

# ChromaDex Corporation Reports Second Quarter 2020 Financial Results

## ***Second Quarter 2020 Highlights vs. Second Quarter 2019***

- Strong growth in net sales to \$15.3 million, higher gross margins, and significantly improved marketing efficiency year-over-year.
- Tru Niagen net sales of \$11.7 million, a 34% increase year-over-year.
- Net loss was (\$3.7) million or (\$0.06) per share, an improvement of \$0.08 per share year over year. Adjusted EBITDA excluding total legal expense, a non-GAAP measure, was a profit of \$0.5 million, a \$2.6 million improvement year-over-year.
- Signed 200<sup>th</sup> material transfer agreement through ChromaDex External Research Program (CERP), which has resulted in 60 published studies to date, including 10 published clinical studies, on Niagen®.
- The study for the 200<sup>th</sup> agreement, announced last month, will assess the impact of Niagen® in COVID-19 animal models in collaboration with the National Institute of Allergy and Infectious Diseases (NIAID), a division of the National Institutes of Health (NIH).

LOS ANGELES – ChromaDex Corp. (NASDAQ:CDXC) today reported second quarter 2020 financial results.

“We achieved record net sales of \$15.3 million in the second quarter while maintaining our focus on the science, announcing our 200<sup>th</sup> research agreement and tenth published human trial on Niagen®,” says ChromaDex CEO Rob Fried. “Business adjustments at the onset of the pandemic and continued marketing efficiencies allowed us to reach a financial goal of positive Adjusted EBITDA excluding total legal expenses.”

### ***Results of operations for the three months ended June 30, 2020***

For the three months ended June 30, 2020 (“Q2 2020”), ChromaDex reported net sales of \$15.3 million, up 38% compared to \$11.1 million in the second quarter of 2019 (“Q2 2019”). The increase in Q2 2020 revenues was driven by growth in sales of Tru Niagen and Niagen ingredient revenues.

Gross margin increased by 310 basis points to 59.4% in Q2 2020 compared to 56.3% in Q2 2019. The increase in gross margin was largely driven by the positive impact of increased Tru Niagen consumer product sales and product cost saving initiatives, including a benefit of approximately 110 basis points related to savings from prior year initiatives that were recognized in Q2 2020.

Operating expenses decreased by \$0.7 million to \$12.8 million in Q2 2020, compared to

\$13.4 million in Q2 2019. The decrease in operating expenses was driven by a decrease of \$1.1 million in general and administrative expense, and a decrease of \$0.1 million of research and development expense, partially offset by \$0.7 million of higher selling and marketing expense. The decrease in general and administrative expense was driven by \$1.1 million of lower legal expenses.

The net loss for Q2 2020 was (\$3.7) million or (\$0.06) per share compared to a net loss of (\$7.8) million or (\$0.14) per share for Q2 2019.

Adjusted EBITDA excluding total legal expense, a non-GAAP measure, was a profit of \$0.5 million for Q2 2020, compared to a loss of (\$2.1) million for Q2 2019, a \$2.6 million improvement.

ChromaDex defines Adjusted EBITDA excluding total legal expense as net income or (loss) which is adjusted for interest, income tax, depreciation, amortization, non-cash stock compensation costs, severance and restructuring expense, bad debt expense related to Elysium Health and total legal expense.

For Q2 2020, the net cash used in operating activities was (\$1.6) million versus (\$9.0) million in Q2 2019.

## **2020 Outlook**

Looking forward, the impact of COVID-19 on revenues is difficult to predict and the Company is managing expenses to mitigate the bottom-line impact. The Company does not expect any supply chain disruption at this time and, based on trends-to-date, expects continued revenue growth this year. Based on the Company's current financial outlook, revenue growth will be driven by its U.S. ecommerce business, new international market launches with its partners and distributors, such as in the U.K. and Australia, new online platforms, including Persona Nutrition, a Nestlé Health Science company, and the Company's new product, Tru Niagen® Beauty. The Company expects continued gross margin improvement driven by a higher mix of Tru Niagen® sales, product design changes implemented in late 2019, and additional supply chain cost savings initiatives in 2020. The Company expects lower selling, marketing and advertising as well as general and administrative expenses as a percentage of net sales driven by strong growth from returning customers and scale on our fixed overhead costs driven by organizational realignment initiatives, as well as new systems and processes.

## **Investor Conference Call**

ChromaDex management will host an investor conference call to discuss the first quarter results and provide a general business update on Thursday, August 6, at 4:30pm ET.

Participants should call in at least 10 minutes prior to the call. The dial-in information is as follows:

Date: Thurs., August 6, 2020

Time: 4:30 p.m. Eastern time (1:30 p.m. Pacific time)

Toll-free dial-in number: (833) 979-2703

International dial-in number: (236) 714-2223

Conference ID: 1563949

Webcast link: ChromaDex Second Quarter 2020 Earnings Conference Call

The conference call will be broadcast live and available for replay here and via the investor relations section of the Company's website at [www.chromadex.com](http://www.chromadex.com).

A replay of the conference call will be available after 7:30 p.m. ET.

Toll-free replay number: 800-585-8367

Replay ID: 1563949

The earnings press release, and its accompanying financial exhibits, will be available on the Investor Relations section of the Company website, [www.chromadex.com](http://www.chromadex.com).

### **About Non-GAAP Financial Measures:**

Adjusted EBITDA excluding total legal expense excludes interest, income tax, depreciation, amortization, non-cash share-based compensation costs, severance and restructuring expense, bad debt expense related to Elysium Health, and total legal expense. ChromaDex used these non-GAAP measures when evaluating its financial results as well as for internal resource management, planning and forecasting purposes. ChromaDex believes the presentation of its non-GAAP financial measures enhances the overall understanding of the company's historical financial performance. These non-GAAP measures should not be viewed in isolation from or as a substitute for ChromaDex's financial results in accordance with GAAP. Reconciliation of GAAP to non-GAAP measures are attached to this press release.

### **About ChromaDex:**

ChromaDex Corp. is a science-based integrated nutraceutical company devoted to improving the way people age. ChromaDex scientists partner with leading universities and research institutions worldwide to discover, develop and create solutions to deliver the full potential of NAD and its impact on human health. Its flagship ingredient, NIAGEN<sup>®</sup> nicotinamide riboside, sold directly to consumers as TRU NIAGEN<sup>®</sup>, is backed with clinical and scientific research, as

well as extensive IP protection. TRU NIAGEN® is helping the world AGE BETTER®. ChromaDex maintains a website at [www.chromadex.com](http://www.chromadex.com) to which ChromaDex regularly posts copies of its press releases as well as additional and financial information about the Company.

### **Important Note on 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. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such statements include the quotation from ChromaDex's Chief Executive Officer, and statements related to the impact of COVID-19 on revenues and supply chain and ChromaDex's management of expenses to mitigate the bottom-line impact; future revenue growth being driven by ChromaDex's U.S. ecommerce business, new international markets and online platforms, including Persona Nutrition, and new product, Tru Niagen Beauty; the expectations of gross margin improvement driven by a by a higher mix of Tru Niagen® sales, product design changes implemented in late 2019, and additional supply chain cost savings initiatives in 2020; and the expectations of lower selling, marketing and advertising expenses and lower general and administrative expenses as a percentage of net sales driven by strong growth from returning customers and scale on fixed overhead costs driven by organizational realignment initiatives, as well as new systems and processes. Other risks that contribute to the uncertain nature of the forward-looking statements are reported in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K, as amended, as filed with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and actual results may differ materially from those suggested by these forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement and ChromaDex undertakes no obligation to revise or update this release to reflect events or circumstances after the date hereof.

### **ChromaDex Corporation and Subsidiaries Condensed Consolidated Statements of Operations For the Three Month Periods Ended June 30, 2020 and June 30, 2019 (In thousands, except per share data)**

	Three Months Ended	
	<b>June 30, 2020</b>	June 30, 2019
Sales, net	<b>15,28</b>	
	<b>\$ 7</b>	\$ 11,101
Cost of sales	<b>6,199</b>	4,847
<b>Gross profit</b>	<b>9,088</b>	6,254
Operating expenses:		

Sales and marketing	<b>4,959</b>	4,308
Research and development	<b>942</b>	1,069
General and administrative	<b>6,874</b>	7,932
Other	-	125
<b>Operating expenses</b>	<b>12,775</b>	13,434
<b>Operating loss</b>	<b>(3,687)</b>	(7,180 )
Nonoperating expense:		
Interest expense, net	<b>(24 )</b>	(575 )
<b>Nonoperating expense</b>	<b>(24 )</b>	(575 )
<b>Net loss</b>	<b>\$ (3,711)</b>	\$ (7,755 )
Basic and diluted loss per common share	<b>\$ (0.06 )</b>	\$ (0.14 )
Basic and diluted weighted average common shares outstanding	<b>60,906</b>	55,539

See Notes to Consolidated Financial Statements in Part I of ChromaDex's Quarterly Report on Form 10-Q filed with Securities and Exchange Commission on August 6, 2020.

**ChromaDex Corporation and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**June 30, 2020 and December 31, 2019**  
(In thousands, except per share data)

	<b>Jun. 30, 2020</b>	Dec. 31, 2019
<b>Assets</b>		
Current Assets		
Cash, including restricted cash of \$0.2 million and \$0.2 million, respectively	<b>18,890</b>	18,812
Trade receivables, net of allowances of \$0.0 million and \$2.8 million, respectively; Receivables from Related Party: \$1.1 million and \$0.8 million, respectively	<b>3,954</b>	2,175
Inventories	<b>12,338</b>	11,535
Prepaid expenses and other assets	<b>584</b>	996
<b>Total current assets</b>	<b>35,766</b>	33,518
Leasehold Improvements and Equipment, net	<b>3,487</b>	3,765
Intangible Assets, net	<b>1,189</b>	1,311
Right of Use Assets	<b>705</b>	891
Other Long-term Assets	<b>845</b>	762
<b>Total assets</b>	<b>\$ 41,932</b>	\$ 47,247
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Accounts payable	<b>9,780</b>	9,626
Accrued expenses	<b>5,246</b>	4,415

Current maturities of operating lease obligations	<b>632</b>	595
Current maturities of finance lease obligations	<b>134</b>	258
Customer deposits	<b>250</b>	169
<b>Total current liabilities</b>	<b>16,042</b>	15,063
Deferred Revenue	<b>3,820</b>	3,873
Operating Lease Obligations, Less Current Maturities	<b>522</b>	848
Finance Lease Obligations, Less Current Maturities	<b>27</b>	18
<b>Total liabilities</b>	<b>20,411</b>	19,802
Commitments and Contingencies		
Stockholders' Equity		
Common stock, \$.001 par value; authorized 150,000 shares; issued and outstanding June 30, 2020 61,421 shares and December 31, 2019 59,562 shares	<b>61</b>	60
Additional paid-in capital	<b>153,036</b>	142,285
Accumulated deficit	<b>(131,513 )</b>	(121,900)
Cumulative translation adjustments	<b>(3 )</b>	-
<b>Total stockholders' equity</b>	<b>21,581</b>	20,445
<b>Total liabilities and stockholders' equity</b>	<b>41,992</b>	40,247
	<b>\$ 92</b>	\$ 47

See Notes to Consolidated Financial Statements in Part I of ChromaDex's Quarterly Report on Form 10-Q filed with Securities and Exchange Commission on August 6, 2020.

### **ChromaDex Corporation and Subsidiaries**

#### **Reconciliation of Non-GAAP Financial Measures**

#### **Adjusted EBITDA**

	<b>Q1</b>					
	<b>2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>
(In thousands)						
Net loss, as reported	(8,337)	(7,755)	(7,202)	(8,853)	(5,902)	<b>(3,711)</b>
<i>Adjustments:</i>						
Interest (income) expense	-35	575	314	-7	12	<b>24</b>
Depreciation	173	190	196	203	214	<b>218</b>
Amortization of intangibles	61	61	62	62	62	<b>60</b>
Amortization of right of use assets	138	141	144	92	92	<b>95</b>
	2,029					<b>1,711</b>
Share-based compensation	9	1,759	1,687	1,697	1,873	<b>1</b>
Severance and restructuring	-	-	-	200	953	<b>284</b>
Elysium-related bad debt expense	-	-	-	2,233	-	-
	(5,971)	(5,029)	(4,799)	(4,373)	(2,696)	<b>(1,319)</b>
Adjusted EBITDA	\$ 71	\$ 9	\$ 9	\$ 3	\$ 6	<b>\$ 9</b>
	3,250					<b>1,844</b>
Total legal expense	0	2,926	2,944	2,226	2,380	<b>4</b>
Adjusted EBITDA excluding total legal expense	(2,721)	(2,103)	(1,855)	(2,147)	(316)	<b>\$ 525</b>

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20200806005282/en/>

**ChromaDex Investor Relations Contact:**

Brianna Gerber, Vice President of FP&A and Investor Relations

949-419-0288 ext. 127

briannag@chromadex.com

**ChromaDex Media Contact:**

Alex Worsham, Senior Director of Global Corporate Communications

310-388-6706 ext. 689

alexw@chromadex.com