 675

CV SCIENCES, INC.

NON-GAAP FINANCIAL MEASURES (UNAUDITED)

We prepare our condensed financial statements in accordance with generally accepted accounting principles for the United States (GAAP). The non-GAAP financial measures such as net income and loss per share and Adjusted EBITDA included in this press release are different from those otherwise presented under GAAP. We use non-GAAP measures internally to evaluate our performance and make financial and operational decisions that are presented in a manner that adjusts from their equivalent GAAP measures or that supplement the information provided by our GAAP measures. The non-GAAP financial measures exclude non-cash compensation expense for stock options. When evaluating the performance of our business and developing short and long-term plans, we do not consider share-based compensation charges. Although share-based compensation is necessary to attract and retain quality employees, our consideration of share-based compensation places its primary emphasis on overall shareholder dilution rather than the accounting charges associated with such grants. Because of the varying availability of valuation methodologies and subjective assumptions, we believe that the exclusion of share-based compensation allows for more accurate comparison of our financial results to previous periods. In addition, we believe it useful to investors to understand the specific impact of the application of the fair value method of accounting for share-based compensation on our operating results.

Adjusted EBITDA is defined by us as EBITDA (net income (loss) plus depreciation expense, amortization expense, and interest expense, minus income tax benefit and interest income), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We use Adjusted EBITDA because we believe it more clearly highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures, since Adjusted EBITDA eliminates from our results specific financial items that have less bearing on our core operating performance.

We use Adjusted EBITDA in communicating certain aspects of our results and performance, including in this press release, and believe that Adjusted EBITDA, when viewed in conjunction with our GAAP results and the accompanying reconciliation, can provide investors with greater transparency and a greater understanding of factors affecting our financial condition and results of operations than GAAP measures alone. In addition, we believe the presentation of Adjusted EBITDA is useful to investors in making period-to-period comparison of results because the adjustments to GAAP are not reflective of our core business performance.

A reconciliation from our GAAP net loss to non-GAAP net loss for the three and six months ended June 30, 2021 and 2020 is detailed below (in thousands, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net loss - GAAP	\$ (3,530)	\$ (4,681)	\$ (6,657)	\$ (9,833)
Stock-based compensation (1)	912	1,243	1,569	2,501
Net loss - non-GAAP	<u>\$ (2,618)</u>	<u>\$ (3,438)</u>	<u>\$ (5,088)</u>	<u>\$ (7,332)</u>
Diluted EPS - GAAP	\$ (0.03)	\$ (0.05)	\$ (0.06)	\$ (0.10)
Stock-based compensation (1)	0.01	0.02	0.01	0.03
Diluted EPS - non-GAAP	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.07)</u>
Shares used to calculate diluted EPS - GAAP and non-GAAP	107,623	99,863	106,074	99,771

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

A reconciliation from our net loss to Adjusted EBITDA, a non-GAAP measure, for the three months ended June 30, 2021 and 2020 is detailed below (in thousands):

	Three months ended June 30, 2021			Three months ended June 30, 2020		
	Consumer Products	Specialty Pharma	Total	Consumer Products	Specialty Pharma	Total
Net loss	\$ (3,421)	\$ (109)	\$ (3,530)	\$ (4,034)	\$ (647)	\$ (4,681)
Depreciation	198	—	198	195	—	195
Amortization	—	—	—	—	9	9
Interest expense	9	—	9	4	—	4
Income tax expense	11	—	11	20	—	20
EBITDA	(3,203)	(109)	(3,312)	(3,815)	(638)	(4,453)
Stock-based compensation (1)	912	—	912	1,209	34	1,243
Adjusted EBITDA	<u>\$ (2,291)</u>	<u>\$ (109)</u>	<u>\$ (2,400)</u>	<u>\$ (2,606)</u>	<u>\$ (604)</u>	<u>\$ (3,210)</u>

A reconciliation from our net loss to Adjusted EBITDA, a non-GAAP measure, for the six months ended June 30, 2021 and 2020 is detailed below (in thousands):

	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Consumer Products	Specialty Pharma	Total	Consumer Products	Specialty Pharma	Total
Net loss	\$ (6,475)	\$ (182)	\$ (6,657)	\$ (7,973)	\$ (1,860)	\$ (9,833)
Depreciation	402	—	402	371	—	371
Amortization	—	—	—	—	18	18
Interest expense (income)	23	—	23	(6)	—	(6)
Income tax expense (benefit)	11	—	11	(138)	—	(138)
EBITDA	(6,039)	(182)	(6,221)	(7,746)	(1,842)	(9,588)
Stock-based compensation (1)	1,568	1	1,569	2,467	34	2,501
Adjusted EBITDA	<u>\$ (4,471)</u>	<u>\$ (181)</u>	<u>\$ (4,652)</u>	<u>\$ (5,279)</u>	<u>\$ (1,808)</u>	<u>\$ (7,087)</u>

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