

November 23, 2016



# MyDx Reports Strong Third Quarter 2016 Financial Results

## New Licensing Model to Drive Rapid Earnings Growth and Rebuild Shareholder Value in 2017

### Third Quarter Highlights:

- Changes Business Model with Initial \$2.5 Million Licensing Deal
- Company Reduces Operating Cash Burn by 83%
- Launches AquaDx™ and OrganaDx™ Sensors
- New MyDx Smart Phone App Tops Apple iOS App Store Charts
- Anticipates Reaching Positive Cash Flow in Current Quarter
- Expects to Enter 2017 with a Strengthened Balance, Poised for Profitability

LA JOLLA, Calif., Nov. 23, 2016 (GLOBE NEWSWIRE) -- [MyDx, Inc.](#) (OTCQB:MYDX), a rapidly growing science and technology company that has developed MyDx®, the first multi-use handheld chemical analyzer for consumers, today announced its financial results for the third quarter ended September 30, 2016 and provided guidance that -- fueled in part by its new licensing model -- it expects to reach positive cash flow in the fourth quarter ending December 31, 2016 and achieve profitability in early 2017.

### Strong, Third Quarter Operating Results

For the three months ended September 30, 2016 and 2015, the Company had net revenues of \$134,240 and \$219,180, respectively. The comparable decline in net revenues, year over year, reflects the revenues from CannaDx shipments in 2015 that were a cumulative buildup of nearly one year of pre-sales. For the three months ended September 30, 2016 and 2015, gross profit as a percentage of net revenues held steady at a healthy 40.2% and 40.8%, respectively.

For the three months ended September 30, 2016, the Company incurred operating expenses in the amount of \$1,976,382 compared to \$1,447,564 for the three months ended September 30, 2015. In the quarter ended September 30, 2016, the increase in expenses were a direct result of new investments made to create and launch a new global licensing model, with an initial emphasis across the greater China region. The Company's licensing deal is expected to generate a minimum of \$2.5 million in Earnings over the next 5 years.

On an operating basis, for the nine months ended September 30, 2016, MyDx reported

net cash used in operating activities declined approximately 83% to (\$698,547) compared with (\$4,104,595) in the nine months ended September 30, 2015. For the quarter ended September 30, 2016, MyDx posted a net loss of (\$2.87 million) or (\$0.08) per share compared with a net loss of (\$1.36 million) or (\$0.06) per share in the year earlier quarter.

Commenting on the Company's achievements, Daniel R. Yazbeck, MyDx Chairman and CEO, said, "Over the last nine months, we streamlined our operations across the board, reducing our operating cash burn by 83% year over year, which solidifies our path towards becoming cashflow positive by the end of the fourth quarter and profitable in 2017.

"During the third quarter, while completing the development, branding and launch of the AquaDx and OrganaDx product lines, we have been working diligently to create, negotiate and close a landmark Asian licensing distribution deal," he added. "We are pleased to report successfully closing a 5 year \$2.5 million high-margin transaction with our first licensing partner in China who will market and distribute the OrganaDx, AquaDx, and AeroDx product lines in that region."

### **Q316 Progress: Triples Product Lines and Reaches Top of the iOS Charts**

Driven by widespread liberalization of marijuana laws at the state level in the Nov. 8 US Election and a successful test marketing campaign, on November 15, the Company announced its CannaDx™ iOS smartphone app had [catapulted to the top of the Apple iOS App Store Charts](#). This is a major accomplishment following its June 1, [launch of its new, feature-rich CannaDx™ smart phone App](#) for both iOS and Android platforms.

In addition to CannaDx™ Sensor launched in late 2015, in recent weeks, the Company has tripled its number of product lines launching two new Sensor Chips for its Analyzer that address major, global mass markets:

- On September 15, 2016 [MyDx announced the launch the AquaDx™ Sensor](#) to test water for various toxins and heavy metals. As part of its social responsible program, the [Company shipped early inventory of it's single use sensors to affected residents and media](#) in Flint, Michigan, Tampa Florida and other locations with major public health hazards stemming from a contaminated water supply disclosed significantly after its occurrence. The results were reported in a ABC local action news video link that can be found on our AquaDx sensor page: <http://www.cdxmlife.com/aqua-sensor/>
- On Oct. 27, [MyDx launched its OrganaDx™ Sensor](#), which tests fruits and vegetables, as well as cannabis (including popular vape oils and edibles) for pesticides and heavy metals.

"We believe 2017 will be a watershed year for MyDx and its shareholders as we expand on our new products launches and licensing model. We extend our sincere thanks to our partners, customers, shareholders and industry advocates for their continued support of our mission," Mr. Yazbeck concluded.

### **About MyDx, Inc.**

MyDx, Inc. (OTCQB:MYDX) is a chemical detection and sensor technology company

based in San Diego, California whose mission is to help people Trust & Verify<sup>®</sup> what they put into their minds and bodies. The Company developed MyDx<sup>®</sup>, a patented, affordable portable analyzer that provides real-time chemical analysis and fits in the palm of the user's hand. The multi-use MyDx analyzer leverages over a decade of established chemical detection technology to measure chemicals of interest. The Company owns a substantial and growing intellectual property portfolio of patents covering its technology. The MyDx CannaDx<sup>™</sup>, AquaDx<sup>™</sup> and OrganaDx<sup>™</sup> sensors are now commercialized, and the AeroDx<sup>™</sup> application is next in line. All Sensors will be compatible with a MyDx App that empowers consumers to test the chemical composition of what they eat, drink and inhale. For more information, please visit [www.cdxfilife.com](http://www.cdxfilife.com).

### **Forward-Looking Statements**

*This news release contains "forward-looking statements" as that term is defined in Section 27(a) of the Securities Act of 1933, as amended, and Section 21(e) of the Securities Exchange Act of 1934, as amended. Statements may contain certain forward-looking statements pertaining to future anticipated or projected plans, performance and developments, as well as other statements relating to future operations and results. Any statements in this press release that are not statements of historical fact may be considered to be forward-looking statements. Words such as "may," "will," "expect," "believe," "anticipate," "estimate," "intends," "goal," "objective," "seek," "attempt," or variations of these or similar words, identify forward-looking statements. These forward-looking statements by their nature are estimates of future results only and involve substantial risks and uncertainties, including but not limited to risks associated with the uncertainty of future financial results, additional financing requirements, development of new products, our ability to complete our product testing and launch our product commercially, the acceptance of our product in the marketplace, the uncertainty of the laws and regulations relating to cannabis, the impact of competitive products or pricing, technological changes, the effect of economic conditions and other uncertainties detailed from time to time in our reports filed with the Securities and Exchange Commission, available at <http://ir.cdxfilife.com/all-sec-filings> or [www.sec.gov](http://www.sec.gov).*

**MyDx, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

| <b>ASSETS</b>                             | <b>September 30,<br/>2016</b> | <b>December 31,<br/>2015</b> |
|---|-------------------------------|------------------------------|
| Current assets:                           |                               |                              |
| Cash                                      | \$ 183,752                    | \$ 143,680                   |
| Accounts receivable                       | 40,397                        | 10,702                       |
| Inventory                                 | 341,522                       | 451,973                      |
| Prepaid expenses and other current assets | 34,264                        | 51,978                       |
| Total current assets                      | 599,935                       | 658,333                      |
| Property and equipment, net               | 160,516                       | 233,064                      |
| Other assets                              | 87,828                        | 104,365                      |
| Total assets                              | \$ 848,279                    | \$ 995,762                   |

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Current liabilities:               |                  |                  |
| Asset based loans                  | \$ 223,497       | \$ -             |
| Accounts payable                   | 843,662          | 619,528          |
| Customer deposits                  | 56,312           | 9,467            |
| Accrued liabilities                | 1,472,617        | 281,761          |
| Current portion of leases payable  | 2,915            | 2,773            |
| Due to related party               | 1,075            | 1,075            |
| Derivative liability               | 111,048          | -                |
| Convertible notes payable, current | 309,649          | 50,574           |
| Total current liabilities          | <u>3,020,775</u> | <u>965,178</u>   |
| Long-term liabilities              |                  |                  |
| Note payable - Related Party       | 200,000          | 175,000          |
| Convertible notes payable          | -                | 200,274          |
| Other long-term obligations        | 508              | 2,721            |
| Total liabilities                  | <u>3,221,283</u> | <u>1,343,173</u> |

Commitments and contingencies (Note 11)

Stockholders' deficit:

|  |                    |                   |
|--|--------------------|-------------------|
| Preferred stock, \$0.001 par value, 10,000,000 authorized; zero shares issued as of September 30, 2016 and December 31, 2015, respectively.  | -                  | -                 |
| Common stock, \$0.001 par value, 10,000,000,000 shares authorized; 114,620,112 and 22,081,928 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively | 114,620            | 22,081            |
| Additional paid-in capital   | 11,757,927         | 9,528,072         |
| Accumulated deficit  | (14,245,551)       | (9,897,564)       |
| Total stockholders' deficit  | <u>(2,373,004)</u> | <u>(347,411)</u>  |
| Total liabilities and stockholders' deficit  | <u>\$ 848,279</u>  | <u>\$ 995,762</u> |

**MyDx, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

|  | for the three months<br>ended<br>September 30, |                       | for the nine months<br>ended<br>September 30, |                       |
|--|--|-----------------------|---|-----------------------|
|  | 2016   | 2015                  | 2016  | 2015                  |
| Net Revenues                                 | \$ 134,240                                     | \$ 219,180            | \$ 574,880                                    | \$ 219,180            |
| Cost of goods sold                           | 79,434   | 131,173               | 285,123                                       | 131,173               |
| Gross profit                                 | 54,806   | 88,007                | 289,757                                       | 88,007                |
| Operating Expenses                           |  |                       |   |                       |
| Research and development                     | 111,315  | 364,370               | 352,407                                       | 1,717,784             |
| Sales and marketing                          | 1,588,884                                      | 203,091               | 1,792,496                                     | 875,744               |
| General and administrative                   | 276,183  | 880,103               | 1,416,440                                     | 2,779,156             |
| Total operating expenses                     | <u>1,976,382</u>                               | <u>1,447,564</u>      | <u>(3,561,343)</u>                            | <u>5,372,684</u>      |
| Loss from operations                         | (1,921,576)                                    | (1,359,557)           | (3,271,586)                                   | (5,284,677)           |
| Interest expense, net                        | 807,622  | 1,051                 | 863,001                                       | 442,811               |
| Change in fair value of derivative liability | (198,338)                                      | -                     | (198,338)                                     | -                     |
| Loss on settlement of debt                   | 335,952  | -                     | 409,887                                       | -                     |
| Loss before provision for income taxes       | (2,866,812)                                    | (1,360,608)           | (4,346,136)                                   | (5,727,488)           |
| Provision for income taxes                   | -  | 575                   | 1,850   | 1,375                 |
| Net loss                                     | <u>\$ (2,866,812)</u>                          | <u>\$ (1,361,183)</u> | <u>\$ (4,347,986)</u>                         | <u>\$ (5,728,863)</u> |

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Basic and diluted loss per share                             | <u>\$ (0.08 )</u> | <u>\$ (0.06 )</u> | <u>\$ (0.15 )</u> | <u>\$ (0.35 )</u> |
| Weighted average shares used in computing net loss per share |                   |                   |                   |                   |
| Basic and diluted  | <u>34,235,772</u> | <u>21,845,932</u> | <u>29,750,062</u> | <u>16,601,476</u> |

Investor Contact:  
Phillip Sugarman, Vice President  
Investor Relations Partners  
Phone: 818-280-6800  
psugarman@irpartnersinc.com



Source: MyDx, Inc.