

ChromaDex® Reports 2013 Full-Year Results

2014-03-27

IRVINE, Calif., March 27, 2014 /PRNewswire/ -- ChromaDex® Corp. (OTCQB: CDXC), an innovative natural products company that provides proprietary, ingredients and science-based solutions to the dietary supplement, food and beverage, animal health, cosmetic and pharmaceutical industries, announced today the financial results for the year ended December 28, 2013.

For the year ended December 28, 2013 ("FY 2013"), the Company's combined core standards, contract services, scientific and regulatory consulting and ingredients segments (as reported in the annual report on the form 10K FY 2013) generated net sales of \$10,221,249, an increase of approximately 20% as compared to \$8,527,800 for the year ended December 29, 2012 ("FY 2012"). This increase was largely due to increased sales of proprietary ingredients and other bulk dietary supplement grade raw materials as well as the acquisition of Spherix Consulting in December 2012. In FY 2013, ChromaDex reported net sales of \$10,160,964 as compared to \$11,610,494 for FY 2012. The primary reason for the decline in sales was due to the sale of the Company's BluScience retail dietary supplement product segment in March 2013, which in FY 2012, generated net sales of \$3,082,694 versus (\$60,285) in FY 2013. The net loss attributable to common stock holders for FY 2013 was \$4,419,525 or (\$0.04) per share as compared to a net loss of \$11,662,426 or (\$0.13) per share for FY 2012. The non-cash, stock-based compensation expense related to stock options and other stock-based compensation in FY 2013 was \$1,287,917. Excluding non-cash, share-based compensation expense, which is a "non-GAAP measure," would have the effect of decreasing the Company's net loss for the year ended December 28, 2013 to \$3,131,608. As of December 28, 2013, cash, cash equivalents and marketable securities totaled approximately[1] \$2,261,336.

Frank Jaksch, Jr., CEO and co-founder of ChromaDex, commented, "2013 was highlighted by the strategic investment we received from DSM Venturing in October as well as the successful launch of two new important patented ingredients – **NIAGEN™ nicotinamide riboside** and **PUREENERGY™** caffeine alternative. Having recently announced sales agreements for our ingredients totaling more than \$65 million, we expect the ingredient segment to become the dominant growth driver for the Company in 2014 and beyond."

Jaksch continued, "The inbound inquiries we are receiving regarding NIAGEN™ as a precursor to NAD+ from both the research and business communities continues to be beyond our previous expectations. We expect this interest to continue throughout 2014. As we have previously stated, we still believe NIAGEN™ is perhaps the largest opportunity for creation of value for ChromaDex shareholders."

2013 and recent 2014 Company highlights include:

- In March 2013, the Company licensed from Washington University exclusive worldwide patent rights related to the recently discovered vitamin, nicotinamide riboside ("NR"). The patent rights cover the use of NR for the prevention or treatment of neuropathies caused by axon degeneration. The Company believes this license, coupled with the intellectual property rights for NR previously acquired from Cornell University and Dartmouth College, creates a significant and meaningful barrier to entry for would-be competitors in the NR market.
- In March 2013, the Company closed the sale of its BluScience™ consumer product line to NeutriSci. The total sale transaction value was approximately \$6.0 million, which consisted of a combination of cash, senior secured debt and an ownership interest in NeutriSci. The sale of the BluScience line will allow ChromaDex to focus on growing sales in its ingredient business, as well as accelerate the development of its novel ingredients pipeline. The Company is expected to continue to generate revenue through a royalty on 6% of future net sales of BluScience products as well as a supply agreement with NeutriSci for the Company's patented pTeroPure pterostilbene.
- In May 2013, the Company launched its novel, patented NIAGEN™, the first and only commercially available nicotinamide riboside, a precursor to NAD+. We believe that NIAGEN™ has the potential to become one of the most important B-vitamin ingredients that are included in products serving multi-billion dollar markets such as multi-vitamins, nutraceuticals, weight-loss, energy drinks, sports nutrition, meal replacements, infant formula, food and beverage products.

- In July 2013, the Company announced a three-year marketing deal worth at least potentially \$3.5 million with Thorne Research Inc. for ChromaDex's Niagen™ nicotinamide riboside (NR) ingredient. Under the terms of the agreement, Thorne Research received marketing rights for Niagen™ for use in nutritional supplements exclusively for the direct to healthcare-practitioner channel in the United States and Canada. ChromaDex will receive a royalty on sales of Thorne Research products that will contain Niagen™. In addition, Thorne Research will collaborate with ChromaDex on future human clinical trials of Niagen™.
- In July 2013, the Company entered into an agreement with The Scripps Research Institute ("TSRI") whereby the Company will provide TSRI with quantities of Niagen™ **nicotinamide riboside** for research purposes. TSRI's studies will add to the growing amount of research showing many of the important health benefits of nicotinamide riboside, and portends possible pharmaceutical uses for Niagen™.
- In September 2013, the Company announced results of a cross-over clinical evaluation of its PUREENERGY™ caffeine alternative - a patented co-crystal ingredient comprised of caffeine and ChromaDex's pTeroPure® pterostilbene. The study showed that PUREENERGY™ delivers 30% more caffeine, stays in the blood stream longer and is absorbed more slowly than ordinary caffeine. Based on the clinical evaluation, PUREENERGY™ provides formulators of energy products the ability to reduce the total amount of caffeine in their products by as much as 50% without sacrificing consumers' expectations from such products.
- In October 2013, the Company announced it received a \$2.5 million strategic equity investment from DSM Venturing, the corporate venture arm of Royal DSM (NYSE Euronext Amsterdam: DSM), the global life sciences and material sciences company.
- In October 2013, the Company announced the ChromaDex analytics laboratory located in Boulder, Colorado received the internationally recognized ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission) 17025:2005 accreditation. The ISO/IEC accreditation, which demonstrates technical competence for a defined testing scope and the operation of a laboratory quality management system, was granted by ACLASS, an ANSI-ASQ National Accreditation Board agency.
- In November 2014, the Company entered into separate material transfer agreements with Massachusetts Institute of Technology ("MIT") and Universite Libre de Bruxelles ("ULB"), whereby ChromaDex will provide each with quantities of its NIAGEN™ nicotinamide riboside for research purposes.
- In January 2014, the Company announced the appointment of Steve Allen as an independent director. Allen has extensive experience in negotiating merger and acquisition deals and coordinating related due diligence. He has many years of experience handling both in and out-licensing agreements with technology providers and branded companies. Allen retired from Nestle in December 2009 after a 30-year career in sales, marketing and general management. In 2002, he joined the Mergers and Acquisitions group of Nestle. He was heavily involved in their venture capital investments
- In January 2014, the Company announced it entered into a four year ingredient supply and brand licensing agreement valued at approximately \$62 million, with 5LINX®, one of the largest and fastest-growing direct marketing companies in the world. 5LINX® was granted marketing rights for ChromaDex's patented NIAGEN™ nicotinamide riboside ingredient for use in dietary supplements exclusively in the network marketing sales channel in the United States, Canada and Philippines. Under the terms of the agreement, 5LINX® must purchase from ChromaDex \$2.1 million of NIAGEN™ in 2014, and an aggregate of \$46 million of NIAGEN™ from 2015 through 2017. 5LINX® was also granted marketing rights for ChromaDex's recently launched patented PUREENERGY™ for use in dietary supplements, with select exclusively in the network marketing sales channel in the U.S., Canada and Philippines. Under the exclusive network marketing channel agreement, 5LINX® must purchase from ChromaDex \$520,000 of PUREENERGY™ in 2014 and an aggregate of \$14 million of PUREENERGY™ from 2015 through 2017.

About ChromaDex®:

ChromaDex® is an innovative natural products company that discovers, acquires, develops and commercializes proprietary-based ingredient technologies through its unique business model that utilizes its wholly owned synergistic business units, including ingredient technologies, natural product fine chemicals (known as "phytochemicals"), chemistry and analytical testing services, and product regulatory and safety consulting (as Spherix Consulting). The company provides seamless science-based solutions to the nutritional supplement, food and beverage, animal health, cosmetic and pharmaceutical industries. The ChromaDex ingredient technologies unit includes products backed with extensive scientific research and intellectual property. Its ingredient portfolio includes pTeroPure® pterostilbene; ProC3G™, a natural black rice containing cyanidin-3-glucoside; PUREENERGY™, a caffeine-pTeroPure co-crystal; and NIAGEN™, its recently launched branded nicotinamide riboside, a novel next-generation B vitamin. To learn more about ChromaDex, visit www.chromadex.com.

Forward-Looking Statements:

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Statements that are not a description of historical facts constitute forward-looking statements and may often, but not always, be identified by the use of such words as "expects", "anticipates", "intends", "estimates", "plans", "potential", "possible", "probable",

"believes", "seeks", "may", "will", "should", "could" or the negative of such terms or other similar expressions. Actual results may differ materially from those set forth in this release due to the risks and uncertainties inherent in the Company's business. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2013, the Company's Quarter Reports on Form 10-Q and other filings submitted by the Company to the SEC, copies of which may be obtained from the SEC's website at www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement and the Company undertakes no obligation to revise or update this release to reflect events or circumstances after the date hereof.

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ChromaDex Corporation and Subsidiaries
Consolidated Statements of Operations
Years Ended December 28, 2013 and December 29, 2012

	2013	2012
Sales, net	\$ 10,160,964	\$ 11,610,494
Cost of sales	7,027,828	9,335,057
Gross profit	3,133,136	2,275,437
Operating expenses:		
Sales and marketing	2,357,605	5,520,141
General and administrative	5,117,016	8,391,730
Loss from investment in affiliate	44,961	-
Operating expenses	7,519,582	13,911,871
Operating loss	(4,386,446)	(11,636,434)
Nonoperating income (expense):		
Interest income	1,251	3,014
Interest expense	(34,330)	(29,006)
Nonoperating expenses	(33,079)	(25,992)
Net loss	\$ (4,419,525)	\$ (11,662,426)
Basic and Diluted loss per common share	\$ (0.04)	\$ (0.13)
Basic and Diluted weighted average common shares outstanding	99,987,443	90,268,802

See Notes to Consolidated Financial Statements.

Quantitative Reconciliation of the differences between the non-GAAP measure and the associated comparable GAAP measure

Consolidated Statements of Operations (US GAAP) For the Year Ended December 28, 2013 and December 29, 2012			Effects of Non-cash Charges associated with Share-based Compensation Expense For the Year Ended December 28, 2013 and December 29, 2012		Consolidated Statements of Operations Excluding Share-based Compensation (Non-GAAP Presentation) For the Year Ended December 28, 2013 and December 29, 2012	
	2013	2012	2013	2012	2013	2012
Sales	\$ 10,160,964	\$ 11,610,494	\$ -	\$ -	\$ 10,160,964	\$ 11,610,494
Cost of sales	7,027,828	9,335,057	-	-	7,027,828	9,335,057
Gross profit	3,133,136	2,275,437	-	-	3,133,136	2,275,437
Operating expenses:						
Sales and marketing	2,357,605	5,520,141	-	-	2,357,605	5,520,141
General and administrative	5,117,016	8,391,730	(1,287,917)	(2,703,253)	3,829,099	5,688,477
Loss from investment in affiliate	44,961	-	-	-	44,961	-
Operating expenses	7,519,582	13,911,871	(1,287,917)	(2,703,253)	6,231,665	11,208,618
Operating loss	(4,386,446)	(11,636,434)	1,287,917	2,703,253	(3,098,529)	(8,933,181)
Nonoperating income (expense):						
Interest income	1,251	3,014	-	-	1,251	3,014
Interest expense	(34,330)	(29,006)	-	-	(34,330)	(29,006)
Nonoperating expense	(33,079)	(25,992)	-	-	(33,079)	(25,992)
Net loss	\$ (4,419,525)	\$ (11,662,426)	\$ 1,287,917	\$ 2,703,253	\$ (3,131,608)	\$ (8,959,173)
Basic and Diluted loss per common share	\$ (0.04)	\$ (0.13)	\$ 0.01	\$ 0.03	\$ (0.03)	\$ (0.10)
Basic and Diluted weighted average common shares outstanding	99,987,443	90,268,802	99,987,443	90,268,802	99,987,443	90,268,802

SOURCE ChromaDex Corp.