ChromaDex Corp.
Form 10-K
March 16, 2017

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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2016

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission file number 001-37752

CHROMADEX CORPORATION
(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation)	26-2940963 (I.R.S. Employer Identification No.)
10005 Muirlands Blvd. Suite G, Irvine, California (Address of Principal Executive Offices)	92618 (Zip Code)

Registrant's telephone number, including area code (949) 419-0288

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

Title of each class	Name of Each Exchange on Which Registered
Common Stock, $0.001 par value	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “accelerated filer,” “large accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]
Accelerated Filer [X]
Non-accelerated filer [ ]
Smaller Reporting Company [ ]
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

As of July 2, 2016, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately $145.4 million, based on the closing price of the registrant’s common stock on the NASDAQ Capital Market on July 2, 2016.

Number of shares of common stock of the registrant outstanding as of February 28, 2017: 37,907,736

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s proxy statement (the “Proxy Statement”) to be filed with the Securities and Exchange Commission (“SEC”) pursuant to Regulation 14A in connection with the registrant’s 2017 Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10 K. Such Proxy Statement will be filed with the SEC not later than 120 days following the end of the registrant’s fiscal year ended December 31, 2016.

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PART I

CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Form 10-K") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the safe harbor created by those sections.

We may, in some cases, use words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "intend," "may," "p "potential," "predict," "project," "should," "will," "would" or the negative of these terms, and similar expressions that convey uncertainty of future events or outcomes to identify these forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Such statements, include, but are not limited to, statements contained in this Form 10-K relating to our business, business strategy, products and services we may offer in the future, the outcome and impact of litigation, the timing and results of future regulatory filings, the timing and results of future clinical trials, our ability to collect from major customers, sales and marketing strategy and capital outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statement of historical fact nor guarantees of assurance of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward looking statements include, but are not limited to, a decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products; the ability to protect our intellectual property rights; impact of any litigation or infringement actions brought against us; competition from other providers and products; risks in product development; inability to raise capital to fund continuing operations; changes in government regulation; the ability to complete customer transactions and capital raising transactions, and other factors (including the risks contained in Item 1A of this Form 10-K under the heading "Risk Factors") relating to our industry, our operations and results of operations and any businesses that may be acquired by us. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, we undertake no obligation to and do not intend to update any of the forward-looking statements to conform these statements to actual results.

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Item 1. Business

Company Overview

The business of ChromaDex Corporation is conducted by our principal subsidiaries, ChromaDex, Inc. and ChromaDex Analytics, Inc. ChromaDex Corporation and its subsidiaries (collectively referred to herein as "ChromaDex" or the "Company" or, in the first person as "we" "us" and "our") is a natural products company that leverages its complementary business units to discover, acquire, develop and commercialize patented and proprietary ingredient technologies that address the dietary supplement, food, beverage, skin care and pharmaceutical markets. In addition to the Company's proprietary ingredient technologies segment, the Company also has a core standards and contract services segment, which focuses on natural product fine chemicals (known as "phytochemicals") and chemistry and analytical testing services, and regulatory consulting segment. As a result of the Company's relationships with leading universities and research institutions, the Company is able to discover and license early stage, intellectual property-backed ingredient technologies. The Company then utilizes the Company's business segments to develop commercially viable proprietary ingredients. The Company's proprietary ingredient portfolio is backed with clinical and scientific research, as well as extensive intellectual property protection.

CORE BUSINESS ACTIVITIES

PROPRIETARY INGREDIENTS

Through our ingredients business segment, we develop and commercialize new proprietary ingredients. One of our proprietary ingredients that we commercialized under this business model is nicotinamide riboside ("NR"), for which our brand name is NIAGEN®. NR is found naturally in trace amounts in milk and other foods and is B3 vitamin. The potential beneficial effects of NR in humans include increased anti-aging properties, fatty acid oxidation, mitochondrial activity, resistance to negative consequences of high-fat diets, protection against oxidative stress, prevention of peripheral neuropathy and blocking muscle degeneration. Published research has shown that NR is a potent precursor to the co-enzyme nicotinamide adenine dinucleotide ("NAD+") in the mitochondria of animals. NAD+ is an important cellular co-factor for improvement of mitochondrial performance and energy metabolism. The Company has built a significant patent portfolio pertaining to NR by separately acquiring patent rights from Cornell University, Dartmouth College and Washington University. We have successfully completed the first human clinical trial using NR and the results demonstrated that a single dose of NR resulted in statistically significant increases in NAD+ in healthy human volunteers. In addition, NR was also found to be safe as no adverse events were observed throughout the clinical trial. In 2015, NR was recognized by the FDA as a "New Dietary Ingredient." NR was also "Generally Recognized As Safe" by an independent panel of expert toxicologists and in August 2016, the U.S. FDA issued a GRAS No Objection Letter. In 2016, we noted continued growth in the number of published research studies, as well as subsequent media attention regarding NR and NAD+ and their importance in healthy aging. Since the launch of NIAGEN®, there have been more than 60 published studies involving NR. Over the past three years, we have established over 100 collaborative agreements with leading universities and research institutions to study the safety and efficacy of NIAGEN®. For years 2016, 2015 and 2014, NIAGEN® accounted for approximately 71%, 68% and 54% of our ingredient segment's total sales, respectively.

Another one of our proprietary ingredients is pterostilbene, which is marketed and sold under our brand name, pTeroPure®. Pterostilbene is a polyphenol and a powerful antioxidant that shows promise in a range of health related fields. We have exclusive in-licensed patents and patents pending related to the use of pterostilbene for a number of these benefits, and have filed additional patents related to supplementary benefits, such as a patent jointly filed with University of California at Irvine related to its effects on non-melanoma skin cancer. We have successfully conducted a clinical trial, together with the University of Mississippi, related to its blood pressure lowering effects and expect to

conduct additional clinical trials on pterostilbene and anticipate entering the dietary supplement and, if clinical results are favorable, the pharmaceutical market. We believe that we also have opportunities in the skin care market and will continue to investigate developing these opportunities internally or through third party partners. We anticipate conducting additional clinical trials on NR, pterostilbene and other compounds in our pipeline to provide differentiation as we market these proprietary ingredients and support various health-related claims or obtain additional regulatory clearances.

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ANALYTICAL & CHEMISTRY BASED SERVICES, REGULATORY CONSULTING SERVICES AND NATURAL PRODUCT FINE CHEMICALS

Through ChromaDex Analytics, Inc., a part of our core standards and contract services business segment, we perform chemistry-based analytical services at our laboratory in Boulder, Colorado, supporting quality control or quality assurance activities for the dietary supplement industry. On January 5, 2017, we opened a 10,000 square foot research and development laboratory in Longmont, Colorado. The newly opened laboratory will support the discovery and development of molecules and compounds that add to our proprietary ingredient portfolio, while also allowing for the expansion of existing analytical service offerings at our Boulder, Colorado, location.

We are a leading provider of research and quality-control products and services to the natural products industry. Through our core standards and contract services segment, customers worldwide in the dietary supplement, food and beverage, cosmetic and pharmaceutical industries use our products, which are small quantities of highly-characterized, research-grade, plant-based materials, to ensure the quality of their raw materials and finished products. Customers also use our analytical chemistry services to support their quality assurance activities, primarily to ensure the identity, potency and safety of their consumer products. We have conducted this core standards and contract services business since 1999.

We believe there is a growing need at both the manufacturing and government regulatory levels for reference standards, analytical methods and other quality assurance methods to ensure that products that contain plants, plant extracts and naturally occurring compounds distributed to consumers are safe. We further believe that this need is driven by the perception at the consumer level regarding a lack of adequate quality controls related to certain functional food or dietary supplement based products, as well as increased effort on the part of the Food and Drug Administration (“FDA”) to assure Good Manufacturing Practices (“GMP”).

Our core standards and contract service business segment provides us with the opportunity to become aware of the results from research and screening activities performed on thousands of potential natural product candidates through our relationships with various universities and research institutions. By selecting the most promising ingredients leveraged from this market-based screening model, which is grounded by primary research performed through leading universities and institutions, followed by selective investments in further research and development, new proprietary ingredients can be identified and brought to various markets with a much lower investment cost and an increased chance of success.

Through our regulatory consulting segment, we provide our clients in the food, supplement and pharmaceutical industries with effective scientific solutions to manage their potential health and regulatory risks. Our science-based solutions are for both new and existing products that may be subject to product liability and/or exposed to changing scientific standards or public perceptions; literature evaluations; and design and assessment of pre-clinical and clinical safety testing. We specialize in regulatory submissions for food and dietary supplement ingredients. For our clients involved in drug development within the pharmaceutical industry, we provide similar services as well as risk-based strategies, including intellectual property data and compliance gap identification, due diligence assessments and investigational new drug writing. Through our regulatory consulting segment, we have more efficiently advanced products in the dietary supplement, food and beverage, animal health, cosmetic and pharmaceutical markets.

PHARMACEUTICAL

The Company is focused on developing and commercializing proprietary NAD+ precursors for the treatment of several rare pediatric orphan diseases such as Cockayne’s Syndrome.

Initial proof of concept studies have identified, with focus on rare orphan diseases linked to NAD+ depletion:

Cockayne Syndrome (CS) - completed pre-IND metting with the FDA

Ataxia-telangiectasia (AT)

Mitochondrial Myopathies(Mitochondrial disease)

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Other Orphan Diseases with connection to NAD+ depletion or mitochondrial dysfunction:

Progeria

Duchenne Muscular Dystrophy (DMD)

Friedreich's Ataxia (FA)

We also believe that these other diseases should be a good proof of concept for other main stream NAD therapeutic platforms, with multiple research-based Rx therapeutic targets where there is a link between a disease or condition and NAD+ depletion:

Chemotherapy-induced and diabetic-induced neuropathies

Fatty liver disease

Neurodegenerative diseases (Alzheimer's)

Breast cancer

We completed our pre-IND meeting with the FDA in November 2016, The FDA provided greater clarity on the requirements needed to file an IND to initiate a Phase I/II clinical trial in patients with Cockayne Syndrome. ChromaDex anticipates filing this IND in 2017. The FDA has indicated it will consider a Fast Track designation for NR at the time of the IND submission.

In 2014 the results of a mouse study performed in collaboration with National Institute on Aging (NIA) at the National Institutes of Health (NIH), were published in Cell Metabolism in November 2014. The results indicated that NR was effective at restoring NAD+ levels in mitochondria and rescuing phenotypes associated with a devastating accelerated aging disease known as Cockayne Syndrome (CS).

For the fiscal years ended December 31, 2016, January 2, 2016 and January 3, 2015, our revenues were approximately $26,811,000, $22,014,000 and $15,313,000, respectively. The following table summarizes the Company's total sales for each of the business segments in the last 3 years.

Fiscal Years	Ingredients Segment	Core Standards and Contract Services Segment	Regulatory Consulting Segment	Total
2016	$16.8 million	$9.4 million	$0.6 million	$26.8 million
2015	$12.5 million	$8.4 million	$1.1 million	$22.0 million
2014	$6.8 million	$7.5 million	$1.0 million	$15.3 million

Company Background

ChromaDex, Inc. was originally formed as a California corporation on February 19, 2000. On April 23, 2003, ChromaDex Inc. acquired the research and development group of a competing natural product company, Napro Biotherapeutics, located in Boulder, Colorado. The assets acquired in this transaction were placed in a newly-formed, wholly-owned subsidiary of ChromaDex named ChromaDex Analytics, Inc., a Nevada corporation. On December 3,

2012, ChromaDex, Inc. acquired Spherix Consulting Inc., a scientific and regulatory consulting company located in the greater Washington D.C. area and Spherix became a wholly-owned subsidiary of ChromaDex, Inc. On December 31, 2016, Spherix Consulting, Inc. merged into ChromaDex, Inc. and subsequently was dissolved.

Business Model

Our business model is to identify, acquire, reduce-to-practice, and commercialize innovative new proprietary ingredients and technologies, with an initial industry focus on the dietary supplement, food, beverage, skin care and pharmaceutical markets. We have an experienced team that is highly capable of advancing products through development into commercialization with the required regulatory approval, safety, toxicology, clinical trials, supply chain management, manufacturing, and ultimately either directly selling the products or licensing to third parties. Our clinical trials will potentially reinforce the health benefits that may be associated with our proprietary ingredients, improve the quality or specificity of FDA approved claim we can make with respect to these health benefits, and lead us toward pharmaceutical applications for our proprietary ingredients.

We have taken advantage of both supply chain needs and regulatory requirements such as the GMPs for dietary supplements to build our core standards and contract services segment. We believe that we create value throughout the supply chain of the pharmaceutical, dietary supplements, functional foods and personal care markets. We do this by:

Combining the analytical methodology and characterization of materials with the technical support for the sale of reference materials by our clients;

Helping companies to comply with government regulations; and

Providing value-added solutions to every layer of the supply chain in order to increase the overall quality of products being produced.

In addition, through regulatory consulting segment, we provide product regulatory approval and scientific advisory services to our clients in the food, supplement and pharmaceutical industries with effective solutions to manage potential health and regulatory risks. Our science-based solutions are for both new and existing products that may be subject to product liability and/or exposed to changing scientific standards or public perceptions; literature evaluations; and design and assessment of pre-clinical and clinical safety testing. We specialize in regulatory submissions for food and dietary supplement ingredients. For our clients involved in drug development within the pharmaceutical industry, we provide similar services as well as risk-based strategies, including intellectual property data and compliance gap identification, due diligence assessments and investigational new drug writing. By providing a more comprehensive suite of science-based and regulatory services, we will be able to more efficiently advance products in the dietary supplement, food and beverage, animal health, cosmetic and pharmaceutical markets.

We will continue to expand this aspect of our business and, more importantly, capitalize on additional opportunities in product development and commercialization of various kinds of intellectual property that we have largely discovered and acquired through the sales process associated with our core standards and contract services segment.

Our core standards and contract services segment provides us with the opportunity to become aware of the results from research and screening activities performed on thousands of potential natural product candidates through our relationships with various universities and research institutions. By selecting the most promising ingredients leveraged from this market-based screening model, which is grounded by primary research performed through leading universities and institutions, followed by selective investments in further research and development, new proprietary

ingredient technologies can be identified and brought to various markets with a much lower investment cost and an increased chance of success.

We continue to identify and in-license novel, proprietary ingredients with significant potential health benefits. Among these next generation compounds are pterostilbene and caffeine co-crystal, which allows formulators of energy products to reduce the amount of caffeine in their products, and anthocyanins, which are compounds responsible for the dark pigment found in certain berries and flowers. Like NIAGEN® and pTeroPure®, these compounds also have potential in multiple markets.

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Overview of our Products and Services

Current products and services provided are as follows:

PROPRIETARY INGREDIENTS

Proprietary ingredient technologies (ingredients segment). We offer bulk raw materials for inclusion in dietary supplements, food, beverage and cosmetic products. This is an area where we are increasing our focus, as we believe we can secure and defend our market positions through patents and long-term manufacturing agreements with our customers and vendors.

Nicotinamide riboside NIAGEN® (ingredients segment). We are working to develop and conduct additional clinical trials to validate the health benefits associated with NR, a recently discovered vitamin found naturally in milk. NR is the most efficient B3 vitamin to enhance NAD+ energetics. NR has shown promise for improving cardiovascular health, glucose levels and cognitive function and has demonstrated evidence of anti-aging effects.

Pterostilbene pTeroPure® (ingredients segment). Pterostilbene is a polyphenol and a powerful antioxidant that shows promise in a range of health related fields. We have exclusive in-licensed patents and patents pending related to the use of pterostilbene for a number of these benefits, and have filed additional patents related to supplementary benefits, such as a patent jointly filed with University of California at Irvine related to its effects on non-melanoma skin cancer. We have successfully conducted a clinical trial, together with the University of Mississippi, related to its blood pressure lowering effects and expect to conduct additional clinical trials on pterostilbene and anticipate entering the dietary supplement and, if clinical results are favorable, the pharmaceutical market.

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Pterostilbene and caffeine co-crystal PURENERGY® (ingredients segment). We are working to develop and conduct additional clinical trials to validate the benefits of the co-crystal ingredient comprised of caffeine and pterostilbene. The first human study of this ingredient demonstrated that it delivers 30 percent more caffeine, stays in the blood stream longer, and is absorbed more slowly than ordinary caffeine. With this ingredient, formulators of energy products may have the ability to reduce the total amount of caffeine in their products by as much as 50% without sacrificing consumers' expectations from such products.

Anthocyanin AnthOrigin™ (ingredients segment). We plan to develop an extraction process to concentrate the anthocyanins in Suntava® Purple Corn which will be used to produce a concentrated anthocyanin ingredient. We will utilize the expertise of a toll manufacturer to produce the commercial ingredient. We believe there is a ready market for cost-effective concentrated anthocyanins having application in dietary supplements, sports nutrition, food & beverage and skin care.

Spirulina Extract Immulina™ (ingredients segment). IMMULINA™ is a spirulina extract and the predominant active compounds are Braun-type lipoproteins which are useful for improving human immune function. These lipoproteins are present at much greater levels than those found within commonly used immune enhancing botanicals such as Echinacea and ginseng.

ANALYTICAL & CHEMISTRY BASED SERVICES, REGULATORY CONSULTING SERVICES AND NATURAL PRODUCT FINE CHEMICALS

Supply of reference standards, materials & kits (core standards and contract services segment). We supply a wide range of products necessary to conduct quality control of raw materials and consumer products. Reference standards and materials and the kits created from them are used for research and quality control in the dietary supplements, cosmetics, food and beverages, and pharmaceutical industries.

Supply of fine chemicals and phytochemicals (core standards and contract services segment). As demand for new natural products and phytochemicals increases, we can scale up and supply our core products in the gram to kilogram scale for companies that require these products for research and new product development.

Contract services (core standards and contract services segment). We provide a wide range of contract services ranging from routine contract analysis for the production of dietary supplements, cosmetics, foods and other natural products to elaborate contract research for clients in these industries.

Consulting services (regulatory consulting segment). We provide a comprehensive range of consulting services in the areas of regulatory support, new ingredient or product development, risk management and litigation support. We provide and offer product regulatory approval and scientific advisory services.

Process development (core standards and contract services segment). Developing cost effective and efficient processes for manufacturing natural products can be very difficult and time consuming. We assist customers in creating

processes for cost-effective manufacturing of natural products, using “green chemistry.”

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Quality verification seal program (core standards and contract services segment). We intend to further develop and expand our offering of “ChromaDex® Quality Verified Seal” program which currently includes (i) supply chain facility audits and inspections to verify compliance with Good Manufacturing Practices as specified by the FDA; (ii) a comprehensive identity testing program for raw materials and finished products; (iii) finished product testing for potential contaminants such as microbials, heavy metals and residual solvents; and (iv) provisions for ongoing monitoring to be performed as part of a quality protocol design and managed by ChromaDex.

Phytochemical libraries (core standards and contract services segment). We intend to continue investing in the development of natural product based libraries by continuing to create these libraries internally as well as through product licensing.

Databases for cross-referencing phytochemicals (core standards and contract services segment). We are working on building a database for cross referencing phytochemicals against an extensive list of plants, including links to references to ethnopharmacological, ethnobotanical, and biological activity, as well as clinical evidence.

Sales and Marketing Strategy

Our sales structure for the ingredients segment and core standards and contract services segment is based on a direct, technically-oriented model. We recruit and hire sales and marketing staff with appropriate commercial and scientific backgrounds. Our sales staff currently operates out of our Irvine, California office and performs sales duties by using combinations of telemarketing, e-mail, tradeshows and customer visits. The Inside Sales portion of the organization also has customer service responsibilities. All sales and marking staff are compensated based on salary and performance-based bonus.

The regulatory consulting segment, operating out of Rockville, Maryland, generates scientific and regulatory consulting revenue from an existing well-established list of Fortune 1000 customers and referrals. Our sales staff for the ingredients, reference standards and analytical service business in Irvine, California also generates leads for the regulatory consulting segment.

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USA and Canada:

For our ingredients segment and core standards and contract services segment, we employ a range of the following marketing activities to promote and sell our products and services:

Catalogs, research publications, brochures and flyers

Tradeshows and conferences

Newsletters (via e-mail)

Internet

Website

Advertising in trade publications

Press releases

We intend to continue to use a direct marketing approach to promote our products and services to all markets that we target for direct sales.

International:

For our ingredients segment, most of our customers are based currently in U.S. We are looking to expand into international markets through our international business partners.

For our core standards contract services segment, we use international distributors to market and sell to several foreign countries or markets. The use of distributors in some international markets has proven to be more effective than direct sales. Currently, we have distribution agreements in place with the following distributors for the following countries or regions:

Europe (LGC Limited)

China (MeiTech International LLC)

Japan (Wako Pure Chemical Industries, Ltd.)

Korea (Dongmyung Scientific Co.)

Brazil (JMC, Inc.)

Australia and New Zealand (Phenomenex)

Taiwan (Uni Onward)

South Africa (Industrial Analytical)

India

Indonesia, Malaysia, Singapore and Thailand

Mexico

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For our regulatory consulting segment, we engage on consulting projects for customers all over the world, including Europe, South America, and Asia. Consulting revenues are generated from an existing well-established list of Fortune 1000 customers and referrals.

Business Market

According to data from the Nutrition Business Journal, the US consumer Dietary Supplement market is estimated to be $41 billion in 2016 and growing at 6.0% per annum through 2020. This is the primary market that ChromaDex services for both ingredients and analytical testing and standards. The Dietary Supplement segment is part of the larger US Nutrition Industry which is estimated at $195 billion for 2016 and forecasted to grow at a rate of 8% through 2020. This larger segment includes Dietary Supplements as well as functional foods and beverages and personal care. This larger industry represents a secondary addressable market for our ingredients and services. The quality control, safety and assurance of the products in these markets are, as previously noted, largely “under regulated.” This scenario leads to the establishment of the basis of one of our business strategies: concentration on the overall content of products, as well as active/marker components, uniformity of production, and toxicology of products in these markets in ways similar to analysis by other companies focused in the pharmaceutical industry. There is an increasing demand for new products, ingredients and ideas for natural products. The pressure for new, innovative products, which are “natural” or “green” based, cuts across all markets including food, beverage, cosmetic and pharmaceutical.

While we believe that doctors and patients have become more receptive to the use of botanical and herbal-based and natural and dietary ingredients to prevent or treat illness and improve quality of life, the medical establishment has conditioned its acceptance on significantly improved demonstration of efficacy, safety and quality control comparable to that imposed on pharmaceuticals. Nevertheless, little is currently known about the constituents, active compounds and safety of many botanical and herbal natural ingredients and few qualified chemists and technology based companies exist to supply the information and products necessary to meet this burgeoning market need. Natural products are complex mixtures of many compounds, with significant variability arising from growing and extraction conditions. The following developments are some that highlight the need for standards control and quality assurance:

The FDA published its draft guidance for GMPs for dietary supplements on March 13, 2003. The final rule from this guidance was made effective in June 2007, and full compliance was required by June 2010; and

Regulatory agencies around the world have started to review the need for the regulation of herbal and natural supplements and are considering regulations that will include testing for the presence of toxic or adulterating compounds, drug/compound interactions and evidence that the products are biologically active for their intended use.

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Government Regulation

Some of our operations for ingredients segment and core standards and contract services segment are subject to regulation by various United States federal agencies and similar state and international agencies, including the FDA, the Federal Trade Commission ("FTC"), the Department of Commerce, the Department of Transportation, the Department of Agriculture and other state and international agencies. These regulators govern a wide variety of production activities, from design and development to labeling, manufacturing, handling, selling and distributing of products. From time to time, federal, state and international legislation is enacted that may have the effect of materially increasing the cost of doing business or limiting or expanding our permissible activities. We cannot predict whether or when potential legislation or regulations will be enacted, and, if enacted, the effect of such legislation, regulation, implementation, or any implemented regulations or supervisory policies would have on our financial condition or results of operations. In addition, the outcome of any litigation, investigations or enforcement actions initiated by state or federal authorities could result in changes to our operations being necessary and in increased compliance costs.

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U.S. FDA Regulation

In the United States dietary supplements and food are subject to FDA regulations. For example, the FDA's final rule on GMPs for dietary supplements published in June 2007 requires companies to evaluate products for identity, strength, purity and composition. These regulations in some cases, particularly for new ingredients, require a notification that must be submitted to the FDA along with evidence of safety. In addition, depending on the type of product, whether a dietary supplement, cosmetic, food, or pharmaceutical, the FDA, under the Food, Drug and Cosmetic Act, or FDCA, can regulate:

product testing;

ingredient testing;

documentation process, batch records, specifications;

product labeling;

product manufacturing and storage;

New Dietary Ingredient (NDI) status;

health claims, advertising and promotion; and

product sales and distribution.

The FDCA has been amended several times with respect to dietary supplements, most notably by the Dietary Supplement Health and Education Act of 1994, known as "DSHEA." DSHEA established a new framework for governing the composition and labeling of dietary supplements. Generally, under DSHEA, dietary ingredients that were marketed in the United States before October 15, 1994 may be used in dietary supplements without notifying the FDA. However, a "new" dietary ingredient (a dietary ingredient that was not marketed in the United States before October 15, 1994) is subject to a new dietary ingredient, or NDI, notification that must be submitted to the FDA unless the ingredient has previously been "present in the food supply as an article used for food" without being "chemically altered." An NDI notification must provide the FDA with evidence of a "history of use or other evidence of safety" establishing that the use of the dietary ingredient "will reasonably be expected to be safe." An NDI notification must be submitted to the FDA at least 75 days before the initial marketing of the NDI. There can be no assurance that the FDA will accept the evidence of safety for any NDIs that we may want to commercialize, and the FDA's refusal to accept such evidence could prevent the marketing of such dietary ingredients. The FDA is in the process of developing guidance for the industry that will aim to clarify the FDA's interpretation of the NDI notification requirements, and this guidance may raise new and significant regulatory barriers for NDIs.

In order for any new ingredient developed by us to be used in conventional food or beverage products in the United States, the product would either have to be approved by the FDA as a food additive pursuant to a food additive petition, or FAP, or be generally recognized as safe, or GRAS. The FDA does not have to approve a company's determination that an ingredient is GRAS. However, a company can notify the FDA of its determination. There can be no assurance that the FDA will approve any FAP for any ingredient that we may want to commercialize, or agree with our determination that an ingredient is GRAS, either of which could prevent the marketing of such ingredient.

U.S. Advertising Regulations

In addition to FDA regulations, the FTC regulates the advertising of dietary supplements, foods, cosmetics, and over-the-counter, or OTC, drugs. In recent years, the FTC has instituted numerous enforcement actions against dietary supplement companies for failure to adequately substantiate claims made in advertising or for the use of false or misleading advertising claims. These enforcement actions have often resulted in consent decrees and the payment of civil penalties, restitution, or both, by the companies involved. We may be subject to regulation under various state and local laws that include provisions governing, among other things, the formulation, manufacturing, packaging, labeling, advertising and distribution of dietary supplements, foods, cosmetics and OTC drugs.

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In addition, The National Advertising Division of the Council of Better Business Bureaus (the "NAD") reviews national advertising for truthfulness and accuracy. The NAD uses a form of alternative dispute resolution, working closely with in-house counsel, marketing executives, research and development departments and outside consultants to decide whether claims have been substantiated.

International Regulations

Our international sales for the ingredients segment are subject to foreign government regulations, which vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for FDA approval, and the requirements may differ. In addition, the export by us of certain of our products that have not yet been cleared or approved for domestic distribution may be subject to FDA export restrictions. We may be unable to obtain on a timely basis, if at all, any foreign government or United States export approvals necessary for the marketing of our products abroad.

Regulation in Europe is exercised primarily through the European Union, which regulates the combined market of each of its member states. Other countries, such as Switzerland, have voluntarily adopted laws and regulations that mirror those of the European Union with respect to dietary ingredients.

Major Customers

For our ingredients segment, there were three customers who accounted for more than 10% the Company's total sales in the last three years. In 2016, Customer C accounted for 19.3% of the Company's total sales. In 2015, Customer B accounted for 11.0% of the Company's total sales. In 2014, Customer A accounted for 10.2% of the Company's total sales.

	Years Ended		
Major Customers	2016	2015	2014
Customer C (Ingredients segment)	19.3%	*	*
Customer B (Ingredients segment)	*	11.0%	*
Customer A (Ingredients segment)	*	*	10.2%

* Represents less than 10%.

Generally, we do not depend upon a single customer, or a few customers and the loss of any one or more would not have a material adverse effect on the ingredients segment or the Company. However, due to the volume of ingredients we are selling in relation to the overall Company's sales, we do expect that a few of our customers at times may account for more than 10% of the Company's sales.

For the core standards and contract services segment and the regulatory consulting segment, we did not have any customers who accounted for more than 10% of the Company's total sales in the last three years.

Competitive Business Conditions

For our ingredients segment, we face little direct competition as the ingredients we offer, such as NIAGEN® and pTeroPure® are backed by intellectual properties exclusively licensed to us. We, however, face strong indirect competition from other ingredient suppliers who may supply alternative ingredients that may have similar characteristics compared to the ingredients we offer. Below is a list of some of the competitors for our ingredients segment.

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Ingredients Business Segment Competitors

Royal DSM (the Netherlands)

Glanbia plc (Ireland)

BASF (Germany)

Lonza Group Ltd (Switzerland)

Sabinsa Corporation (India/USA)

For the core standards and contract services segment, we face competition within the standardization and quality testing niche of the natural products market, though we know of no other companies that offer both reference standards and testing to their customers. Below is a current list of certain competitors. These competitors have already developed reference standards or contract services or are currently taking steps to develop botanical standards or contract services. Of the competitors listed, some currently sell fine chemicals, which, by default, are sometimes used as reference standards, and others are closely aligned with our market niche so as to reduce any barriers to entry if these companies wish to compete. Some of these competitors currently offer similar services and have the scale and resources to compete with us for larger customer accounts. Because some of our competitors are larger in total size and capitalization, they likely have greater access to capital markets, and are in a better position than we are to compete nationally and internationally.

Core Standards and Contract Services Segment Competitors

Sigma-Aldrich (USA)

Phytolab (Germany)

US Pharmacopoeia (USA)

Extrasynthese (France)

Covance (USA)

Eurofins (France)

Silliker Canada Co. (Canada)

For regulatory consulting segment, there are numerous competitors, including some that are much larger companies with more resources. The success in winning and retaining clients is heavily dependent on the efforts and reputation of our consultants. We believe the barriers to entry in particular areas of our consulting expertise are low.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts, Including Duration

For our ingredients segment, we currently protect our intellectual property through patents, trademarks, designs and copyrights on our products and services. Our business strategy is to use the intellectual property harnessed from our core standards and contract services segment as the basis for providing new proprietary ingredients to our customers. Our strategy is to develop these proprietary ingredients on our own as well as to license our intellectual property to companies who will commercialize it. We anticipate that the net result will be a long term flow of intellectual property milestone and royalty payments to us.

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The following table sets forth our existing patents and those to which we have licensed rights:

Patent Number	Title	Filing Date	Issued Date	Expires	Licensor
6,852,342	Compounds for altering food intake in humans	3/26/2002	2/8/2005	2/12/2022	Co-owned by Avoca, Inc. and ChromaDex
7,205,284	Potent immunostimulants from microalgae	7/10/2001	4/17/2007	3/9/2022	Licensed from University of Mississippi
7,776,326	Methods and compositions for treating neuropathies	6/3/2005	8/17/2010	6/3/2025	Licensed from Washington University
7,846,452	Potent immunostimulatory extracts from microalgae	7/28/2005	10/7/2010	7/28/2025	Licensed from University of Mississippi
8,106,184	Nicotinyl Riboside Compositions and Methods of Use	11/17/2006	1/31/2012	11/17/2026	Licensed from Cornell University
8,114,626	Yeast strain and method for using the same to produce Nicotinamide Riboside	3/26/2009	2/14/2012	3/26/2029	Licensed from Dartmouth College
8,133,917	Pterostilbene as an agonist for the peroxisome proliferator-activated receptor alpha isoform	10/25/2010	3/13/2012	10/25/2030	Licensed from the University of Mississippi and U.S. Department of Agriculture
8,197,807	Nicotinamide Riboside Kinase compositions and Methods for using the same	11/20/2007	6/12/2012	11/20/2027	Licensed from Dartmouth College
8,227,510	Combine use of pterostilbene and quercetin for the production of cancer treatment medicaments	7/19/2005	7/24/2012	7/19/2025	Licensed from Green Molecular S.L.
8,252,845	Pterostilbene as an agonist for the peroxisome proliferator-activated receptor alpha isoform	2/1/2012	8/28/2012	2/1/2032	Licensed from the University of Mississippi and U.S. Department of Agriculture
8,318,807	Pterostilbene Caffeine Co-Crystal Forms	7/30/2010	11/27/2012	7/30/2030	Licensed from Laurus Labs Private Limited

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8,383,086	Nicotinamide Riboside Kinase compositions and Methods for using the same	4/12/2012	2/26/2013	4/12/2032	Licensed from Dartmouth College
8,524,782	Key intermediate for the preparation of Stilbenes, solid forms of Pterostilbene, and methods for making the same	6/1/2009	9/3/2013	6/1/2029	Licensed from Laurus Labs Private Limited
8,809,400	Method to Ameliorate Oxidative Stress and Improve Working Memory Via Pterostilbene Administration	6/10/2008	8/19/2014	6/10/2028	Licensed from the University of Mississippi and U.S. Department of Agriculture
8,841,350	Method for treating non-melanoma skin cancer by inducing UDP-Glucuronosyltransferase activity using pterostilbene	5/8/2012	9/22/2014	5/8/2032	Co-owned by ChromaDex and University of California
8,945,653	Extracted whole kernels and improved processed and processable corn produced thereby	5/23/2011	2/3/2015	5/23/2031	Licensed from Suntava, LLC
9,028,887	Method improve spatial memory via pterostilbene administration	5/22/2014	5/12/2015	5/22/2034	Licensed from the University of Mississippi and U.S. Department of Agriculture
9,439,875	Anxiolytic effect of pterostilbene	5/11/2011	9/13/2016	5/11/2031	Licensed from the University of Mississippi and U.S. Department of Agriculture

Manufacturing

For our ingredients segment and our core standards and contract services segment, we currently utilize third-party manufacturers to produce and supply the ingredients. Following the receipt of products or product components from third-party manufacturers, we currently inspect products, as needed. We expect to reserve the right to inspect and ensure conformance of each product and product component to our specifications. We will also consider manufacturing certain products or product components internally, if our capacity permits, when demand or quality requirements make it appropriate to do so.

We intend to work with manufacturing companies that can meet the standards imposed by the FDA, the International Organization for Standardization, or “ISO,” and the quality standards that we will require for our own internal policies and procedures. We expect to monitor and manage supplier performance through a corrective action program developed by us. We believe these manufacturing relationships can minimize our capital investment, help control costs, and allow us to compete with larger volume manufacturers of dietary supplements, phytochemicals and ingredients.

For certain reference standards, ChromaDex Analytics, Inc. operates laboratory operations and a manufacturing facility for our core standards and contract services segment. We currently maintain our own manufacturing equipment and have the ability to manufacture certain products in limited quantities, ranging from milligrams to kilograms. In addition, the new research and development laboratory in Longmont, Colorado will allow us to manufacture at a process scale for products that we are planning to take to market. We intend to contract for the manufacturing of products that we develop and enter into strategic relationships or license agreements for sales and marketing of products that we develop when the quantities we require exceed our capacity.

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Sources and Availability of Raw Materials and the Names of Principal Suppliers

We believe that we have identified reliable sources and suppliers of ingredients, chemicals, phytochemicals and reference materials that will provide products in compliance with our guidelines.

Research and Development

For our ingredients segment, we have completed the first human clinical trial on our proprietary ingredient NR and the results demonstrated that a single dose of NR resulted in statistically significant increases in the co-enzyme NAD+ in healthy human volunteers. In addition, NR was also found to be safe as no adverse events were observed. In 2015, NR was recognized by the FDA as a “New Dietary Ingredient.” NR was also “Generally Recognized As Safe” by an independent panel of expert toxicologists and in August 2016, the U.S. FDA issued a GRAS No Objection Letter.

We are currently conducting a second human clinical trial on NR which will evaluate the effect of repeated doses of NIAGEN® on NAD+ metabolite concentrations in blood, urine and muscle in healthy adults. This study will evaluate the impacts of 3 dose levels of NIAGEN® compared to a placebo. One quarter of subjects will receive the low dose of NIAGEN® (100 mg), one quarter will receive the moderate dose of NIAGEN® (300 mg), one quarter will receive the higher dose of NIAGEN® (1,000 mg) and one quarter will receive the placebo. The recruitment and dosing portions of the trial are currently in the final stages as the last participant is currently on study.

We have also been working closely with the National Institute of Health under a collaborative agreement on a therapeutic indication for NR as a treatment of a rare pediatric orphan disease, Cockayne Syndrome. We completed a pre-Investigational New Drug (“IND”) meeting with the FDA in November 2016 and we expect to file an IND application with the FDA in 2017.

We have also successfully conducted a clinical trial, together with the University of Mississippi, on our proprietary ingredient pterostilbene for its blood pressure lowering effects. We expect to conduct additional clinical trials on this compound and we anticipate entering the dietary supplement and, if clinical results are favorable, possibly the pharmaceutical markets as well. We also have completed a study on our proprietary ingredient pterostilbene with caffeine co-crystal. The first human study of this ingredient demonstrated that it delivers 30 percent more caffeine, stays in the blood stream longer, and is absorbed more slowly than ordinary caffeine. We anticipate conducting additional clinical trials on NR and other compounds in our pipeline to provide differentiation as we market these proprietary ingredients and support various health-related claims or obtain additional regulatory clearances.

Through our newly opened research and development laboratory in Longmont, Colorado, we intend to manufacture at a process scale for products that we are planning to take to market as well as explore cost saving processes for existing products.

We plan to utilize our expertise in natural products to license and develop new intellectual property that can be sold to clients in our target industries.

Research and development costs for our ingredients segment for the fiscal years ended December 31, 2016, January 2, 2016 and January 3, 2015 were approximately $2,488,000, $892,000 and $514,000, respectively.

Environmental Compliance

We will incur significant expense in complying with GMPs and safe handling and disposal of materials used in our research and manufacturing activities. We do not anticipate incurring additional material expense in order to comply with Federal, state and local environmental laws and regulations.

Working Capital

The Company's working capital at the end of years 2016 and 2015 was approximately $7.8 million and $4.4 million, respectively. The Company measures working capital by adding trade receivables and inventories, and subtracting accounts payable. The majority of the working capital is consumed by our ingredients segment as the operations require a large amount of inventory to be on hand. As the ingredients segment grows, more working capital will likely be needed to support the operations. As of December 31, 2016, the Company had approximately $7.0 million of inventory for our ingredients segment, which represented approximately 36% of the Company's total assets.

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Backlog Orders

For our ingredients segment, we have minimal backlog orders as we carry inventory on hand for most of the ingredients we offer and we ship upon the receipt of customer's purchase orders.

For the core standards and contract services segment, we normally have a small backlog of orders for reference standards. These orders amount to approximately $25,000 or less. Because we list over 1,800 phytochemicals and 400 botanical reference materials in our catalog, we may not always have the items in stock at the time of customers' orders. These backlog orders are normally fulfilled within 2 to 3 months.

Facilities

For information on our facilities, see "Properties" in Item 2 of this Form 10-K.

Employees

As of December 31, 2016, ChromaDex (including ChromaDex Analytics, Inc.) had 93 employees, 84 of whom were full-time and 9 of whom were part-time. We consider our relationships with our employees to be satisfactory. None of our employees is covered by a collective bargaining agreement.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. Current investors and potential investors should consider carefully the risks and uncertainties described below together with all other information contained in this Form 10-K before making investment decisions with respect to our common stock. If any of the following risks actually occurs, our business, financial condition, results of operations and our future growth prospects would be materially and adversely affected. Under these circumstances, the trading price and value of our common stock could decline, resulting in a loss of all or part of your investment. The risks and uncertainties described in this Form 10-K are not the only ones facing our Company. Additional risks and uncertainties of which we are not presently aware, or that we currently consider immaterial, may also affect our business operations.

Risks Related to our Company and our Business

We have a history of net losses, may need additional financing to meet our future short-term and long-term capital requirements and may be unable to raise sufficient capital on favorable terms or at all.

We have a history of losses and may continue to incur operating and net losses for the foreseeable future. We incurred net losses of approximately $2,928,000, $2,771,000 and $5,388,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively. We have not achieved profitability on an annual basis. We may not be able to reach a level of revenue to achieve profitability. If our revenues grow slower than anticipated, or if operating expenses exceed expectations, then we may not be able to achieve profitability in the near future or at all, which may depress our stock price.

On November 4, 2016, we entered into a business financing agreement with Western Alliance Bank, in order to establish a formula based revolving credit line up to $5.0 million. As of December 31, 2016, the Company failed to meet one of the covenants of the business financing agreement, which was to at least meet 50% of projections of EBDAS and was in default under the agreement (the "Existing Default."). On March 12, 2017, the Company entered into a modification agreement with Western Alliance under which Western Alliance waived the Existing Default.

While we anticipate that our current cash, cash equivalents, cash to be generated from operations and the established $5.0 million revolving credit line will be sufficient to meet our projected operating plans through at least March 17, 2018, we may require additional funds, either through additional equity or debt financings or collaborative agreements or from other sources.

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Our capital requirements will depend on many factors, including:

the revenues generated by sales of our products;

the costs associated with expanding our sales and marketing efforts, including efforts to hire independent agents and sales representatives and obtain required regulatory approvals and clearances;

the expenses we incur in developing and commercializing our products, including the cost of obtaining and maintaining regulatory approvals; and

unanticipated general and administrative expenses.

As a result of these factors, we may seek to raise additional capital prior to March 17, 2018 both to meet our projected operating plans after March 17, 2018 and to fund our longer term strategic objectives. Additional capital may come from public and private equity or debt offerings, borrowings under lines of credit or other sources. These additional funds may not be available on favorable terms, or at all. There can be no assurance we will be successful in raising these additional funds. Furthermore, if we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution and the new equity or debt securities we issue may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to our products or proprietary technologies, or grant licenses on terms that are not favorable to us. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, obtain the required regulatory clearances or approvals, execute our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements. Any of these events could adversely affect our ability to achieve our development and commercialization goals, which could have a material and adverse effect on our business, results of operations and financial condition.

We are currently engaged in litigation with Elysium Health, LLC that may harm our business, and a disruption in sales to or the ability to collect from this customer or other significant customers in the future, could also materially harm our financial results.

We are currently engaged in litigation with Elysium Health, LLC that represented 19% of our net sales for the year ending December 31, 2016. For further details on this litigation, please refer to Item 3 of this Annual Report on Form 10-K. This customer has not paid us approximately $3.0 million for previous purchase orders. We may not collect the full amount owed to us by this customer, and as a result, we may have to write off a large portion of that amount as uncollectible expense. We may also have to discount future sales, if any, to this customer.

The litigation may turn out to be substantial and complex, and it could cause us to incur significant costs and distract our management over an extended period of time. The litigation may substantially disrupt our business and we cannot assure you that we will be able to resolve the litigation on terms favorable to us. The customer has filed a counterclaim against us, and if we are unsuccessful in resolving the litigation on favorable terms to us, we may be forced to pay compensatory and punitive damages and restitution for any royalty payments that we received from the customer. We cannot guarantee that the customer will continue to make purchases at previous volumes or prices, which may harm our future sales if we cannot replace their volume with other existing and new customers and which

may materially affect our future financial results.

Going forward, we may have additional customers which we become highly dependent on. Factors that could influence our relationship with our significant customer and other customers which we may become highly dependent on include:

our ability to maintain our products at prices that are competitive with those of our competitors;

our ability to maintain quality levels for our products sufficient to meet the expectations of our customers;

our ability to produce, ship and deliver a sufficient quantity of our products in a timely manner to meet the needs of our customers;

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our ability to continue to develop and launch new products that our customers feel meet their needs and requirements, with respect to cost, timeliness, features, performance and other factors;

our ability to provide timely, responsive and accurate customer support to our customers; and

the ability of our customers to effectively deliver, market and increase sales of their own products based on ours.

Decline in the state of the global economy and financial market conditions could adversely affect our ability to conduct business and our results of operations.

Global economic and financial market conditions, including disruptions in the credit markets and the impact of the global economic deterioration may materially impact our customers and other parties with whom we do business. These conditions could negatively affect our future sales of our ingredient line as many consumers consider the purchase of nutritional products discretionary. Decline in general economic and financial market conditions could materially adversely affect our financial condition and results of operations. Specifically, the impact of these volatile and negative conditions may include decreased demand for our products and services, a decrease in our ability to accurately forecast future product trends and demand, and a negative impact on our ability to timely collect receivables from our customers. The foregoing economic conditions may lead to increased levels of bankruptcies, restructurings and liquidations for our customers, scaling back of research and development expenditures, delays in planned projects and shifts in business strategies for many of our customers. Such events could, in turn, adversely affect our business through loss of sales.

We may need to increase the size of our organization, and we can provide no assurance that we will successfully expand operations or manage growth effectively.

Our significant increase in the scope and the scale of our product launches, including the hiring of additional personnel, has resulted in significantly higher operating expenses. As a result, we anticipate that our operating expenses will continue to increase. Expansion of our operations may also cause a significant demand on our management, finances and other resources. Our ability to manage the anticipated future growth, should it occur, will depend upon a significant expansion of our accounting and other internal management systems and the implementation and subsequent improvement of a variety of systems, procedures and controls. There can be no assurance that significant problems in these areas will not occur. Any failure to expand these areas and implement and improve such systems, procedures and controls in an efficient manner at a pace consistent with our business could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that our attempts to expand our marketing, sales, manufacturing and customer support efforts will be successful or will result in additional sales or profitability in any future period. As a result of the expansion of our operations and the anticipated increase in our operating expenses, as well as the difficulty in forecasting revenue levels, we expect to continue to experience significant fluctuations in its results of operations.

Changes in our business strategy or restructuring of our businesses may increase our costs or otherwise affect the profitability of our businesses.

As changes in our business environment occur we may adjust our business strategies to meet these changes or we may otherwise decide to restructure our operations or particular businesses or assets. In addition, external events including changing technology, changing consumer patterns and changes in macroeconomic conditions may impair the value of

our assets. When these changes or events occur, we may incur costs to change our business strategy and may need to write down the value of assets. In any of these events, our costs may increase, we may have significant charges associated with the write-down of assets or returns on new investments may be lower than prior to the change in strategy or restructuring. For example, we may change the strategy of our ingredients segment by focusing on selling products with our ingredients direct to consumers, and may decide to invest in building a direct-to-consumer business. If we are not successful in developing a direct-to-consumer business, our sales may decrease and our costs may increase.

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The success of our ingredient business is linked to the size and growth rate of the vitamin, mineral and dietary supplement market and an adverse change in the size or growth rate of that market could have a material adverse effect on us.

An adverse change in the size or growth rate of the vitamin, mineral and dietary supplement market could have a material adverse effect on our business. Underlying market conditions are subject to change based on economic conditions, consumer preferences and other factors that are beyond our control, including media attention and scientific research, which may be positive or negative.

Unfavorable publicity or consumer perception of our products and any similar products distributed by other companies could have a material adverse effect on our business.

We believe the nutritional supplement market is highly dependent upon consumer perception regarding the safety, efficacy and quality of nutritional supplements generally, as well as of products distributed specifically by us. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, national media attention and other publicity regarding the consumption of nutritional supplements. We cannot assure you that future scientific research, findings, regulatory proceedings, litigation, media attention or other favorable research findings or publicity will be favorable to the nutritional supplement market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, such earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and consequently on our business, results of operations, financial condition and cash flows.

Our dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for our products, the availability and pricing of our ingredients, and our business, results of operations, financial condition and cash flows. Further, adverse public reports or other media attention regarding the safety, efficacy and quality of nutritional supplements in general, or our products specifically, or associating the consumption of nutritional supplements with illness, could have such a material adverse effect. Any such adverse public reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed and the content of such public reports and other media attention may be beyond our control.

We may incur material product liability claims, which could increase our costs and adversely affect our reputation, revenues and operating income.

As an ingredient supplier, marketer and manufacturer of products designed for human and animal consumption, we are subject to product liability claims if the use of our products is alleged to have resulted in injury. Our products consist of vitamins, minerals, herbs and other ingredients that are classified as foods, dietary supplements, or natural health products, and, in most cases, are not necessarily subject to pre-market regulatory approval in the United States. Some of our products contain innovative ingredients that do not have long histories of human consumption. Previously unknown adverse reactions resulting from human consumption of these ingredients could occur. In addition, the products we sell are produced by third-party manufacturers. As a marketer of products manufactured by third parties, we also may be liable for various product liability claims for products we do not manufacture. We may, in the future, be subject to various product liability claims, including, among others, that our products include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances. A product liability claim against us could result in increased costs and could adversely affect our reputation with our customers, which, in turn, could have a materially adverse effect on our business, results of

operations, financial condition and cash flows.

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We acquire a significant amount of key ingredients for our products from foreign suppliers, and may be negatively affected by the risks associated with international trade and importation issues.

We acquire a significant amount of key ingredients for a number of our products from suppliers outside of the United States, particularly India and China. Accordingly, the acquisition of these ingredients is subject to the risks generally associated with importing raw materials, including, among other factors, delays in shipments, changes in economic and political conditions, quality assurance, nonconformity to specifications or laws and regulations, tariffs, trade disputes and foreign currency fluctuations. While we have a supplier certification program and audit and inspect our suppliers' facilities as necessary both in the United States and internationally, we cannot assure you that raw materials received from suppliers outside of the United States will conform to all specifications, laws and regulations. There have in the past been quality and safety issues in our industry with certain items imported from overseas. We may incur additional expenses and experience shipment delays due to preventative measures adopted by the Indian and U.S. governments, our suppliers and our company.

The insurance industry has become more selective in offering some types of coverage and we may not be able to obtain insurance coverage in the future.

The insurance industry has become more selective in offering some types of insurance, such as product liability, product recall, property and directors' and officers' liability insurance. Our current insurance program is consistent with both our past level of coverage and our risk management policies. However, we cannot assure you that we will be able to obtain comparable insurance coverage on favorable terms, or at all, in the future. Certain of our customers as well as prospective customers require that we maintain minimum levels of coverage for our products. Lack of coverage or coverage below these minimum required levels could cause these customers to materially change business terms or to cease doing business with us entirely.

We depend on key personnel, the loss of any of which could negatively affect our business.

We depend greatly on Frank L. Jaksch Jr., Thomas C. Varvaro, Troy A. Rhonemus and Robert N. Fried who are our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and recently hired President and Chief Strategy Officer, respectively. We also depend greatly on other key employees, including key scientific and marketing personnel. In general, only highly qualified and trained scientists have the necessary skills to develop our products and provide our services. Only marketing personnel with specific experience and knowledge in health care are able to effectively market our products. In addition, some of our manufacturing, quality control, safety and compliance, information technology, sales and e-commerce related positions are highly technical as well. We face intense competition for these professionals from our competitors, customers, marketing partners and other companies throughout the industries in which we compete. Our success will depend, in part, upon our ability to attract and retain additional skilled personnel, which will require substantial additional funds. There can be no assurance that we will be able to find and attract additional qualified employees or retain any such personnel. Our inability to hire qualified personnel, the loss of services of our key personnel, or the loss of services of executive officers or key employees that may be hired in the future may have a material and adverse effect on our business.

Our operating results may fluctuate significantly as a result of a variety of factors, many of which are outside of our control.

We are subject to the following factors, among others, that may negatively affect our operating results:

the announcement or introduction of new products by our competitors;

our ability to upgrade and develop our systems and infrastructure to accommodate growth;

the decision by significant customers to reduce purchases;

disputes and litigation with significant customers, including the ongoing litigation as described in Item 3 of this Annual Report on Form 10-K;

our ability to attract and retain key personnel in a timely and cost effective manner;

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technical difficulties;

the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations and infrastructure;

regulation by federal, state or local governments; and

general economic conditions as well as economic conditions specific to the healthcare industry.

As a result of our limited operating history and the nature of the markets in which we compete, it is extremely difficult for us to make accurate forecasts. We have based our current and future expense levels largely on our investment plans and estimates of future events although certain of our expense levels are, to a large extent, fixed. Assuming our products reach the market, we may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues relative to our planned expenditures would have an immediate adverse effect on our business, results of operations and financial condition. Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service or marketing decisions that could have a material and adverse effect on our business, results of operations and financial condition. Due to the foregoing factors, our revenues and operating results are and will remain difficult to forecast.

We face significant competition, including changes in pricing.

The markets for our products and services are both competitive and price sensitive. Many of our competitors have significant financial, operations, sales and marketing resources and experience in research and development. Competitors could develop new technologies that compete with our products and services or even render our products obsolete. If a competitor develops superior technology or cost-effective alternatives to our products and services, our business could be seriously harmed.

The markets for some of our products are also subject to specific competitive risks because these markets are highly price competitive. Our competitors have competed in the past by lowering prices on certain products. If they do so again, we may be forced to respond by lowering our prices. This would reduce sales revenues and increase losses. Failure to anticipate and respond to price competition may also impact sales and aggravate losses.

We believe that customers in our markets display a significant amount of loyalty to their supplier of a particular product. To the extent we are not the first to develop, offer and/or supply new products, customers may buy from our competitors or make materials themselves, causing our competitive position to suffer.

Many of our competitors are larger and have greater financial and other resources than we do.

Our products compete and will compete with other similar products produced by our competitors. These competitive products could be marketed by well-established, successful companies that possess greater financial, marketing, distributional, personnel and other resources than we possess. Using these resources, these companies can implement extensive advertising and promotional campaigns, both generally and in response to specific marketing efforts by competitors, and enter into new markets more rapidly to introduce new products. In certain instances, competitors with greater financial resources also may be able to enter a market in direct competition with us, offering attractive

marketing tools to encourage the sale of products that compete with our products or present cost features that consumers may find attractive.

We may never develop any additional products to commercialize.

We have invested a substantial amount of our time and resources in developing various new products. Commercialization of these products will require additional development, clinical evaluation, regulatory approval, significant marketing efforts and substantial additional investment before they can provide us with any revenue. Despite our efforts, these products may not become commercially successful products for a number of reasons, including but not limited to:

we may not be able to obtain regulatory approvals for our products, or the approved indication may be narrower than we seek;

our products may not prove to be safe and effective in clinical trials;

we may experience delays in our development program;

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any products that are approved may not be accepted in the marketplace;

we may not have adequate financial or other resources to complete the development or to commence the commercialization of our products or will not have adequate financial or other resources to achieve significant commercialization of our products;

we may not be able to manufacture any of our products in commercial quantities or at an acceptable cost;

rapid technological change may make our products obsolete;

we may be unable to effectively protect our intellectual property rights or we may become subject to claims that our activities have infringed the intellectual property rights of others; and

we may be unable to obtain or defend patent rights for our products.

We may not be able to partner with others for technological capabilities and new products and services.

Our ability to remain competitive may depend, in part, on our ability to continue to seek partners that can offer technological improvements and improve existing products and services that are offered to our customers. We are committed to attempting to keep pace with technological change, to stay abreast of technology changes and to look for partners that will develop new products and services for our customer base. We cannot assure prospective investors that we will be successful in finding partners or be able to continue to incorporate new developments in technology, to improve existing products and services, or to develop successful new products and services, nor can we be certain that newly-developed products and services will perform satisfactorily or be widely accepted in the marketplace or that the costs involved in these efforts will not be substantial.

If we fail to maintain adequate quality standards for our products and services, our business may be adversely affected and our reputation harmed.

Dietary supplement, nutraceutical, food and beverage, functional food, analytical laboratories, pharmaceutical and cosmetic customers are often subject to rigorous quality standards to obtain and maintain regulatory approval of their products and the manufacturing processes that generate them. A failure to maintain, or, in some instances, upgrade our quality standards to meet our customers' needs, could cause damage to our reputation and potentially substantial sales losses.

Our ability to protect our intellectual property and proprietary technology through patents and other means is uncertain and may be inadequate, which would have a material and adverse effect on us.

Our success depends significantly on our ability to protect our proprietary rights to the technologies used in our products. We rely on patent protection, as well as a combination of copyright, trade secret and trademark laws and nondisclosure, confidentiality and other contractual restrictions to protect our proprietary technology, including our licensed technology. However, these legal means afford only limited protection and may not adequately protect our

rights or permit us to gain or keep any competitive advantage. For example, our pending United States and foreign patent applications may not issue as patents in a form that will be advantageous to us or may issue and be subsequently successfully challenged by others and invalidated. In addition, our pending patent applications include claims to material aspects of our products and procedures that are not currently protected by issued patents. Both the patent application process and the process of managing patent disputes can be time-consuming and expensive. Competitors may be able to design around our patents or develop products which provide outcomes which are comparable or even superior to ours. Steps that we have taken to protect our intellectual property and proprietary technology, including entering into confidentiality agreements and intellectual property assignment agreements with some of our officers, employees, consultants and advisors, may not provide us with meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States.

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In the event a competitor infringes upon our licensed or pending patent or other intellectual property rights, enforcing those rights may be costly, uncertain, difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents rights against a challenge. The failure to obtain patents and/or protect our intellectual property rights could have a material and adverse effect on our business, results of operations and financial condition.

Our patents and licenses may be subject to challenge on validity grounds, and our patent applications may be rejected.

We rely on our patents, patent applications, licenses and other intellectual property rights to give us a competitive advantage. Whether a patent is valid, or whether a patent application should be granted, is a complex matter of science and law, and therefore we cannot be certain that, if challenged, our patents, patent applications and/or other intellectual property rights would be upheld. If one or more of those patents, patent applications, licenses and other intellectual property rights are invalidated, rejected or found unenforceable, that could reduce or eliminate any competitive advantage we might otherwise have had.

We may become subject to claims of infringement or misappropriation of the intellectual property rights of others, which could prohibit us from developing our products, require us to obtain licenses from third parties or to develop non-infringing alternatives and subject us to substantial monetary damages.

Third parties could, in the future, assert infringement or misappropriation claims against us with respect to products we develop. Whether a product infringes a patent or misappropriates other intellectual property involves complex legal and factual issues, the determination of which is often uncertain. Therefore, we cannot be certain that we have not infringed the intellectual property rights of others. Our potential competitors may assert that some aspect of our product infringes their patents. Because patent applications may take years to issue, there also may be applications now pending of which we are unaware that may later result in issued patents upon which our products could infringe. There also may be existing patents or pending patent applications of which we are unaware upon which our products may inadvertently infringe.

Any infringement or misappropriation claim could cause us to incur significant costs, place significant strain on our financial resources, divert management's attention from our business and harm our reputation. If the relevant patents in such claim were upheld as valid and enforceable and we were found to infringe them, we could be prohibited from selling any product that is found to infringe unless we could obtain licenses to use the technology covered by the patent or are able to design around the patent. We may be unable to obtain such a license on terms acceptable to us, if at all, and we may not be able to redesign our products to avoid infringement. A court could also order us to pay compensatory damages for such infringement, plus prejudgment interest and could, in addition, treble the compensatory damages and award attorney fees. These damages could be substantial and could harm our reputation, business, financial condition and operating results. A court also could enter orders that temporarily, preliminarily or permanently enjoin us and our customers from making, using, or selling products, and could enter an order mandating that we undertake certain remedial activities. Depending on the nature of the relief ordered by the court, we could become liable for additional damages to third parties.

The prosecution and enforcement of patents licensed to us by third parties are not within our control. Without these technologies, our product may not be successful and our business would be harmed if the patents were infringed on or misappropriated without action by such third parties.

We have obtained licenses from third parties for patents and patent application rights related to the products we are developing, allowing us to use intellectual property rights owned by or licensed to these third parties. We do not

control the maintenance, prosecution, enforcement or strategy for many of these patents or patent application rights and as such are dependent in part on the owners of the intellectual property rights to maintain their viability. Without access to these technologies or suitable design-around or alternative technology options, our ability to conduct our business could be impaired significantly.

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We may be subject to damages resulting from claims that we, our employees, or our independent contractors have wrongfully used or disclosed alleged trade secrets of others.

Some of our employees were previously employed at other dietary supplement, nutraceutical, food and beverage, functional food, analytical laboratories, pharmaceutical and cosmetic companies. We may also hire additional employees who are currently employed at other such companies, including our competitors. Additionally, consultants or other independent agents with which we may contract may be or have been in a contractual arrangement with one or more of our competitors. We may be subject to claims that these employees or independent contractors have used or disclosed such other party's trade secrets or other proprietary information. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to our management. If we fail to defend such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to market existing or new products, which could severely harm our business.

Litigation may harm our business.

Substantial, complex or extended litigation could cause us to incur significant costs and distract our management. For example, lawsuits by employees, stockholders, collaborators, distributors, customers, competitors or others could be very costly and substantially disrupt our business. Disputes from time to time with such companies, organizations or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes or on terms favorable to us. Unexpected results could cause us to have financial exposure in these matters in excess of recorded reserves and insurance coverage, requiring us to provide additional reserves to address these liabilities, therefore impacting profits.

Our sales and results of operations depend on our customers' research and development efforts and their ability to obtain funding for these efforts.

Our customers include researchers at pharmaceutical and biotechnology companies, chemical and related companies, academic institutions, government laboratories and private foundations. Fluctuations in the research and development budgets of these researchers and their organizations could have a significant effect on the demand for our products. Our customers determine their research and development budgets based on several factors, including the need to develop new products, the availability of governmental and other funding, competition and the general availability of resources. As we continue to expand our international operations, we expect research and development spending levels in markets outside of the United States will become increasingly important to us.

Research and development budgets fluctuate due to changes in available resources, spending priorities, general economic conditions, institutional and governmental budgetary limitations and mergers of pharmaceutical and biotechnology companies. Our business could be harmed by any significant decrease in life science and high technology research and development expenditures by our customers. In particular, a small portion of our sales has been to researchers whose funding is dependent on grants from government agencies such as the United States National Institute of Health, the National Science Foundation, the National Cancer Institute and similar agencies or organizations. Government funding of research and development is subject to the political process, which is often unpredictable. Other departments, such as Homeland Security or Defense, or general efforts to reduce the United States federal budget deficit could be viewed by the government as a higher priority. Any shift away from funding of life science and high technology research and development or delays surrounding the approval of governmental budget proposals may cause our customers to delay or forego purchases of our products and services, which could seriously damage our business.

Some of our customers receive funds from approved grants at a particular time of year, many times set by government budget cycles. In the past, such grants have been frozen for extended periods or have otherwise become unavailable to various institutions without advance notice. The timing of the receipt of grant funds may affect the timing of purchase decisions by our customers and, as a result, cause fluctuations in our sales and operating results.

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Demand for our products and services are subject to the commercial success of our customers' products, which may vary for reasons outside our control.

Even if we are successful in securing utilization of our products in a customer's manufacturing process, sales of many of our products and services remain dependent on the timing and volume of the customer's production, over which we have no control. The demand for our products depends on regulatory approvals and frequently depends on the commercial success of the customer's supported product. Regulatory processes are complex, lengthy, expensive, and can often take years to complete.

We may bear financial risk if we under-price our contracts or overrun cost estimates.

In cases where our contracts are structured as fixed price or fee-for-service with a cap, we bear the financial risk if we initially under-price our contracts or otherwise overrun our cost estimates. Such under-pricing or significant cost overruns could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We rely on single or a limited number of third-party suppliers for the raw materials required for the production of our products.

Our dependence on a limited number of third-party suppliers or on a single supplier, and the challenges we may face in obtaining adequate supplies of raw materials, involve several risks, including limited control over pricing, availability, quality and delivery schedules. We cannot be certain that our current suppliers will continue to provide us with the quantities of these raw materials that we require or satisfy our anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials could materially harm our ability to manufacture our products until a new source of supply, if any, could be identified and qualified. Although we believe there are other suppliers of these raw materials, we may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and commercialization of our products, or interrupt production of then existing products that are already marketed, which would have a material adverse effect on our business.

We may not be successful in acquiring complementary businesses on favorable terms.

As part of our business strategy, we intend to consider acquisitions of similar or complementary businesses. No assurance can be given that we will be successful in identifying attractive acquisition candidates or completing acquisitions on favorable terms. In addition, any future acquisitions will be accompanied by the risks commonly associated with acquisitions. These risks include potential exposure to unknown liabilities of acquired companies or to acquisition costs and expenses, the difficulty and expense of integrating the operations and personnel of the acquired companies, the potential disruption to the business of the combined company and potential diversion of our management's time and attention, the impairment of relationships with and the possible loss of key employees and clients as a result of the changes in management, the incurrence of amortization expenses and dilution to the shareholders of the combined company if the acquisition is made for stock of the combined company. In addition, successful completion of an acquisition may depend on consents from third parties, including regulatory authorities and private parties, which consents are beyond our control. There can be no assurance that products, technologies or businesses of acquired companies will be effectively assimilated into the business or product offerings of the combined company or will have a positive effect on the combined company's revenues or earnings. Further, the combined company may incur significant expense to complete acquisitions and to support the acquired products and businesses. Any such acquisitions may be funded with cash, debt or equity, which could have the effect of diluting or otherwise adversely affecting the holdings or the rights of our existing stockholders.

If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business could be adversely affected.

We depend on information systems throughout our company to control our manufacturing processes, process orders, manage inventory, process and bill shipments and collect cash from our customers, respond to customer inquiries, contribute to our overall internal control processes, maintain records of our property, plant and equipment, and record and pay amounts due vendors and other creditors. If we were to experience a prolonged disruption in our information systems that involve interactions with customers and suppliers, it could result in the loss of sales and customers and/or increased costs, which could adversely affect our overall business operation.

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Our cash flows and capital resources may be insufficient to make required payments on future indebtedness.

On November 4, 2016, we entered into entered into a business financing agreement (the "Financing Agreement") with Western Alliance Bank ("Western Alliance"), in order to establish a formula based revolving credit line pursuant to which the Company may borrow an aggregate principal amount of up to $5,000,000, subject to the terms and conditions of the Financing Agreement. The interest rate will be calculated at a floating rate per month equal to (a) the greater of (i) 3.50% per year or (ii) the Prime Rate published in the Money Rates section of the Western Edition of The Wall Street Journal, or such other rate of interest publicly announced by Lender as its Prime Rate, plus (b) 2.50 percentage points. Any borrowings, interest or other fees or obligations that the Company owes Western Alliance pursuant to the Financing Agreement (the "Obligations") will be become due and payable on November 4, 2018. For further details on the Loan Agreement, please refer to Note 8. Loan Payable appearing in Item 8 of this Annual Report on Form 10-K.

As of December 31, 2016 and March 15, 2017, we did not have any indebtedness under the Financing Agreement. However, we may incur indebtedness in the future and such indebtedness could have important consequences to you. For example, it could:

make it difficult for us to satisfy our other debt obligations;

make us more vulnerable to general adverse economic and industry conditions;

limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and other general corporate requirements;

expose us to interest rate fluctuations because the interest rate on the debt under the Financing Agreement is variable;

require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow for operations and other purposes;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and

place us at a competitive disadvantage compared to competitors that may have proportionately less debt and greater financial resources.

In addition, our ability to make payments or refinance our obligations depends on our successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond our control. These factors include, among others:

economic and demand factors affecting our industry;

pricing pressures;

increased operating costs;

competitive conditions; and

other operating difficulties.

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If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. In the event that we are required to dispose of material assets or operations to meet our debt service and other obligations, the value realized on such assets or operations will depend on market conditions and the availability of buyers. Accordingly, any such sale may not, among other things, be for a sufficient dollar amount. Our obligations pursuant to the Financing Agreement are secured by a security interest in all of our assets, exclusive of intellectual property. The foregoing encumbrances may limit our ability to dispose of material assets or operations. We also may not be able to restructure our indebtedness on favorable economic terms, if at all.

We may incur additional indebtedness in the future. Our incurrence of additional indebtedness would intensify the risks described above.

The Financing Agreement contains various covenants limiting the discretion of our management in operating our business.

The Financing Agreement contains various restrictive covenants that limit our management's discretion in operating our business. In particular, these instruments limit our ability to, among other things:

incur additional debt;

grant liens on assets;

make investments, including capital expenditures;

sell or acquire assets outside the ordinary course of business; and

make fundamental business changes.

If we fail to comply with the restrictions in the Financing Agreement, a default may allow the creditors under the relevant instruments to accelerate the related debt and to exercise their remedies under these agreements, which will typically include the right to declare the principal amount of that debt, together with accrued and unpaid interest and other related amounts, immediately due and payable, to exercise any remedies the creditors may have to foreclose on assets that are subject to liens securing that debt and to terminate any commitments they had made to supply further funds.

If we are unable to maintain sales, marketing and distribution capabilities or maintain arrangements with third parties to sell, market and distribute our products, our business may be harmed.

To achieve commercial success for our products, we must sell our product lines and/or technologies at favorable prices. In addition to being expensive, maintaining such a sales force is time-consuming. Qualified direct sales personnel with experience in the natural products industry are in high demand, and there can be no assurance that we will be able to hire or retain an effective direct sales team. Similarly, qualified independent sales representatives both within and outside the United States are in high demand, and we may not be able to build an effective network for the

distribution of our product through such representatives. There can be no assurance that we will be able to enter into contracts with representatives on terms acceptable to us. Furthermore, there can be no assurance that we will be able to build an alternate distribution framework should we attempt to do so.

We may also need to contract with third parties in order to market our products. To the extent that we enter into arrangements with third parties to perform marketing and distribution services, our product revenue could be lower and our costs higher than if we directly marketed our products. Furthermore, to the extent that we enter into co-promotion or other marketing and sales arrangements with other companies, any revenue received will depend on the skills and efforts of others, and we do not know whether these efforts will be successful. If we are unable to establish and maintain adequate sales, marketing and distribution capabilities, independently or with others, we will not be able to generate product revenue, and may not become profitable.

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Risks Related to Regulatory Approval of Our Products and Other Government Regulations

We are subject to regulation by various federal, state and foreign agencies that require us to comply with a wide variety of regulations, including those regarding the manufacture of products, advertising and product label claims, the distribution of our products and environmental matters. Failure to comply with these regulations could subject us to fines, penalties and additional costs.

Some of our operations are subject to regulation by various United States federal agencies and similar state and international agencies, including the Department of Commerce, the FDA, the FTC, the Department of Transportation and the Department of Agriculture. These regulations govern a wide variety of product activities, from design and development to labeling, manufacturing, handling, sales and distribution of products. If we fail to comply with any of these regulations, we may be subject to fines or penalties, have to recall products and/or cease their manufacture and distribution, which would increase our costs and reduce our sales.

We are also subject to various federal, state, local and international laws and regulations that govern the handling, transportation, manufacture, use and sale of substances that are or could be classified as toxic or hazardous substances. Some risk of environmental damage is inherent in our operations and the products we manufacture, sell, or distribute. Any failure by us to comply with the applicable government regulations could also result in product recalls or impositions of fines and restrictions on our ability to carry on with or expand in a portion or possibly all of our operations. If we fail to comply with any or all of these regulations, we may be subject to fines or penalties, have to recall products and/or cease their manufacture and distribution, which would increase our costs and reduce our sales.

Government regulations of our customer’s business are extensive and are constantly changing. Changes in these regulations can significantly affect customer demand for our products and services.

The process by which our customers’ industries are regulated is controlled by government agencies and depending on the market segment can be very expensive, time-consuming, and uncertain. Changes in regulations or the enforcement practices of current regulations could have a negative impact on our customers and, in turn, our business. At this time, it is unknown how the FDA will interpret and to what extent it will enforce GMPs, regulations that will likely affect many of our customers. These uncertainties may have a material impact on our results of operations, as lack of enforcement or an interpretation of the regulations that lessens the burden of compliance for the dietary supplement marketplace may cause a reduced demand for our products and services.

Changes in government regulation or in practices relating to the pharmaceutical, dietary supplement, food and cosmetic industry could decrease the need for the services we provide.

Governmental agencies throughout the world, including the United States, strictly regulate these industries. Our business involves helping pharmaceutical and biotechnology companies navigate the regulatory drug approval process. Changes in regulation, such as a relaxation in regulatory requirements or the introduction of simplified drug approval procedures, or an increase in regulatory requirements that we have difficulty satisfying or that make our services less competitive, could eliminate or substantially reduce the demand for our services. Also, if the government makes efforts to contain drug costs and pharmaceutical and biotechnology company profits from new drugs, our customers may spend less, or reduce their spending on research and development. If health insurers were to change their practices with respect to reimbursements for pharmaceutical products, our customers may spend less, or reduce their spending on research and development.

If we should in the future become required to obtain regulatory approval to market and sell our goods we will not be able to generate any revenues until such approval is received.

The pharmaceutical industry is subject to stringent regulation by a wide range of authorities. While we believe that, given our present business, we are not currently required to obtain regulatory approval to market our goods because, among other things, we do not (i) produce or market any clinical devices or other products, or (ii) sell any medical products or services to the customer, we cannot predict whether regulatory clearance will be required in the future and, if so, whether such clearance will at such time be obtained for any products that we are developing or may attempt to develop. Should such regulatory approval in the future be required, our goods may be suspended or may not be able to be marketed and sold in the United States until we have completed the regulatory clearance process as and if implemented by the FDA. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product or service and would require the expenditure of substantial resources.

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If regulatory clearance of a good that we propose to propose to market and sell is granted, this clearance may be limited to those particular states and conditions for which the good is demonstrated to be safe and effective, which would limit our ability to generate revenue. We cannot ensure that any good that we develop will meet all of the applicable regulatory requirements needed to receive marketing clearance. Failure to obtain regulatory approval will prevent commercialization of our goods where such clearance is necessary. There can be no assurance that we will obtain regulatory approval of our proposed goods that may require it.

Risks Related to the Securities Markets and Ownership of our Equity Securities

The market price of our common stock may be volatile and adversely affected by several factors.

The market price of our common stock could fluctuate significantly in response to various factors and events, including, but not limited to:

our ability to integrate operations, technology, products and services;

our ability to execute our business plan;

our operating results are below expectations;

our issuance of additional securities, including debt or equity or a combination thereof,;

announcements of technological innovations or new products by us or our competitors;

media coverage regarding our industry or us;

litigation;

disputes with or our inability to collect from significant customers;

loss of any strategic relationship;

industry developments, including, without limitation, changes in healthcare policies or practices;

economic and other external factors;

reductions in purchases from our large customers;

period-to-period fluctuations in our financial results; and

whether an active trading market in our common stock develops and is maintained.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Our shares of common stock may be thinly traded, so you may be unable to sell at or near ask prices or at all.

We cannot predict the extent to which an active public market for our common stock will develop or be sustained. This situation may be attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we have become more seasoned and viable. As a consequence, there may be periods of several days or weeks when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot assure you that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained or not diminish.

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We have not paid cash dividends in the past and do not expect to pay cash dividends in the foreseeable future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our capital stock and do not anticipate paying cash dividends on our capital stock in the foreseeable future. The payment of dividends on our capital stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if the common stock price appreciates.

Stockholders may experience significant dilution if future equity offerings are used to fund operations or acquire complementary businesses.

If future operations or acquisitions are financed through the issuance of additional equity securities, stockholders could experience significant dilution. Securities issued in connection with future financing activities or potential acquisitions may have rights and preferences senior to the rights and preferences of our common stock. In addition, the issuance of shares of our common stock upon the exercise of outstanding options or warrants may result in dilution to our stockholders.

We may become involved in securities class action litigation that could divert management's attention and harm our business.

The stock market in general, and the stocks of early stage companies in particular, have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of the companies involved. If these fluctuations occur in the future, the market price of our shares could fall regardless of our operating performance. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. If the market price or volume of our shares suffers extreme fluctuations, then we may become involved in this type of litigation, which would be expensive and divert management's attention and resources from managing our business.

As a public company, we may also from time to time make forward-looking statements about future operating results and provide some financial guidance to the public markets. The management has limited experience as a management team in a public company and as a result projections may not be made timely or set at expected performance levels and could materially affect the price of our shares. Any failure to meet published forward-looking statements that adversely affect the stock price could result in losses to investors, stockholder lawsuits or other litigation, sanctions or restrictions issued by the SEC.

We have a significant number of outstanding options and warrants, and future sales of these shares could adversely affect the market price of our common stock.

As of December 31, 2016, we had outstanding options exercisable for an aggregate of 5,210,334 shares of common stock at a weighted average exercise price of $3.47 per share and outstanding warrants exercisable for an aggregate of 470,444 shares of common stock at a weighted average exercise price of $4.15 per share. The holders may sell many of these shares in the public markets from time to time, without limitations on the timing, amount or method of sale. As and when our stock price rises, if at all, more outstanding options and warrants will be in-the-money and the holders may exercise their options and warrants and sell a large number of shares. This could cause the market price of our common stock to decline.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2016, we lease approximately 15,000 square feet of office space in Irvine, California with 3 years remaining on the lease, approximately 13,000 square feet of space for laboratory in Boulder, Colorado with 6 years remaining on the lease, approximately 10,000 square feet of space for research and development laboratory in Longmont, Colorado with 7 years remaining on the lease and approximately 2,300 square feet of office space in Rockville, Maryland with 4 years remaining on the lease. The below table illustrates the use of each property by our business segments.

Business Segment	Property Used
Ingredients	All properties
Core Standards and Contract Services	Irvine, CA, Boulder, CO and Longmont, CO
Regulatory Consulting	Primarily Rockville, MD

We also rent an apartment with approximately 1,000 square feet in Foothill Ranch, California, and an apartment with less than 1,100 square feet in Longmont, Colorado. We use the apartments to accommodate our traveling employees to each of our California and Colorado locations. We do not own any real estate. For the year ended December 31, 2016, our total annual rental expense was approximately $606,000.

Item 3. Legal Proceedings

On December 29, 2016, ChromaDex, Inc. filed a complaint (the “Complaint”) in the United States District Court for the Central District of California, naming Elysium Health, Inc. as defendant. Among other allegations, ChromaDex, Inc. alleges in the Complaint that (i) Elysium breached the Supply Agreement, dated June 26, 2014, by and between ChromaDex, Inc. and Elysium Health, LLC (“Elysium”) (the “pTeroPure® Supply Agreement”), by failing to make payments to ChromaDex, Inc. for purchases of pTeroPure® pursuant to the pTeroPure® Supply Agreement, (ii) Elysium breached the Supply Agreement, dated February 3, 2014, by and between ChromaDex, Inc. and Elysium, as amended (the “NIAGEN® Supply Agreement”), by failing to make payments to ChromaDex, Inc. for purchases of NIAGEN® pursuant to the NIAGEN® Supply Agreement, (iii) Elysium breached the Trademark License and Royalty Agreement, dated February 3, 2014, by and between ChromaDex, Inc. and Elysium (the “License Agreement”), by failing to make payments to ChromaDex, Inc. for royalties due pursuant to the License Agreement and (iv) certain officers of Elysium made false promises and representations to induce ChromaDex, Inc. into providing large supplies of pTeroPure® and NIAGEN® to Elysium pursuant to the pTeroPure® Supply Agreement and NIAGEN® Supply Agreement. ChromaDex, Inc. is seeking punitive damages, money damages and interest.

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On January 25, 2017, Elysium filed an answer and counterclaims (the “Counterclaim”) in response to the Complaint. Among other allegations, Elysium alleges in the Counterclaim that (i) ChromaDex, Inc. breached the NIAGEN® Supply Agreement by not issuing certain refunds or credits to Elysium and for violating certain confidential information provisions, (ii) ChromaDex, Inc. breached the implied covenant of good faith and fair dealing pursuant to the NIAGEN® Supply Agreement, (iii) ChromaDex, Inc. breached certain confidential provisions of the pTeroPure® Supply Agreement, (iv) ChromaDex, Inc. fraudulently induced Elysium into entering into the License Agreement (the “Fraud Claim”), (v) ChromaDex, Inc.’s conduct constitutes misuse of its patent rights (the “Patent Claim”) and (vi) ChromaDex, Inc. has engaged in unlawful or unfair competition under California state law (the “Unfair Competition Claim”). Elysium is seeking damages for ChromaDex, Inc.’s alleged breaches of the NIAGEN® Supply Agreement and pTeroPure® Supply Agreement, and compensatory damages, punitive damages and/or rescission of the License Agreement and restitution of any royalty payments conveyed by Elysium pursuant to the License Agreement.

On February 15, 2017, ChromaDex, Inc. filed an amended complaint (the “Amended Complaint”). In the Amended Complaint, ChromaDex, Inc. re-alleges the claims in the Complaint, and also alleges that Elysium willfully and maliciously misappropriated ChromaDex, Inc.’s trade secrets. On February 15, 2017, ChromaDex, Inc. also filed a motion to dismiss the Fraud Claim, the Patent Claim and the Unfair Competition Claim. While ChromaDex, Inc. expresses no opinion as to the ultimate outcome of this matter, ChromaDex, Inc. believes Elysium’s allegations are without merit and will vigorously defend against them.

As of December 31, 2016, ChromaDex, Inc. did not accrue a potential loss for the Counterclaim because ChromaDex, Inc. believes that the allegations are without merit and thus it is not probable that a liability had been incurred, and the amount of loss cannot be reasonably estimated.

From time to time we are involved in legal proceedings arising in the ordinary course of our business. We believe that there is no other litigation pending that is likely to have, individually or in the aggregate, a material adverse effect on our financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Since April 25, 2016, our common stock has been traded on The NASDAQ Capital Market ("NASDAQ") under the symbol "CDXC." From November 10, 2014 to April 22, 2016, our common stock had been traded on the top tier of the OTC Markets Group, Inc. (the "OTCQX") under the symbol "CDXC."

On April 13, 2016, the Company effected a 1-for-3 reverse stock split. All information presented herein has been retrospectively adjusted to reflect the reverse stock split as if it took place as of the earliest period presented. An additional 1,632 shares were issued to round up fractional shares as a result of the reverse stock split.

The following table sets forth the range of high and low sale prices of our common stock for each of the periods indicated as reported by NASDAQ and OTCQX. Closing sale prices were used for the period when our common stock was traded on NASDAQ and closing bid quotations were used for the period when our common stock was traded on OTCQX. These prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ending December 31, 2016

Quarter Ended	High	Low
December 31, 2016	$3.31	$2.31
October 1, 2016	$4.39	$2.88
July 2, 2016	$5.76	$2.84
April 2, 2016	$4.77	$3.60

Fiscal Year Ending January 2, 2016

Quarter Ended	High	Low
January 2, 2016	$4.56	$3.36
October 3, 2015	$4.26	$3.06
July 4, 2015	$4.44	$3.39
April 4, 2015	$4.62	$2.55

On March 9, 2017, the closing sale price was $2.71.

Securities Authorized for Issuance under Equity Compensation Plans

Information about our equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report.

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Performance Graph

The performance graph below compares the annual percentage change in the cumulative total return on our common stock with the NASDAQ Capital Market Composite Index and the S&P Small Cap 600 Health Care Index. The chart shows the value as of December 31, 2016, of $100 invested on December 31, 2011. The stock price performance below is not necessarily indicative of future performance.

The performance graph below is not “soliciting material,” shall not be deemed “filed” with the SEC and shall not be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, except as shall be expressly set forth by specific reference in such filing.

	12/31/11	12/29/12	12/28/13	1/3/15	1/2/16	12/31/16
ChromaDex Corporation	100.00	101.00	290.91	163.64	221.82	200.61
NASDAQ Composite	100.00	116.41	165.47	188.69	200.32	216.54
S&P Small Cap 600 Health Care Index	100.00	109.85	159.94	170.04	184.79	180.61

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Holders of Our Common Stock

As of March 9, 2017, we had approximately 51 registered holders of record of our common stock.

Dividend Policy

We have not declared or paid any cash dividends on our common stock during either of the two most recent fiscal years and have no current intention to pay any cash dividends. Our ability to pay cash dividends is governed by applicable provisions of Delaware law and is subject to the discretion of our Board of Directors.

Recent Sales of Unregistered Securities

None.

Item 6. Selected Financial Data

The annual financial information set forth below has been derived from our audited consolidated financial statements. The information should be read together with, and is qualified in its entirety by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the consolidated financial statements and notes included elsewhere in this Form 10-K and in our SEC filings. The selected financial data in this section are not intended to replace our consolidated financial statements and the related notes. Our historical results are not necessarily indicative of the results that may be expected in the future and results of interim periods are not necessarily indicative of the results for the entire year.

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	Years Ended				
	2016	2015	2014	2013	2012
Consolidated Statement of Operations Data					
Sales, net	$26,811,086	$22,014,140	$15,313,179	$10,160,964	$11,610,494
Cost of sales	14,889,954	13,533,132	9,987,514	7,027,828	9,335,057
Gross profit	11,921,132	8,481,008	5,325,665	3,133,136	2,275,437
Operating expenses:					
Sales and marketing	2,250,589	2,326,788	2,136,584	2,357,605	5,520,141
Research and development	2,522,768	891,601	513,671	134,040	141,573
General and administrative	9,393,209	7,416,451	7,860,930	4,982,976	8,250,157
Loss from investment in affiliate	-	-	45,829	44,961	-
Operating expenses	14,166,566	10,634,840	10,557,014	7,519,582	13,911,871
Operating loss	(2,245,434)	(2,153,832)	(5,231,349)	(4,386,446)	(11,636,434)
Nonoperating income (expenses):					
Interest income	2,247	3,325	2,013	1,251	3,014
Interest expense	(371,899)	(616,033)	(158,849)	(34,330)	(29,006)
Loss on debt extinguishment	(313,099)	-	-	-	-
Nonoperating expenses	(682,751)	(612,708)	(156,836)	(33,079)	(25,992)
Loss before income taxes	(2,928,185)	(2,766,540)	(5,388,185)	(4,419,525)	(11,662,426)
Provision for income taxes	-	(4,527)	-	-	-
Net loss	$(2,928,185)	$(2,771,067)	$(5,388,185)	$(4,419,525)	$(11,662,426)
Basic and Diluted loss per common share	$(0.08)	$(0.08)	$(0.15)	$(0.13)	$(0.39)
Basic and Diluted weighted average common shares outstanding	37,294,321	35,877,341	35,486,460	33,329,148	30,089,601

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	At The End of Year				
	2016	2015	2014	2013	2012
Consolidated Balance Sheet Data					
Cash	$1,642,429	$5,549,672	$3,964,750	$2,261,336	$520,000
Working capital (1)	7,786,372	4,400,432	2,189,442	1,602,008	3,717,610
Total assets	19,752,068	18,749,209	11,516,847	8,986,892	9,034,521
Long term debt	-	3,345,335	1,977,113	-	-
Total stockholders' equity	$9,974,358	$5,274,674	$3,998,391	$5,665,451	$3,993,329

(1) Trade receivables plus inventories less accounts payable.

	Years Ended				
	2016	2015	2014	2013	2012
Consolidated Cash Flow Data					
Net cash used in operating activities	$(2,936,596)	$(2,111,138)	$(2,580,406)	$(3,906,011)	$(10,119,713)
Net cash provided by (used in) investing activities	(1,724,922)	(647,731)	1,590,275	998,651	(76,565)
Net cash provided by financing activities	$754,275	$4,343,791	$2,693,545	$4,648,696	$10,296,126

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of financial condition and results of operation together with "Selected Financial Data," the consolidated financial statements and the related notes included elsewhere this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that impact our business. In particular, we encourage you to review the risks and uncertainties described in "Risk Factors" in Part I, Item 1A in this Form 10-K. These risks and uncertainties could cause actual results to differ materially from those projected in forward-looking statements contained in this report or implied by past results and trends.

Overview

We are a natural products company that leverage our complementary business units to discover, acquire, develop and commercialize patented and proprietary ingredient technologies that address the dietary supplement, food, beverage, skin care and pharmaceutical markets. In addition to our ingredient technologies segment, we also have core standards and contract services segment, which focuses on natural product fine chemicals (known as "phytochemicals") and analytical testing services, and regulatory consulting segment. As a result of our relationships with leading universities and research institutions, we are able to discover and license early stage, intellectual property-backed ingredient technologies. We then utilize our in-house chemistry, regulatory and safety consulting business units to develop commercially viable ingredients. Our ingredient portfolio is backed with clinical and scientific research, as well as extensive intellectual property protection.

The discussion and analysis of our financial condition and results of operations are based on the ChromaDex financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues, if any, and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

On November 4, 2016, we entered into a business financing agreement with Western Alliance Bank, in order to establish a formula based revolving credit line up to $5.0 million. As of December 31, 2016, the Company failed to meet one of the covenants of the business financing agreement, which was to at least meet 50% of projections of EBDAS and was in default under the agreement (the "Existing Default."). On March 12, 2017, the Company entered into a modification agreement with Western Alliance under which Western Alliance waived the Existing Default. As of March 15, 2017, we have not borrowed from this revolving credit line. We anticipate that our current cash, cash equivalents, cash to be generated from operations and the established $5.0 million revolving credit line will be sufficient to meet our projected operating plans through at least March 17, 2018. We may, however, seek additional capital prior to March 17, 2018, both to meet our projected operating plans after March 17, 2018 and/or to fund our longer term strategic objectives.

Additional capital may come from public and/or private stock or debt offerings, borrowings under lines of credit or other sources. These additional funds may not be available on favorable terms, or at all. Further, if we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution and the new equity or debt securities we issue may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, it may be

necessary to relinquish valuable rights to our products or proprietary technologies, or to grant licenses on terms that are not favorable to us. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, obtain the required regulatory clearances or approvals, achieve long term strategic objectives, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements. Any of these events could adversely affect our ability to achieve our development and commercialization goals, which could have a material and adverse effect on our business, results of operations and financial condition.

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Some of our operations are subject to regulation by various state and federal agencies. Dietary supplements are subject to FDA, FTC and U.S. Department of Agriculture regulations relating to composition, labeling and advertising claims. These regulations may in some cases, particularly with respect to those applicable to new ingredients, require a notification that must be submitted to the FDA along with evidence of safety. There are similar regulations related to food additives.

Results of Operations

Our net sales for the twelve-month periods ended December 31, 2016, January 2, 2016 and January 3, 2015 were approximately $26,811,000, $22,014,000 and $15,313,000, respectively. We incurred a net loss of approximately $2,928,000, $2,771,000 and $5,388,000 for the twelve-month periods ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively. This equated to $0.08, $0.08 and $0.15 losses per basic and diluted share for the twelve-month periods ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

Over the next two years, we plan to continue to increase research and development efforts for our line of proprietary ingredients, subject to available financial resources.

	Twelve months ending		
	Dec. 31, 2016	Jan. 2, 2016	Jan. 3, 2015
Sales	$26,811,086	$22,014,140	$15,313,179
Cost of sales	14,889,954	13,533,132	9,987,514
Gross profit	11,921,132	8,481,008	5,325,665
Operating expenses -Sales and marketing	2,250,589	2,326,788	2,136,584
-Research and development	2,522,768	891,601	513,671
-General and administrative	9,393,209	7,416,451	7,860,930
-Loss from investment in affiliate	-	-	45,829
Nonoperating -Interest income	2,247	3,325	2,013
-Interest expenses	(371,899)	(616,033)	(158,849)
-Loss on debt extinguishment	(313,099)	-	-
Provision for income taxes	-	(4,527)	-
Net loss	$(2,928,185)	$(2,771,067)	$(5,388,185)

Year Ended December 31, 2016 Compared to Year Ended January 2, 2016

Net Sales. Net sales consist of gross sales less discounts and returns.

	Twelve months ending		
	December 31, 2016	January 2, 2016	Change
Net sales:			

Ingredients	$16,775,000	$12,542,000	34%
Core standards and contract services	9,371,000	8,419,000	11%
Scientific and regulatory consulting	665,000	1,053,000	-37%
Total net sales	$26,811,000	$22,014,000	22%

The increase in sales for the ingredients segment is due to increased sales of “NIAGEN®” and “PTEROPURE®.”

The increase in sales for the core standards and contract services segment is primarily due to increased sales of analytical testing and contract services.

The decrease in sales for the scientific and regulatory consulting segment is primarily due to a further emphasis on intercompany work supporting our ingredients segment.

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Cost of Sales. Costs of sales include raw materials, labor, overhead, and delivery costs.

	Twelve months ending			
	December 31, 2016		January 2, 2016	
	Amount	% ofnet sales	Amount	% ofnet sales
Cost of sales:				
Ingredients	$7,921,000	47%	$6,664,000	53%
Core standards and contract services	6,504,000	69%	6,347,000	75%
Scientific and regulatory consulting	465,000	70%	522,000	50%
Total cost of sales	$14,890,000	56%	$13,533,000	61%

The cost of sales, as a percentage of net sales, decreased 5%.

The decrease in cost of sales, as a percentage of net sales, for the ingredients segment is largely due to price reductions from our suppliers through increased purchase volumes.

The cost of sales, as a percentage of net sales for the core standards and contract services segment, decreased 6%. The increase in analytical testing and contract services sales led to a higher labor utilization rate, which resulted in lowering our cost of sales as a percentage of net sales.

The percentage increase in cost of sales for the scientific and regulatory consulting segment is largely due to a further emphasis on intercompany work. Fixed labor costs make up the majority of costs for the consulting segment.

Gross Profit. Gross profit is net sales less the cost of sales and is affected by a number of factors including product mix, competitive pricing and costs of products and services.

	Twelve months ending		
	December 31, 2016	January 2, 2016	Change
Gross profit:			
Ingredients	$8,854,000	$5,878,000	51%

Core standards and contract services	2,867,000	2,072,000	38%
Scientific and regulatory consulting	200,000	531,000	-62%
Total gross profit	$11,921,000	$8,481,000	41%

The gross profit for the ingredients segment increased due to the increased sales of the ingredient portfolio we offer, coupled with lower prices from our suppliers due to increased purchase volumes.

The increased gross profit for the core standards and contract services segment is largely due to the increased sale of analytical testing and contract services. Fixed labor costs make up the majority of costs for analytical testing and contract services and these fixed labor costs did not increase in proportion to sales, hence yielding higher profit margin.

The decreased gross profit for the scientific and regulatory consulting segment is largely due to a greater focus on intercompany work supporting our ingredients segment.

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Operating Expenses – Sales and Marketing. Sales and Marketing Expenses consist of salaries, advertising and marketing expenses.

	Twelve months ending		
	December 31, 2016	January 2, 2016	Change
Sales and marketing expenses:			
Ingredients	$1,197,000	$1,112,000	8%
Core standards and contract services	1,043,000	1,202,000	-13%
Scientific and regulatory consulting	11,000	13,000	-15%
Total sales and marketing expenses	$2,251,000	$2,327,000	-3%

For the ingredients segment, the increase is largely due to increased marketing efforts to raise the consumer awareness for our line of proprietary ingredients.

For the core standards and contract services segment, the decrease is largely due to making certain operational changes as certain personnel who were previously assigned to the sales and marketing group were moved to an administrative group. We do anticipate increased expenses going forward as we increase marketing efforts and hire additional staff.

For the scientific and regulatory consulting segment, we had limited sales and marketing expenses.

Operating Expenses – Research and Development. Research and Development Expenses consist of clinical trials and process development expenses.

	Twelve months ending		
	December 31, 2016	January 2, 2016	Change
Research and development expenses:			
Ingredients	$2,488,000	$892,000	179%
Core standards and contract services	35,000	-	
Total research and development expenses	$2,523,000	$892,000	183%

For the ingredients segment, we increased our research and development efforts with a focus on our “NIAGEN®” brand. Subject to available financial resources, we plan to continue to increase research and development efforts for our line of proprietary ingredients.

For the core standards and contract services segment, the expense is mainly associated with exploring processes to develop certain compounds at a larger scale.

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Operating Expenses – General and Administrative. General and Administrative Expenses consist of general company administration, IT, accounting and executive management expenses.

	Twelve months ending		
	December 31, 2016	January 2, 2016	Change
General and administrative	$9,393,000	$7,416,000	27%

One of the factors that contributed to the increase in general and administrative expenses was an increase in bad debt expense. Our bad debt expense for 2016 increased to approximately $870,000 compared to $379,000 for 2015. In December 2016, we recorded an allowance of $500,000 for a certain doubtful account against bad debt expenses.

Another factor that contributed to the increase was an increase in patent maintenance expense. Our patent maintenance expense for 2016 increased to approximately $652,000 compared to approximately $371,000 for 2015.

Another factor that contributed to the increase was an increase of approximately $531,000 in expenses associated with administrative staff. We made certain operational changes as certain personnel who were previously assigned to our sales and marketing group were moved to an administrative group in 2016.

Another factor that contributed to the increase in general and administrative expense was an increase in royalties we pay to patent holders as the sales for licensed products increased in 2016. For 2016, royalty expense increased to approximately $713,000, compared to approximately $526,000 for 2015.

Also, there were one-time expenses of approximately $89,000 associated with the initial listing of the Company’s stock in the NASDAQ Capital Market in 2016.

These increases in expenses were offset by the decrease in share-based compensation expense. For 2016, our share-based compensation expense decreased to approximately $1,194,000 compared to approximately $1,978,000 for 2015.

Nonoperating – Interest Income. Interest income consists of interest earned on money market accounts. Interest income for the twelve-month period ended December 31, 2016, was approximately $2,000, a slight decrease compared to approximately $3,000 for the twelve-month period ended January 2, 2016.

Nonoperating – Interest Expense. Interest expense consists of interest on loan payable and capital leases.

	Twelve months ending		
	December 31, 2016	January 2, 2016	Change
Interest expense	$372,000	$616,000	-40%

The decrease in interest expense was mainly related to the Term Loan Agreement dated September 29, 2014, between the Company and Hercules Technology II, L.P, which the Company drew down an initial $2.5 million on September 29, 2014 and a second $2.5 million on June 18, 2015. The Company fully repaid the loan on June 14, 2016.

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Depreciation and Amortization. For the twelve-month period ended December 31, 2016, we recorded approximately $332,000 in depreciation compared to approximately $286,000 for the twelve-month period ended January 2, 2016. We depreciate our assets on a straight-line basis, based on the estimated useful lives of the respective assets. We amortize intangible assets using a straight-line method, generally over 10 years. For licensed patent rights, the useful lives are 10 years or the remaining term of the patents underlying licensing rights, whichever is shorter. The useful lives of subsequent milestone payments that are capitalized are the remaining useful life of the initial licensing payment that was capitalized. In the twelve-month period ended December 31, 2016, we recorded amortization on intangible assets of approximately $88,000 compared to approximately $45,000 for the twelve-month period ended January 2, 2016.

Income Taxes. At December 31, 2016 and January 2, 2016, the Company maintained a full valuation allowance against the entire deferred income tax balance which resulted in an effective tax rate of 0% for 2016 and 0.2% for 2015.

Net cash used in operating activities. Net cash used in operating activities for the twelve-month period ended December 31, 2016 was approximately $2,937,000 as compared to approximately $2,111,000 for the twelve-month period ended January 2, 2016. Along with the net loss, an increase in trade receivables were the largest uses of cash during the twelve-month period ended December 31, 2016. Net cash used in operating activities for the twelve-month period ended January 2, 2016 largely reflects increase in inventories, trade receivables along with the net loss, as well.

We expect our operating cash flows to fluctuate significantly in future periods as a result of fluctuations in our operating results, shipment timetables, accounts receivable collections, inventory management, and the timing of our payments, among other factors.

Net cash used in investing activities. Net cash used in investing activities was approximately $1,725,000 for the twelve-month period ended December 31, 2016, compared to approximately $648,000 for the twelve-month period ended January 2, 2016. Net cash used in investing activities for the twelve-month period ended December 31, 2016 mainly consisted of purchases of leasehold improvements and equipment and intangible assets. Net cash used in investing activities for the twelve-month period ended January 2, 2016 also consisted of purchases of leasehold improvements and equipment and intangible assets.

Net cash provided by financing activities. Net cash provided by financing activities was approximately $754,000 for the twelve-month period ended December 31, 2016, compared to approximately $4,344,000 for the twelve-month period ended January 2, 2016. Net cash provided by financing activities for 2016 mainly consisted of proceeds from issuances of our common stock and warrants through a private offering to our existing stockholders and exercise of stock options, offset by principal payments on loan payable and capital leases. Net cash provided by financing activities for 2015 consisted of proceeds from loan payable and issuances of our common stock and warrants through a private offering to our existing stockholders.

Trade Receivables. As of December 31, 2016, we had approximately $5,852,000 in trade receivables as compared to approximately $2,451,000 as of January 2, 2016. This increase was largely due to the increase in our ingredients segment sales.

Inventories. As of December 31, 2016, we had approximately $7,913,000 in inventory, compared to approximately $8,174,000 as of January 2, 2016. As of December 31, 2016, our inventory consisted of approximately $7,016,000 of bulk ingredients and approximately $897,000 of phytochemical reference standards. Bulk ingredients are proprietary compounds sold to customers in larger quantities, typically in kilograms. These ingredients are used by our customers in the dietary supplement, food and beverage, animal health, cosmetic and pharmaceutical industries to manufacture

their final products. Phytochemical reference standards are small quantities of plan-based compounds typically used to research an array of potential attributes or for quality control purposes. The Company currently lists over 1,800 phytochemicals and 400 botanical reference materials in our catalog and holds a lot of these as inventory in small quantities, mostly in grams and milligrams.

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Our normal operating cycle for reference standards is currently longer than one year. Due to the large number of different items we carry, certain groups of these reference standards have sales frequency that is slower than others and varies greatly year to year. In addition, for certain reference standards, the cost saving is advantageous when purchased in larger quantities and we have taken advantage of such opportunities when available. Such factors have resulted in an operating cycle to be more than one year on average. The Company gains competitive advantage through the broad offering of reference standards and it is critical for the Company to continue to expand its library of reference standards it offers for the growth of business. Nevertheless, the Company has recently made changes in its reference standards inventory purchasing practice, which the management believes will result in an improved turnover rate and shorter operating cycle without impacting our competitive advantage.

The Company regularly reviews inventories on hand and reduces the carrying value for slow-moving and obsolete inventory, inventory not meeting quality standards and inventory subject to expiration. The reduction of the carrying value for slow-moving and obsolete inventory is based on current estimates of future product demand, market conditions and related management judgment. Any significant unanticipated changes in future product demand or market conditions that vary from current expectations could have an impact on the value of inventories.

We strive to optimize our supply chain as we constantly search for better and more reliable sources and suppliers of bulk ingredients and phytochemical reference standards. By doing so, we believe we can lower the costs of our inventory, which we can then pass along the savings to our customers. In addition, we are working with our suppliers and partners to develop more efficient manufacturing methods of the raw materials, in an effort to lower the costs of our inventory.

Accounts Payable. As of December 31, 2016, we had $5,978,000 in accounts payable compared to approximately $6,224,000 as of January 2, 2016.

Advances from Customers. As of December 31, 2016, we had approximately $389,000 in advances from customers compared to approximately $272,000 as of January 2, 2016. These advances are for large-scale consulting projects, contract services and contract research projects where we require a deposit before beginning work. This increase was due to obtaining more of such large-scale projects during the 2nd half of the twelve-month period ended December 31, 2016.

Year Ended January 2, 2016 Compared to Year Ended January 3, 2015

Net Sales. Net sales consist of gross sales less discounts and returns.

	Twelve months ending		
	January 2, 2016	January 3, 2015	Change
Net sales:			
Ingredients	$12,542,000	$6,857,000	83%
Core standards and contract services	8,419,000	7,487,000	12%
Scientific and regulatory consulting	1,053,000	969,000	9%

Total net sales	$22,014,000	$15,313,000	44%

The increase in sales for the ingredients segment is due to increased sales throughout most of the ingredients we sell, with “NIAGEN®” contributing a majority of the increase.

The increase in sales for the core standards and contract services segment is primarily due to increased sales of analytical testing and contract services.

The increase in sales for the scientific and regulatory consulting segment is due to the timing of completion of consulting projects for customers.

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Cost of Sales. Costs of sales include raw materials, labor, overhead, and delivery costs.

	Twelve months ending			
	January 2, 2016		January 3, 2015	
	Amount	% ofnet sales	Amount	% ofnet sales
Cost of sales:				
Ingredients	$6,664,000	53%	$4,257,000	62%
Core standards and contract services	6,347,000	75%	5,141,000	69%
Scientific and regulatory consulting	522,000	50%	589,000	61%
Total cost of sales	$13,533,000	61%	$9,987,000	65%

The cost of sales, as a percentage of net sales, decreased 4%.

The decrease in cost of sales, as a percentage of net sales, for the ingredients segment is largely due to price reductions from our suppliers through increased purchase volumes.

The increase in cost as a percentage of net sales for the core standards and contract services segment is mainly due to increased costs in fine chemical reference standards as we reduced the carrying values for the portion of the inventory that are considered slow-moving and obsolete.

The percentage decrease in cost of sales for the scientific and regulatory consulting segment is largely due to higher utilizations of in-house consulting labor versus 3rd party consultants.

Gross Profit. Gross profit is net sales less the cost of sales and is affected by a number of factors including product mix, competitive pricing and costs of products and services.

	Twelve months ending		
	January 2, 2016	January 3, 2015	Change
Gross profit:			
Ingredients	$5,878,000	$2,600,000	126%

Core standards and contract services	2,072,000	2,346,000	-12%
Scientific and regulatory consulting	531,000	380,000	40%
Total gross profit	$8,481,000	$5,326,000	59%

The increased gross profit for the ingredients segment is due to the increased sales of the ingredient portfolio we offer, as well as lower prices from our suppliers as a result of increased purchase volumes.

The decreased gross profit for the core standards and contract services segment is largely due to increased costs in fine chemical reference standards as we reduced the carrying values for the portion of the inventory that are considered slow-moving and obsolete.

The increased gross profits for the scientific and regulatory consulting segment are largely due to higher utilizations of in-house consulting labor.

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Operating Expenses – Sales and Marketing. Sales and Marketing Expenses consist of salaries, advertising and marketing expenses.

	Twelve months ending		
	January 2, 2016	January 3, 2015	Change
Sales and marketing expenses:			
Ingredients	$1,112,000	$1,081,000	3%
Core standards and contract services	1,202,000	976,000	23%
Scientific and regulatory consulting	13,000	80,000	-84%
Total sales and marketing expenses	$2,327,000	$2,137,000	9%

For the ingredients segment, we were able to maintain sales and marketing expenses at a similar level to 2014 despite the significant increase in sales. We do anticipate some increased expenses going forward as we increase marketing efforts for our proprietary ingredients.

For the core standards and contract services segment, the increases are largely due to hiring additional sales and marketing staff and making certain operational changes. Wages and travel expenses for sales and marketing staff increased by approximately $164,000 in 2015, compared to 2014.

For the scientific and regulatory consulting segment, we had significantly reduced sales and marketing expenses compared to 2014 and plan on continuing to do so in the future.

Operating Expenses – Research and Development. Research and Development Expenses mainly consist of clinical trials and process development expenses for our line of proprietary ingredients.

	Twelve months ending		
	January 2, 2016	January 3, 2015	Change
Research and development expenses:			
Ingredients	$892,000	$514,000	74%

All our research and development efforts are for the ingredients segment. In 2015, we increased our research and development efforts with a focus on our “NIAGEN®” brand.

Operating Expenses – General and Administrative. General and Administrative Expenses consist of general company administration, IT, accounting and executive management expenses.

	Twelve months ending		
	January 2, 2016	January 3, 2015	Change
General and administrative	$7,416,000	$7,861,000	-6%

One of the factors that contributed to the decrease in general and administrative expenses was a decrease in share-based compensation. In 2015, our share-based compensation decreased to approximately $1,978,000, compared to approximately $2,917,000 in 2014. In 2014, we had higher share-based compensation expenses as we awarded an aggregate of 1,090,000 shares of restricted stock to the Company’s officers and members of the board of directors. The fair values of these restricted stock awards were approximately $1,537,000 in aggregate, which were expensed over a period of six months from January 2, 2014 to July 1, 2014.

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Nonoperating – Interest Income. Interest income consists of interest earned on money market accounts. Interest income for the twelve-month period ended January 2, 2016, was approximately $3,000, a slight increase compared to approximately $2,000 for the twelve-month period ended January 3, 2015.

Nonoperating – Interest Expense. Interest expense consists of interest on loan payable and capital leases.

	Twelve months ending		
	January 2, 2016	January 3, 2015	Change
Interest expense	$616,000	$159,000	287%

The increase in interest expense was mainly related to the Term Loan Agreement dated September 29, 2014, between the Company and Hercules Technology II, L.P, which the Company drew down first $2.5 million on September 29, 2014 and second $2.5 million on June 18, 2015. For more information on this term loan, please refer to Note 7 of Financial Statements appearing in Part II, Item 8 of this report.

Depreciation and Amortization. For the twelve-month period ended January 2, 2016, we recorded approximately $286,000 in depreciation compared to approximately $223,000 for the twelve-month period ended January 3, 2015. In the twelve-month period ended January 2, 2016, we recorded amortization on intangible assets of approximately $45,000 compared to approximately $36,000 for the twelve-month period ended January 3, 2015.

Income Taxes. At January 2, 2016 and January 3, 2015, the Company maintained a full valuation allowance against the entire deferred income tax balance which resulted in an effective tax rate of 0.2% for 2015 and 0% for 2014.

Net cash used in operating activities. Net cash used in operating activities for the twelve-month period ended January 2, 2016 was approximately $2,111,000 as compared to approximately $2,580,000 for the twelve-month period ended January 3, 2015. Along with the net loss, an increase in inventories and trade receivables were the largest uses of cash during the twelve-month period ended January 2, 2016. Net cash used in operating activities for the twelve-month period ended January 3, 2015 largely reflects increase in inventories, trade receivables along with the net loss, as well.

Net cash provided by (used in) investing activities. Net cash used in investing activities was approximately $648,000 for the twelve-month period ended January 2, 2016, compared to approximately $1,590,000 provided by for the twelve-month period ended January 3, 2015. Net cash used in investing activities for the twelve-month period ended January 2, 2016 mainly consisted of purchases of leasehold improvements and equipment and intangible assets. Net cash provided by investing activities for the twelve-month period ended January 3, 2015 principally consisted of proceeds received from unrelated third parties from the assignment of the Senior Note and the sale of the Preferred Shares. NeutriSci originally issued the Senior Note and the Preferred Shares to the Company as a part of the consideration for the purchase of BluScience product line.

Net cash provided by financing activities. Net cash provided by financing activities was approximately $4,344,000 for the twelve-month period ended January 2, 2016, compared to approximately $2,694,000 for the twelve-month period

ended January 3, 2015. Net cash provided by financing activities for the twelve-month period ended January 2, 2016 mainly consisted of proceeds from the 2nd draw of the term loan we entered into with Hercules Technology II, L.P, as well as proceeds from issuance of our common stock and warrants through a private offering to our existing stockholders. Net cash provided by financing activities for the twelve-month period ended January 3, 2015 mainly consisted of proceeds from the loan we entered into with Hercules Technology II, L.P.

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Liquidity and Capital Resources

For the twelve-month periods ended December 31, 2016, January 2, 2016 and January 3, 2015, the Company has incurred operating losses of approximately $2,245,000, $2,154,000 and $5,231,000, respectively. Net cash used in operating activities for the twelve-month periods ended December 31, 2016, January 2, 2016 and January 3, 2015 was approximately $2,937,000, $2,111,000 and $2,580,000, respectively. The losses and the uses of cash are primarily due to expenses associated with the development and expansion of our operations. These operations have been financed through capital contributions, the issuance of common stock and warrants through private placements, and the issuance of debt.

Our Board of Directors periodically reviews our capital requirements in light of our proposed business plan. Our future capital requirements will remain dependent upon a variety of factors, including cash flow from operations, the ability to increase sales, increasing our gross profits from current levels, reducing sales and administrative expenses as a percentage of net sales, continued development of customer relationships, and our ability to market our new products successfully. However, based on our results from operations, we may determine that we need additional financing to implement our business plan. Additional financing may come from public and private equity or debt offerings, borrowings under lines of credit or other sources. These additional funds may not be available on favorable terms, or at all. There can be no assurance we will be successful in raising these additional funds. Without adequate financing we may have to further delay or terminate product or service expansion plans. Any inability to raise additional financing would have a material adverse effect on us.

On November 4, 2016, we entered into a business financing agreement with Western Alliance Bank, in order to establish a formula based revolving credit line up to $5.0 million. As of December 31, 2016, the Company failed to meet one of the covenants of the business financing agreement, which was to at least meet 50% of projections of EBDAS and was in default under the agreement (the “Existing Default.”). On March 12, 2017, the Company entered into a modification agreement with Western Alliance under which Western Alliance waived the Existing Default. While, we anticipate that our current cash, cash equivalents, cash to be generated from operations and the established $5.0 million revolving credit line will be sufficient to meet our projected operating plans through at least March 17, 2018, we may seek additional capital prior to March 17, 2018, both to meet our projected operating plans through and after March 17, 2018 and to fund our longer term strategic objectives. To the extent we are unable to raise additional cash or generate sufficient revenue to meet our projected operating plans prior to March 17, 2018, we will revise our projected operating plans accordingly.

Dividend Policy

We have not declared or paid any cash dividends on our common stock. We presently intend to retain earnings for use in our operations and to finance our business. Any change in our dividend policy is within the discretion of our board of directors and will depend, among other things, on our earnings, debt service and capital requirements, restrictions in financing agreements, if any, business conditions, legal restrictions and other factors that our board of directors deems relevant.

Off-Balance Sheet Arrangements

During the fiscal years ended December 31, 2016 and January 2, 2016, we had no off-balance sheet arrangements other than ordinary operating leases as disclosed in the accompanying financial statements.

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Contractual Obligations and Commitments

The following table summarizes our contractual obligations and other commitments as of December 31, 2016:

	Payments due by period					
	Total	2017	2018	2019	2020	2021
Capital leases	670,000	297,000	248,000	89,000	36,000	-
Operating leases	2,949,000	682,000	682,000	644,000	479,000	462,000
Purchase obligations	3,524,000	3,096,000	428,000	-	-	-
Total	$7,143,000	$4,075,000	$1,358,000	$733,000	$515,000	$462,000

Capital leases. We lease equipment under capitalized lease obligations with a term of typically 4 or 5 years. We make monthly instalment payments for these leases.

Operating leases. We lease our office and research facilities in California, Colorado and Maryland under operating lease agreements that expire at various dates from September 2017 through February 2024. We make monthly payments on these leases.

Purchase obligations. We enter into purchase obligations with various vendors for goods and services that we need for our operations. The purchase obligations for goods and services include inventory, research and development, and outsourced laboratory services.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. On an ongoing basis, we evaluate these estimates, including those related to the valuation of share-based payments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 2 of the Financial Statements, set forth in Item 8, the following accounting policies involve the greatest degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue recognition: The Company recognizes sales and the related cost of sales at the time the merchandise is shipped to customers or service is performed, when each of the following conditions have been met: an arrangement exists, delivery has occurred, there is a fixed price, and collectability is reasonably assured. Discounts, returns and

allowances related to sales, including an estimated reserve for returns and allowances, are recorded as reduction of revenue.

Shipping and handling fees billed to customers and the cost of shipping and handling fees billed to customers are included in Net sales. Shipping and handling fees not billed to customers are recognized as cost of sales.

Taxes collected from customers and remitted to governmental authorities are excluded from revenue, which is presented on a net basis in the statement of operations.

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Inventories: Inventories are comprised of raw materials, work-in-process and finished goods. They are stated at the lower of cost, determined by the first-in, first-out method, or market. The inventory on the balance sheet is reflected net of valuation allowances. Labor and overhead has been added to inventory that was manufactured or characterized by the Company.

The Company regularly reviews inventories on hand and reduces the carrying value for slow-moving and obsolete inventory, inventory not meeting quality standards and inventory subject to expiration. The reduction of the carrying value for slow-moving and obsolete inventory is based on current estimates of future product demand, market conditions and related management judgment. Any significant unanticipated changes in future product demand or market conditions that vary from current expectations could have an impact on the value of inventories.

Share-based compensation: The Company has an Equity Incentive Plan under which the Board of Directors may grant restricted stock or stock options to employees and non-employees. For employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock based on the grant date fair value of the award, and is recognized over the period the employee is required to provide services for the award. For non-employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock and is remeasured over the vesting term as earned. The expense is recognized over the period the non-employee is required to provide services for the award.

The Company recognizes compensation expense over the requisite service period using the straight-line method for option grants without performance conditions. For stock options that have both service and performance conditions, the Company recognizes compensation expense using the graded attribution method. Compensation expense for stock options with performance conditions is recognized only for those awards expected to vest.

From time to time, the Company awards shares of its common stock to non-employees for services provided or to be provided. The fair value of the awards are measured either based on the fair market value of stock at the date of grant or the value of the services provided, based on which is more reliably measurable. Since these stock awards are fully vested and non-forfeitable, upon issuance the measurement date for the award is usually reached on the date of the award.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We may become exposed to risks associated with changes in interest rates in connection with our credit facility with Western Alliance. As of December 31, 2016, we did not have an outstanding loan payable balance, however, we established a formula based revolving credit line with Western Alliance Bank, pursuant to which we may borrow an aggregate principal amount of up to $5,000,000, subject to certain terms and conditions. If we decide to borrow from this credit line, the interest rate will be calculated at a floating rate per month equal to the greater of 3.50% per year or the Prime Rate published in the Money Rates section of the Western Edition of The Wall Street Journal, or such other rate of interest publicly announced by Lender as its Prime Rate, plus 2.50 percentage points, plus an additional 5.00 percentage points during any period that an event of default has occurred and is continuing. If the Prime Rate rises, we will incur more interest expenses. Any borrowing, interest or other fees or obligations that we owe Western Alliance will become due and payable on November 4, 2018.

Our capital lease obligations bear interest at a fixed rate and therefore have no exposure to changes in interest rates.

The Company's cash consists of short term, high liquid investments in money market funds managed by banks. Due to the short-term duration of our investment portfolio and the relatively low risk profile of our investments, a sudden change in interest rates would not have a material effect on either the fair market value of our portfolio, our operating results or our cash flows.

Foreign Currency Risk

All of our long-lived assets are located within the United States and we do not hold any foreign currency denominated financial instruments.

Effects of Inflation

We do not believe that inflation has had a material effect on our results of operations or financial condition during the periods presented.

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Item 8. Financial Statements and Supplementary Data

The financial statements are set forth in the pages listed below.

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Report of Independent Registered Public Accounting Firm	53
Consolidated Balance Sheets at December 31, 2016 and January 2, 2016	54
Consolidated Statements of Operations for the Years Ended December 31, 2016, January 2, 2016 and January 3, 2015	55
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2016, January 2, 2016 and January 3, 2015	56
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the
Board of Directors and Shareholders of
ChromaDex Corporation

We have audited the accompanying consolidated balance sheets of ChromaDex Corporation and Subsidiaries (the "Company") as of December 31, 2016 and January 2, 2016, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2016, January 2, 2016 and January 3, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ChromaDex Corporation and Subsidiaries, as of December 31, 2016 and January 2, 2016, and the consolidated results of its operations and its cash flows for the years ended December 31, 2016, January 2, 2016 and January 3, 2015 in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ChromaDex Corporation and Subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 16, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Marcum llp

Marcum LLP
New York, NY
March 16, 2017

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ChromaDex Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2016 and January 2, 2016

	2016	2015
Assets		
Current Assets		
Cash	$1,642,429	$5,549,672
Trade receivables	5,852,030	2,450,591
Inventories	7,912,630	8,173,799
Prepaid expenses and other assets	329,854	373,567
Total current assets	15,736,943	16,547,629
Leasehold Improvements and Equipment, net	3,111,374	1,788,645
Deposits	397,207	58,883
Intangible assets, net	486,226	354,052
Long-term investment, related party	20,318	-
Total assets	$19,752,068	$18,749,209
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$5,978,288	$6,223,958
Accrued expenses	2,170,172	1,302,865
Current maturities of loan payable	-	1,528,578
Current maturities of capital lease obligations	255,461	219,689
Customer deposits and other	389,010	272,002

Deferred rent, current	76,219	39,529
Total current liabilities	8,869,150	9,586,621
Loan payable, less current maturities, net	-	3,345,335
Capital lease obligations, less current maturities	343,589	444,589
Deferred rent, less current	564,971	97,990
Total liabilities	9,777,710	13,474,535
Commitments and contingencies		
Stockholders' Equity		
Common stock, $.001 par value; authorized 150,000,000 shares; issued and outstanding 2016 37,544,531 and 2015 36,003,589 shares	37,545	36,004
Additional paid-in capital	55,160,387	47,534,059
Accumulated deficit	(45,223,574)	(42,295,389)
Total stockholders' equity	9,974,358	5,274,674
Total liabilities and stockholders' equity	$19,752,068	$18,749,209

See Notes to Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries

Consolidated Statements of Operations

Years Ended December 31, 2016, January 2, 2016 and January 3, 2015

	2016	2015	2014
Sales, net	$26,811,086	$22,014,140	$15,313,179
Cost of sales	14,889,954	13,533,132	9,987,514
Gross profit	11,921,132	8,481,008	5,325,665
Operating expenses:			
Sales and marketing	2,250,589	2,326,788	2,136,584
Research and development	2,522,768	891,601	513,671
General and administrative	9,393,209	7,416,451	7,860,930
Loss from investment in affiliate	-	-	45,829
Operating expenses	14,166,566	10,634,840	10,557,014
Operating loss	(2,245,434)	(2,153,832)	(5,231,349)
Nonoperating income (expense):			
Interest income	2,247	3,325	2,013
Interest expense	(371,899)	(616,033)	(158,849)
Loss on debt extinguishment	(313,099)	-	-
Nonoperating expenses	(682,751)	(612,708)	(156,836)
Loss before income taxes	(2,928,185)	(2,766,540)	(5,388,185)
Provision for income taxes	-	(4,527)	-
Net loss	$(2,928,185)	$(2,771,067)	$(5,388,185)
Basic and Diluted loss per common share	$(0.08)	$(0.08)	$(0.15)

Basic and Diluted weighted average common shares outstanding	37,294,321	35,877,341	35,486,460

See Notes to Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries

Consolidated Statement of Stockholders' Equity
Years Ended December 31, 2016, January 2, 2016 and January 3, 2015

	Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance, December 28, 2013	34,841,579	$34,841	$39,766,747	$(34,136,137)	$5,665,451
Issuance of warrant	-	-	246,189	-	246,189
Exercise of stock options	178,238	178	466,971	-	467,149
Issuance of unvested restricted stock	395,333	395	791	-	1,186
Unvested restricted stock	(395,333)	(395)	(791)	-	(1,186)
Share-based compensation	28,333	29	2,861,264	-	2,861,293
Stock issued to settle outstanding payable balance	42,202	42	146,452	-	146,494
Net loss	-	-	-	(5,388,185)	(5,388,185)
Balance, January 3, 2015	35,090,352	35,090	43,487,623	(39,524,322)	3,998,391
Issuance of common stock, net of offering costs of $25,000	533,334	534	1,974,359	-	1,974,893
Exercise of stock options	40,236	40	94,806	-	94,846
Vested restricted stock	228,000	228	(228)	-	-
Share-based compensation	111,667	112	1,977,499	-	1,977,611
Net loss	-	-	-	(2,771,067)	(2,771,067)

Balance, January 2, 2016	36,003,589	36,004	47,534,059	(42,295,389)	5,274,674
1 for 3 reverse stock split, isssuance due to fractional shares round up	1,632	2	(2)	-	-
Issuance of common stock, net of offering costs of $33,000	1,245,227	1,245	5,716,230	-	5,717,475
Exercise of stock options	280,086	280	716,332	-	716,612
Vested restricted stock	13,997	14	(14)	-	-
Share-based compensation	-	-	1,193,782	-	1,193,782
Net loss	-	-	-	(2,928,185)	(2,928,185)
Balance, December 31, 2016	37,544,531	$37,545	$55,160,387	$(45,223,574)	$9,974,358

See Notes to Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2016, January 2, 2016 and January 3, 2015

	2016	2015	2014
Cash Flows From Operating Activities			
Net loss	$(2,928,185)	$(2,771,067)	$(5,388,185)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of leasehold improvements and equipment	331,734	285,536	222,721
Amortization of intangibles	87,826	45,014	35,589
Share-based compensation expense	1,193,782	1,977,611	2,916,924
Allowance for doubtful trade receivables	713,122	329,844	28,779
Loss from disposal of equipment	7,114	19,643	20,400
Loss from impairment of intangibles	-	19,495	-
Loss from investment in affiliate	-	-	45,829
Loss on debt extinguishment	313,099	-	-
Non-cash financing costs	110,161	188,442	49,527
Changes in operating assets and liabilities:			
Trade receivables	(4,114,561)	(873,726)	(1,096,695)
Other receivable	-	-	215,000
Inventories	240,851	(4,439,458)	(1,530,216)
Prepaid expenses and other assets	(133,855)	(82,124)	(91,053)
Accounts payable	(245,670)	2,772,350	2,157,192
Accrued expenses	867,307	449,180	196,978
Customer deposits and other	117,008	37,567	(311,609)
Deferred rent	503,671	(69,445)	(51,587)
Net cash used in operating activities	(2,936,596)	(2,111,138)	(2,580,406)
Cash Flows From Investing Activities			
Purchases of leasehold improvements and equipment	(1,504,922)	(525,231)	(123,096)
Purchases of intangible assets	(220,000)	(122,500)	(130,000)

Proceeds from sales of equipment	-	-	1,356
Proceeds from investment in affiliate	-	-	1,842,015
Net cash provided by (used in) investing activities	(1,724,922)	(647,731)	1,590,275
Cash Flows From Financing Activities			
Proceeds from issuance of common stock, net of issuance costs	5,717,474	1,974,893	-
Proceeds from exercise of stock options	716,612	94,846	467,149
Proceeds from loan payable	-	2,500,000	2,500,000
Payment of debt issuance costs	(176,836)	(15,000)	(102,866)
Principal payment on loan payable	(5,000,000)	-	-
Cash paid for debt extinguishment costs	(281,092)	-	-
Principal payments on capital leases	(221,883)	(210,948)	(170,738)
Net cash provided by financing activities	754,275	4,343,791	2,693,545
Net increase in cash	(3,907,243)	1,584,922	1,703,414
Cash Beginning of Year	5,549,672	3,964,750	2,261,336
Cash Ending of Year	$1,642,429	$5,549,672	$3,964,750
Supplemental Disclosures of Cash Flow Information			
Cash payments for interest	$261,738	$427,591	$74,996
Supplemental Schedule of Noncash Investing Activity			
Capital lease obligation incurred for the purchase of equipment	$156,655	$303,933	$322,802
Inventory supplied to Healthspan Research, LLC for equity interest, at cost	$20,318	$-	$-
Retirement of fully depreciated equipment - cost	$90,803	$121,213	$56,110
Retirement of fully depreciated equipment - accumulated depreciation	$(90,803)	$(121,213)	$(56,110)
Supplemental Schedule of Noncash Operating Activity			
Stock issued to settle outstanding payable balance	$-	$-	$146,494
Supplemental Schedule of Noncash Share-based Compensation			
Changes in prepaid expenses associated with share-based compensation	$-	$-	$55,631
Warrant issued, related to loan payable	$-	$-	$246,189

See Notes to Consolidated Financial Statements.

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Note 1. Nature of Business and Liquidity

Nature of business: ChromaDex Corporation and its wholly owned subsidiaries, ChromaDex, Inc. and ChromaDex Analytics, Inc. (collectively, the "Company" or, in the first person as "we" "us" and "our") are a natural products company that leverages its complementary business units to discover, acquire, develop and commercialize patented and proprietary ingredient technologies that address the dietary supplement, food, beverage, skin care and pharmaceutical markets. In addition to the Company's proprietary ingredient technologies segment, the Company also has core standards and contract services segment, which focuses on natural product fine chemicals (known as "phytochemicals") and chemistry and analytical testing services, and regulatory consulting segment. As a result of the Company's relationships with leading universities and research institutions, the Company is able to discover and license early stage, intellectual property-backed ingredient technologies. The Company then utilizes the Company's business segments to develop commercially viable proprietary ingredients. The Company's proprietary ingredient portfolio is backed with clinical and scientific research, as well as extensive intellectual property protection.

Liquidity: The Company has incurred a loss from operations of approximately $2.2 million and a net loss of approximately $2.9 million for the year ended December 31, 2016, and net losses of approximately $2.8 million and $5.4 million for the years ended January 2, 2016 and January 3, 2015, respectively. As of December 31, 2016, the cash and cash equivalents totaled approximately $1.6 million.

On November 4, 2016, the Company entered into a business financing agreement with Western Alliance Bank, in order to establish a formula based revolving credit line up to $5.0 million. As of December 31, 2016, the Company failed to meet one of the covenants of the business financing agreement, which was to at least meet 50% of projections of Earnings Before Depreciation, Amortization and Share-based Compensation ("EBDAS") and was in default under the agreement (the "Existing Default."). On March 12, 2017, the Company entered into a modification agreement with Western Alliance under which Western Alliance waived the Existing Default. As of March 15, 2017, we have not borrowed from this revolving credit line.

The Company anticipates that its current cash, cash equivalents, cash to be generated from operations and the established $5.0 million revolving credit line will be sufficient to meet its projected operating plans through at least March 17, 2018. The Company may, however, seek additional capital prior to March 17, 2018, both to meet its projected operating plans after March 17, 2018 and/or to fund its longer term strategic objectives.

Note 2. Significant Accounting Policies

Significant accounting policies are as follows:

Basis of presentation: The financial statements and accompanying notes have been prepared on a consolidated basis and reflect the consolidated financial position of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated from these financial statements. The Company's fiscal year ends on the Saturday closest to December 31. The fiscal year ended December 31, 2016 (referred to as 2016) consisted of 52 weeks, the fiscal year ended January 2, 2016 (referred to as 2015) consisted of 52 weeks and the fiscal year ended January 3, 2015 (referred to as 2014) consisted of 53 weeks. Every fifth or sixth fiscal year, the inclusion of an extra week occurs due to the Company's floating year-end date. The fiscal year 2017 will include 52 weeks.

Changes in accounting principle: In September 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. The ASU is issued to clarify whether certain items, including debt prepayments and extinguishment costs, should be categorized as operating, investing or financing in the statement of cash flows, The

amendments in this ASU clarify that debt extinguishment costs should be classified as financing cash outflows. The Company early adopted the amendments in this ASU effective as of October 1, 2016. For the year ended December 31, 2016, the Company incurred loss of approximately $313,000 on debt extinguishment and approximately $281,000 were paid in cash.

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Use of accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue recognition: The Company recognizes sales and the related cost of sales at the time the merchandise is shipped to customers or service is performed, when each of the following conditions have been met: an arrangement exists, delivery has occurred, there is a fixed price, and collectability is reasonably assured. Discounts, returns and allowances related to sales, including an estimated reserve for the returns and allowances, are recorded as reduction of revenue.

Shipping and handling fees billed to customers and the cost of shipping and handling fees billed to customers are included in net sales. For the years ending in December 31, 2016, January 2, 2016 and January 3, 2015, shipping and handling fees billed to customers were approximately $110,000, $113,000 and $115,000, respectively, and the cost of shipping and handling fees billed to customers were approximately, $108,000, $112,000 and $130,000, respectively. Shipping and handling fees not billed to customers are recognized as cost of sales.

Taxes collected from customers and remitted to governmental authorities are excluded from revenue, which is presented on a net basis in the statement of operations.

Cash concentration: The Company maintains its cash in two banks.

Trade accounts receivable, net: Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on monthly and quarterly reviews of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance amounts for the periods ended December 31, 2016 and January 2, 2016 are as follows:

	2016	2015
Allowances Related to		
Customer C	$800,000	$-
Customer E	198,000	-
Customer A	-	329,000
Other Allowances	83,000	38,000
	$1,081,000	$367,000

Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

Credit risk: Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and trade receivables. For cash and cash equivalents, the Company has them either in a form of bank deposits or highly liquid debt instruments in investment-grade pursuant to the Company's investment policy. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2016, we held a total deposit of approximately $1.5 million with one institution which exceeded the FDIC limit. We, however, believe we have very little credit risk exposure for our cash and cash equivalents. Our trade

receivables are derived from sales to our customers. We assess credit risk of our customers through quantitative and qualitative analysis. From this analysis, we establish credit limits and manage the risk exposure. We, however, incur credit losses due to bankruptcy or other failure of the customer to pay.

Inventories: Inventories are comprised of primarily finished goods. They are stated at the lower of cost, determined by the first-in, first-out method, or market. The inventory on the balance sheet is recorded net of valuation allowances. Labor and overhead has been added to inventory that was manufactured or characterized by the Company. The amounts of major classes of inventory for the periods ended December 31, 2016 and January 2, 2016 are as follows:

	2016	2015
Bulk ingredients	$7,044,000	$7,196,000
Reference standards	1,033,000	1,239,000
	8,077,000	8,435,000
Less valuation allowance	164,000	261,000
	$7,913,000	$8,174,000

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Our normal operating cycle for reference standards is currently longer than one year. The Company regularly reviews inventories on hand and reduces the carrying value for slow-moving and obsolete inventory, inventory not meeting quality standards and inventory subject to expiration. The reduction of the carrying value for slow-moving and obsolete inventory is based on current estimates of future product demand, market conditions and related management judgment. Any significant unanticipated changes in future product demand or market conditions that vary from current expectations could have an impact on the value of inventories.

Intangible assets: Intangible assets include licensing rights and are accounted for based on the fair value of consideration given or the fair value of the net assets acquired, whichever is more reliable. Intangible assets with finite useful lives are amortized using the straight-line method over a period of 10 years, or, for licensed patent rights, the remaining term of the patents underlying licensing rights (considered to be the remaining useful life of the license), whichever is shorter. The useful lives of subsequent milestone payments that are capitalized are the remaining useful life of the initial licensing payment that was capitalized.

Leasehold improvements and equipment, net: Leasehold improvements and equipment are carried at cost and depreciated on the straight-line method over the lesser of the estimated useful life of each asset or lease term. Leasehold improvements and equipment are comprised of leasehold improvements, laboratory equipment, furniture and fixtures, and computer equipment. Depreciation on equipment under capital lease is included with depreciation on owned assets. Maintenance and repairs are charged to operating expenses as they are incurred. Improvements and betterments, which extend the lives of the assets, are capitalized.

Long-lived assets are reviewed for impairment on a periodic basis and when changes in circumstances indicate the possibility that the carrying amount may not be recoverable. Long-lived assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. If the forecast of undiscounted future cash flows is less than the carrying amount of the assets, an impairment charge would be recognized to reduce the carrying value of the assets to fair value. If a possible impairment is identified, the asset group’s fair value is measured relying primarily on a discounted cash flow methodology.

Customer deposits and other: Customer deposits and other represent either (i) cash received from customers in advance of product shipment or delivery of services; or (ii) cash received from government as research grants, which the Company has yet to complete the research activities.

The cash received from government as research grants is recognized as a liability until the research is performed. Other than a nominal management fee, which the Company is entitled to earn when the research is performed, the research activities related to the grants are excluded from revenue and are presented on a net basis in the statement of operations.

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company files tax returns in all appropriate jurisdictions, which include a federal tax return and various state tax returns. Open tax years for these jurisdictions are

2013 to 2016, which statutes expire in 2017 to 2020, respectively. When and if applicable, potential interest and penalty costs are accrued as incurred, with expenses recognized in general and administrative expenses in the statements of operations. As of December 31, 2016, the Company has no liability for unrecognized tax benefits.

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Research and development costs: Research and development costs consist of direct and indirect costs associated with the development of the Company's technologies. These costs are expensed as incurred.

Advertising: The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense for the periods ended December 31, 2016, January 2, 2016 and January 3, 2015 were approximately $58,000, $104,000 and $171,000, respectively.

Share-based compensation: The Company has an Equity Incentive Plan under which the Board of Directors may grant restricted stock or stock options to employees and non-employees. For employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock based on the grant date fair value of the award, and is recognized over the period the employee is required to provide services for the award. For non-employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock and is remeasured over the vesting term as earned. The expense is recognized over the period the non-employee is required to provide services for the award.

The fair value of the Company's stock options is estimated at the date of grant using the Black-Scholes based option valuation model. The volatility assumption is based on the historical volatility of the Company's common stock. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. For the expected term, the Company uses SEC Staff Accounting Bulletin No. 107 simplified method since most of the options granted were "plain vanilla" options with following characteristics: (i) the share options are granted at the market price on the grant date; (ii) exercisability is conditional on performing service through the vesting date on most options; (iii) If an employee terminates service prior to vesting, the employee would forfeit the share options; (iv) if an employee terminates service after vesting, the employee would have 30 days to exercise the share options; and (v) the share options are nontransferable and nonhedgeable.

The Company recognizes compensation expense over the requisite service period using the straight-line method for option grants without performance conditions. For stock options that have both service and performance conditions, the Company recognizes compensation expense using the graded attribution method. Compensation expense for stock options with performance conditions is recognized only for those awards expected to vest.

From time to time, the Company awards shares of its common stock to non-employees for services provided or to be provided. The fair value of the awards are measured either based on the fair market value of stock at the date of grant or the value of the services provided, based on which is more reliably measureable. Since these stock awards are fully vested and non-forfeitable, upon issuance the measurement date for the award is usually reached on the date of the award.

Fair Value Measurement: The Company follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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Financial instruments: The estimated fair value of financial instruments has been determined based on the Company's assessment of available market information and appropriate valuation methodologies. The fair value of the Company's financial instruments that are included in current assets and current liabilities approximates their carrying value due to their short-term nature.

The carrying amounts reported in the balance sheet for capital lease obligations are present values of the obligations, excluding the interest portion.

The carrying amounts reported in the balance sheet for loan payable are present values net of discount, excluding the interest portion. The carrying value approximates fair value because the Company's interest rate yield based on the credit rating of the Company is believed to be near current market rates. The Company's loan payable is considered a Level 3 liability within the fair value hierarchy.

Recent accounting standards: In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers: Topic 606 (ASU 2014-09), to supersede nearly all existing revenue recognition guidance under U.S. Generally Accepted Accounting Principles ("GAAP"). The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for us in our first quarter of fiscal 2018 using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU 2014-09. We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330) - Simplifying the Measurement of Inventory, which requires that inventories, other than those accounted for under Last-In-First-Out, will be reported at the lower of cost or net realizable value. Net realizable value is the estimated selling price less costs of completion, disposal and transportation. ASU 2015-11 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are currently evaluating the impact of our pending adoption of ASU 2015-11.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. We are currently evaluating the impact of our pending adoption of ASU 2016-02 on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting to simplify the accounting for stock compensation. It focuses on income tax accounting, award classification, estimating forfeitures, and cash flow presentation. ASU 2016-09 is effective for

annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are currently evaluating the impact of our pending adoption of ASU 2016-09.

Note 3. Reverse Stock Split

On April 13, 2016, the Company effected a 1-for-3 reverse stock split. All information presented herein has been retrospectively adjusted to reflect the reverse stock split as if it took place as of the earliest period presented. An additional 1,632 shares were issued to round up fractional shares as a result of the reverse stock split.

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Note 4. Loss Per Share Applicable to Common Stockholders

The following table sets forth the computations of loss per share amounts applicable to common stockholders for the years ended December 31, 2016, January 2, 2016 and January 3, 2015.

	Years Ended		
	2016	2015	2014
Net loss	$(2,928,185)	$(2,771,067)	$(5,388,185)
Basic and diluted loss per common share	$(0.08)	$(0.08)	$(0.15)
Weighted average common shares outstanding (1):	37,294,321	35,877,341	35,486,460
Potentially dilutive securities (2):			
Stock options	5,210,334	5,244,918	4,658,017
Warrants	470,444	423,007	156,340
Convertible debt	-	257,798	257,798

(1)
Includes approximately 0.4 million, 0.4 million and 0.5 million nonvested restricted stock for the years 2016, 2015 and 2014, respectively, which are participating securities that featurevoting and dividend rights.

(2)
Excluded from the computation of loss per share as their impact is antidilutive.

Note 5. Intangible Assets

Intangible assets consisted of the following:

	2016	2015	Remaining Weighted Average Amortization Period as of December 31, 2016
License agreements and other	$1,469,000	$1,249,000	

	5.4 years	
Less accumulated depreciation	983,000	895,000
	$486,000	$354,000

Amortization expenses on amortizable intangible assets included in the consolidated statement of operations for the years ended December 31, 2016, January 2, 2016 and January 3, 2015 were approximately $88,000, $45,000 and $36,000, respectively.

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In December 2015, the Company decided to discontinue its efforts to commercialize and market products associated with the patent the Company licensed from the Research Foundation of State University of New York in June 2008. The Company paid a license fee of approximately $78,000 and the licensed rights to the patent were recognized as intangible assets with an estimated fair value of approximately $78,000 and a useful life of 10 years. At January 2, 2016, the Company determined that these assets no longer had any carrying value as the Company discontinued its operations related to these assets. The loss from impairment of these assets recorded for the year ended January 2, 2016 was approximately $19,000.

Estimated aggregate amortization expense for each of the next five years is as follows:

Years ending December:	
2017	$94,000
2018	94,000
2019	94,000
2020	89,000
2021	70,000
Thereafter	45,000
	$486,000

Note 6. Leasehold Improvements and Equipment, Net

Leasehold improvements and equipment consisted of the following:

	2016	2015	Useful Life
Laboratory equipment	$3,851,000	$3,739,000	10 years
Leasehold improvements	1,721,000	513,000	Lesser of lease term or estimated useful life
Computer equipment	441,000	404,000	3 to 5 years
Furniture and fixtures	42,000	17,000	7 years
Office equipment	28,000	22,000	10 years
Construction in progress	170,000	4,000	
	6,253,000	4,699,000	
Less accumulated depreciation	3,142,000	2,910,000	
	$3,111,000	$1,789,000	

Depreciation expenses on leasehold improvements and equipment included in the consolidated statement of operations for the years ended December 31, 2016, January 2, 2016 and January 3, 2015 were approximately $332,000, $286,000 and $223,000, respectively.

The Company leases equipment under capitalized lease obligations with a total cost of approximately $1,214,000 and $1,137,000 and accumulated amortization of $277,000 and $231,000 as of December 31, 2016 and January 2, 2016,

respectively.

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Note 7. Capitalized Lease Obligations

Minimum future lease payments under capital leases as of December 31, 2016, are as follows:

Year ending December:	
2017	$297,000
2018	249,000
2019	89,000
2020	35,000
Total minimum lease payments	670,000
Less amount representing interest at a rate of approximately 8.9% per year	71,000
Present value of net minimum lease payments	599,000
Less current portion	255,000
Long-term obligations under capital leases	$344,000

Interest expenses related to capital leases were approximately $48,000, $62,000 and $47,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

Note 8. Loan Payable

8A. Line of Credit – Western Alliance Bank

On November 4, 2016, the Company entered into a business financing agreement (“Financing Agreement”) with Western Alliance Bank (“Western Alliance”), in order to establish a formula based revolving credit line pursuant to which the Company may borrow an aggregate principal amount of up to $5,000,000, subject to the terms and conditions of the Financing Agreement. Upon execution of the Financing Agreement, the Company paid a $25,000 facility fee and a $900 due diligence fee to Western Alliance. The Company also paid a consulting fee of $100,000 to Trump Securities LLC and Credo 180, LLC pursuant to an exclusive placement and advisory agreement by and among the Company. In addition, there was approximately $52,000 of due diligence and legal fees the Company incurred associated with the Financing Agreement. As of December 31, 2016, the Company did not have any outstanding loan payable from this line of credit arrangement.

The interest rate will be calculated at a floating rate per month equal to (a) the greater of (i) 3.50% per year or (ii) the Prime Rate published in the Money Rates section of the Western Edition of The Wall Street Journal, or such other rate of interest publicly announced by Lender as its Prime Rate, plus (b) 2.50 percentage points, plus an additional 5.00 percentage points during any period that an event of default has occurred and is continuing. The Company’s obligations under the Financing Agreement are secured by a security interest in substantially all of the Company’s current and future personal property assets, including intellectual property.

Any borrowings, interest or other fees or obligations that the Company owes Western Alliance pursuant to the Financing Agreement will be become due and payable on November 4, 2018. If the Financing Agreement is terminated prior to November 4, 2017, the Company will pay a termination fee of $50,000 to Western Alliance, provided that such termination fee will be waived in the event that the Company refinances with Western Alliance.

The Financing Agreement includes quick ratio, EBDAS and minimum revenue financial covenants. As of December 31, 2016, the Company failed to meet one of the covenants, which was to at least meet 50% of projections of EBDAS and was in default under the Financing Agreement (the “Existing Default.”). On March 12, 2017, the Company entered into Second Business Financing Modification Agreement with Western Alliance under which Western Alliance waived the Existing Default.

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Debt Issuance Costs

The Company incurred debt issuance costs of approximately $177,000 in connection with this line of credit arrangement and had an unamortized balance of approximately $161,000 as of December 31, 2016. For the line of credit arrangement, the Company has elected a policy to keep the debt issuance costs as an asset, regardless of whether an amount is drawn. The remaining unamortized deferred asset will be amortized over the remaining life of the line of credit arrangement.

8B. Term Loan – Hercules Technology II, L.P.

On June 14, 2016, the Company repaid $4,851,542 owed to Hercules Funding II LLC ("Hercules"), under the Company's loan and security agreement with Hercules dated as of September 29, 2014 (the "Loan Agreement").

The payoff amount was comprised of the following:

Payoff Amount

Principal	$4,554,659
Accrued interest	15,790
End of term charge	187,500
Prepayment fee	91,093
Other fees	2,500
Total	$4,851,542

Upon receipt of the payoff Amount, the Loan Agreement terminated.

The Loan Agreement initially provided the Company with access to a term loan of up to $5 million. The first $2.5 million of the term loan was funded at the closing of the Loan Agreement, and was repayable in installments over 30 months, following an initial interest-only period of twelve months after closing. The Company drew down the remaining $2.5 million of the term loan on June 17, 2015 and the interest-only period was extended to March 31, 2016. In connection with the loan, the Company paid an aggregate of $65,000 in facility charges to Hercules and granted Hercules first priority liens and a security interest in substantially all of its assets.

The Loan Agreement also provided (i) a borrower option to repay principal in common stock up to an aggregate amount of $500,000 at a conversion price of $3.879 per share and (ii) a lender option to receive principal repayments in common stock up to an aggregate amount of $500,000 at a conversion price of $3.879 per share, subject to certain conditions. However, no principal was repaid in common stock. On the commitment date, no separate accounting was required for the conversion feature.

In connection with the termination of the Loan Agreement, Hercules's commitments to extend further credit to the Company terminated, all obligations, covenants, debts and liabilities of the Company under the Loan Agreement were satisfied and discharged in full, all documents entered into in connection with the Loan Agreement, other than a warrant issued pursuant to the Loan Agreement, were terminated, all liens or security interests granted to secure the

obligations under the Loan Agreement terminated and all guaranties of the Company's obligations under the Loan Agreement terminated.

The payoff amount, excluding the accrued interest to date, was $4,835,752 and the net carrying amount of the debt on the extinguishment date was $4,522,653. The difference of $313,099 was recognized as a non-operating loss in the statement of operations during the year ended December 31, 2016.

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Net Carrying Amount		Payoff Amount (Excluding Interest)	
Principal	$4,554,659	Principal	$4,554,659
Accrued end of term charge	103,909	End of term charge	187,500
Deferred financing cost	(45,606)	Prepayment fee	91,093
Warrant discount	(90,309)	Other fees	2,500
Total	$4,522,653 (A)	Total	$4,835,752 (B)
Loss on debt extinguishment	$(313,099) (A) - (B)		

The term loan bore interest at the rate per year equal to 9.35% from September 29, 2014 to December 16, 2015 and 9.60% from December 17, 2015 to June 14, 2016. The total interest expenses related the term loan, including cash interest payments, the amortizations of debt issuance costs and debt discount, and the accrual of end of term charge were approximately $324,000, $554,000 and $112,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

Warrant Issued to Lender

Pursuant to the Loan Agreement, the Company issued Lender a warrant (the “Warrant”) to purchase 139,674 shares of our common stock at an exercise price of $3.186 per share, subject to customary anti-dilution provisions. The Warrant is exercisable and expires five years from the date of issuance.

The Company determined the Warrant issued to Lender during the year ended January 3, 2015 to be equity classified. The Company estimated the fair value of this Warrant as of the issuance date using a Black-Scholes option pricing model with the following assumptions:

	September 29, 2014
Fair value of common stock	$3.24
Volatility	72.40%
Expected dividends	0.00%
Contractual term	5.0 years
Risk-free rate	1.76%

The Company utilized this fair value in its allocation of the loan proceeds between loan payable and the Warrant which was performed on a relative fair value basis. The fair value of the Warrant to purchase 139,674 shares of our common stock was approximately $273,000. Ultimately, the Company allocated $246,000 to the Warrant and recognized this amount in additional paid in capital. Accordingly, this amount was recognized as a debt discount and was being amortized as interest expense using the effective interest method over the term of the loan. Amortizations of this debt discount were $39,000, $90,000 and $28,000 for the years ended December 31, 2016, January 2, 2016 and

January 3, 2015, respectively.

Debt Issuance Costs and End of Term Charge

The Company incurred debt issuance costs of approximately $118,000 in connection with this term loan. The debt issuance costs were being amortized as interest expense using the effective interest method over the term of the loan. In addition, the Company was obligated to pay an end of term charge of $188,000, which is 3.75% of the $5.0 million drawn under the loan. The end of term charge was being accrued as additional interest expense using the effective interest rate method over the term of the loan. When the Company paid off the debt on June 14, 2016, there were approximately $46,000 debt issuance costs that had not been amortized and $84,000 end of term charge remaining to be accrued. These unamortized debt issuance costs and the end of term charge remaining to be accrued were part of the loss on debt extinguishment recognized in 2016. Interest expense recorded in relation to amortization of debt issuance costs and the accrual of the end of term charge prior to the payoff was $55,000, $99,000 and $22,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

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Note 9. Income Taxes

The provision for income tax consists of following:

	2016	2015	2014
Current			
Federal	$-	$-	$-
State	-	4,527	-
Deferred (net of valuation allowance)			
Federal	-	-	-
State	-	-	-
Income tax provision	$-	$4,527	$-

At December 31, 2016 and January 2, 2016, the Company maintained a full valuation allowance against the entire deferred income tax balance which resulted in an effective tax rates of 0%, 0.2% and 0% for years 2016, 2015 and 2014, respectively. At December 31, 2016 and January 2, 2016, we recorded a valuation allowance of $15.5 million and $15.0 million, respectively. The valuation allowance increased by $0.5 million during 2016.The valuation allowance increased by $0.5 million during 2016.

A reconciliation of income taxes computed at the statutory Federal income tax rate to income taxes as reflected in the financial statements is summarized as follows:

	2016	2015	2014
Federal income tax expense at statutory rate	(34.0)%	(34.0)%	(34.0)%
State income tax, net of federal benefit	(5.3)%	(5.1)%	(5.3)%
Permanent differences	8.4%	5.7%	2.7%
Change in tax rates	(0.3)%	0.7%	(6.1)%
Expirations of state net operating losses	1.8%	17.4%	0.0%
Change in stock options and restricted stock	11.8%	0.0%	0.0%
Change in valuation allowance	16.4%	13.7%	42.8%
Other	1.2%	1.8%	(0.1)%
Effective tax rate	0.0%	0.2%	0.0%

The deferred income tax assets and liabilities consisted of the following components as of December 31, 2016 and January 2, 2016:

	2016	2015

Deferred tax assets:		
Net operating loss carryforward	$11,023,000	$10,860,000
Capital loss carryforward	811,000	808,000
Stock options and restricted stock	2,694,000	3,048,000
Inventory reserve	195,000	249,000
Allowance for doubtful accounts	425,000	144,000
Accrued expenses	487,000	277,000
Deferred revenue	13,000	-
Intangibles	29,000	23,000
Deferred rent	252,000	54,000
	15,929,000	15,463,000
Less valuation allowance	(15,530,000)	(15,050,000)
	399,000	413,000
Deferred tax liabilities:		
Leasehold improvements and equipment	(282,000)	(284,000)
Prepaid expenses	(117,000)	(129,000)
	(399,000)	(413,000)
	$-	$-

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The Company has tax net operating loss carryforwards for federal and state income tax purposes of approximately $29,701,000 and $23,382,000, respectively which begin to expire in the year ending December 31, 2023 and 2017, respectively. In addition, the Company has tax capital loss carry forward available to offset future federal taxable capital income of approximately $2,065,000 which will expire in the year ending December 31, 2019.

Under the Internal Revenue Code, certain ownership changes may subject the Company to annual limitations on the utilization of its net operating loss carryforward. The Company will continue to analyze the potential impact of any additional transactions undertaken upon the utilization of the net operating losses on a go forward basis.

The Company has not identified any uncertain tax positions requiring a reserve as of December 31, 2016 and January 2, 2016.

Note 10. Share-Based Compensation

10A. Employee Share-Based Compensation

Stock Option Plans

At the discretion of the Company's compensation committee (the "Compensation Committee"), and with the approval of the Company's board of directors (the "Board of Directors"), the Company may grant options to purchase the Company's common stock to certain individuals from time to time. Management and the Compensation Committee determine the terms of awards which include the exercise price, vesting conditions and expiration dates at the time of grant. Expiration dates for stock options are not to exceed 10 years from their date of issuance. The Company, under its Second Amended and Restated 2007 Equity Incentive Plan, is authorized to issue stock options that total no more than 20% of the shares of common stock issued and outstanding, as determined on a fully diluted basis.

At the discretion of Management, working with the Compensation Committee, and with approval of the Board of Directors, the Company may grant options to purchase the Company's common stock to certain individuals from time to time who are not employees of the Company. These options were granted under the Second Amended and Restated 2007 Equity Incentive Plan of the Company and were granted on the same terms as those being issued to employees.

The remaining amount available for issuance under the Second Amended and Restated 2007 Equity Incentive Plan totaled 993,305 at December 31, 2016.

General Vesting Conditions

The stock option awards generally vest ratably over a four-year period following grant date after a passage of time. However, some stock option awards are performance based and vest based on the achievement of certain criteria established by the Compensation Committee, subject to approval by the Board of Directors.

The fair value of the Company's stock options was estimated at the date of grant using the Black-Scholes based option valuation model. The table below outlines the weighted average assumptions for options granted to employees during the years ended December 31, 2016, January 2, 2016 and January 3, 2015.

Year Ended December	2016	2015	2014
Expected term			

	6 years	6 years	6 years
Expected Volatility	73.2%	75.8%	74.6%
Expected dividends	0.0%	0.0%	0.0%
Risk-free rate	1.4%	1.7%	1.9%

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1) Service Period Based Stock Options

The majority of options granted by the Company are comprised of service based options granted to employees. These options vest ratably over a defined period following grant date after a passage of a service period.

The following table summarizes service period based stock options activity:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Term	Fair Value	Aggregate Intrinsic Value
Outstanding at December 28, 2013	4,038,070	$3.18	7.43		
Options Granted	744,662	4.17	10.00	$2.70	
Options Classification from Employee to Non-Employee	(37,717)	2.28	8.68		
Options Exercised	(178,238)	2.61			$156,000
Options Expired	(84,633)	3.00			
Options Forfeited	(240,758)	3.39			
Outstanding at January 3, 2015	4,241,386	$3.39	7.00		
Options Granted	730,562	3.66	10.00	$2.28	
Options Classification from Employee to Non-Employee	(514,024)	2.79	7.78		
Options Exercised	(40,236)	2.37			$58,000
Options Forfeited	(103,425)	3.93			
Outstanding at January 2, 2016	4,314,263	$3.50	6.44		
Options Granted	742,485	3.91	10.00	$2.49	
Options Exercised	(238,423)	2.67			$502,000
Options Expired	(183,334)	4.50			
Options Forfeited	(353,840)	4.15			
Outstanding at December 31, 2016	4,281,151	$3.52	6.36		$1,352,000

Exercisable at December 31, 2016	3,192,519	$3.40	5.42	$1,234,000

The aggregate intrinsic values in the table above are based on the Company's closing stock price of $3.31 on the last day of business for the year ended December 31, 2016.

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2) Performance Based Stock Options

The Company also grants stock option awards that are performance based and vest based on the achievement of certain criteria established from time to time by the Compensation Committee. If these performance criteria are not met, the compensation expenses are not recognized and the expenses that have been recognized will be reversed.

The following table summarizes performance based stock options activity:

		Weighted Average			
	Number of Shares	Exercise Price	Remaining Contractual Term	Fair Value	Aggregate Intrinsic Value
Outstanding at December 28, 2013	66,668	$1.89	9.08		
Options Granted	-	-			
Options Exercised	-	-			
Options Forfeited	-	-			
Outstanding at January 3, 2015	66,668	$1.89	8.08		
Options Granted	-	-			
Options Exercised	-	-			
Options Forfeited	-	-			
Outstanding at January 2, 2016	66,668	$1.89	7.08		
Options Granted	-	-			

Options Exercised	-	-		
Options Forfeited	-	-		
Outstanding at December 31, 2016	66,668	$1.89	6.08	$95,000
Exercisable at December 31, 2016	65,280	$1.89	6.08	$93,000

The aggregate intrinsic value in the table above are, based on the Company's closing stock price of $3.31 on the last day of business for the period ended December 31, 2016.

As of December 31, 2016, there was approximately $2,280,000 of total unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the plans for employee stock options. That cost is expected to be recognized over a weighted average period of 2.75 years.

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Restricted Stock Awards

Restricted stock awards granted by the Company to employees have vesting conditions that are unique to each award.

The following table summarizes activity of restricted stock awards granted to employees:

	Shares	Weighted Average Award-Date Fair Value
Unvested shares at December 28, 2013	166,668	$2.07
Granted	363,339	4.23
Vested	-	-
Forfeited	-	-
Unvested shares at January 3, 2015	530,007	$3.54
Granted	-	-
Vested	(173,336)	4.23
Forfeited	-	-
Unvested shares at January 2, 2016	356,671	$3.21
Granted	-	-
Vested	(6,668)	4.23
Forfeited	-	-
Unvested shares at December 31, 2016	350,003	$3.20
Expected to Vest as of December 31, 2016	350,003	$3.20

During the years ended December 31, 2016 and January 2, 2016, several members of the Company's Board of Directors (the "Board") resigned from the Board and received immediate vesting of their unvested restricted stock of 6,668 shares and 173,336 shares, respectively. The expense for the vested restricted stock was approximately $761,000 and was all recognized during the fiscal year ended January 3, 2015.

On January 2, 2014, the Company awarded an aggregate of 363,339 shares of restricted stock to the Company's officers and members of the Board. The award includes the vested shares described above for members who resigned from the Board. These shares were to vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of the officers and members of the board of directors without cause for any reason. The fair values of these restricted stock awards were approximately $1,537,000 in aggregate, and they were based on the trading price of the Company's common stock on the date of grant. The expense related to the restricted stock award has been amortized over the period of six months through July 1, 2014, as the Company determined the requisite service period to be 6 months as that is when they are eligible to vest.

During the year ended December 31, 2016, the Company and each of the executives and members of the Board amended the restricted stock awards to provide that the awards shall not vest upon the market price of the Company's

stock exceeding a certain price or listing of the Company's stock on a national securities exchange. No separate accounting was done related to this amendment.

Employee Option and Restricted Stock Compensation

The Company recognized share-based compensation expense of approximately $1,133,000, $1,543,000 and $2,747,000 in general and administrative expenses in the statement of operations for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

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10B. Non-Employee Share-Based Compensation

Stock Option Plan

The following table summarizes activity of stock options granted to non-employees:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 28, 2013	282,440	$4.32	5.74	
Options Granted	30,001	3.72	10.00	
Options Classification from Employee to Non-Employee	37,717	2.28	8.68	
Options Exercised	-	-		
Options Forfeited	-	-		
Outstanding at January 3, 2015	350,158	$4.05	5.46	
Options Granted	-	-		
Options Classification from Employee to Non-Employee	514,024	2.79	7.78	
Options Exercised	-	-		
Options Forfeited	-	-		

Outstanding at January 2, 2016	864,182	$3.31	6.04	
Options Granted	40,000	2.85	10.00	
Options Exercised	(41,667)	1.92		$98,000
Options Forfeited	-	-		
Outstanding at December 31, 2016	862,515	$3.35	5.23	$353,000
Exercisable at December 31, 2016	825,848	$3.37	5.03	$336,000

The aggregate intrinsic values in the table above are, based on the Company's closing stock price of $3.31 on the last day of business for the year ended December 31, 2016.

The fair value of the Company's stock options was estimated at the date of grant using the Black-Scholes based option valuation model. The table below outlines the weighted average assumptions for options granted to non-employees during the years ended December 31, 2016 and January 3, 2015.

Year Ended December	2016	2015	2014
Expected Term	5 years	N/A	5 years
Expected Volatility	72.5%	N/A	83.1%
Expected dividends	0.0%	N/A	0.0%
Risk-free rate	2.0%	N/A	1.6%

As of December 31, 2016, there was approximately $62,000 of total unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the plans for non-employee stock options. That cost is expected to be recognized over a weighted average period of 1.79 years.

Stock and Restricted Stock Awards

Restricted stock awards granted by the Company to non-employees generally feature time vesting service conditions, specified in the respective service agreements. Restricted stock awards issued to non-employees are accounted for at current fair value through the vesting period. The following table summarizes activity of restricted stock awards issued to non-employees:

	Shares	Weighted Average Fair Value
Unvested shares at December 28, 2013	-	$-
Granted	32,000	3.90
Vested	(6,667)	3.51
Forfeited	-	-
Unvested shares at January 3, 2015	25,333	$2.70
Granted	46,668	2.58
Vested	(54,668)	3.63

Forfeited	-	-
Unvested shares at January 2, 2016	17,333	$3.66
Granted	-	-
Vested	(7,333)	3.79
Forfeited	-	-
Unvested shares expected to vest at December 31, 2016	10,000	$3.31

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As of December 31, 2016, there was approximately $33,000 of total unrecognized compensation expense related to the restricted stock award to a non-employee. That cost is expected to be recognized over a period of 1.2 years as of December 31, 2016.

The Company did not award any stock grants to non-employees in 2016. For the years ended January 2, 2016 and January 3, 2015, the Company awarded 116,668 and 21,667 shares of the Company's common stock to non-employees and recognized expenses of $361,000 and $129,000, respectively.

Non-Employee Option, Stock, Restricted Stock and Warrant Awards

For non-employee share-based compensation, the Company recognized share-based compensation expense of approximately $61,000, $435,000 and $170,000 in general and administrative expenses in the statement of operations for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

Note 11. Stock Issuance

On March 11, 2016, the Company entered into a Securities Purchase Agreement ("SPA") to raise $500,000 in a registered direct offering. Pursuant to the SPA, the Company sold a total of 128,205 Units at a purchase price of $3.90 per Unit, with each Unit consisting of one share of the Company's common stock and a warrant to purchase one half of a share of common stock (64,103 total) with an exercise price of $4.80 and a term of 3 years. The estimated fair value of the warrant was approximately $108,000 and the warrant was determined to be classified as equity. The fair value was estimated at the date of issuance using the Black-Scholes based valuation model. The table below outlines the assumptions for the warrant issued.

	March 11, 2016
Fair value of common stock	$4.41
Contractual term	3.0 years
Volatility	60%
Risk-free rate	1.16%
Expected dividends	0%

On June 3, 2016, the Company entered into additional SPAs to raise $5,250,000 in a registered direct offering. Pursuant to the SPAs, the Company sold a total of 1,117,022 shares of the Company's common stock at a purchase price of $4.70 per share.

In Fiscal Year 2015, the Company entered into SPAs with certain existing stockholders to raise $2,000,000 in a registered direct offering. Pursuant to the SPAs, the Company sold a total of 200,000 Units at a purchase price of $10.00 per Unit, with each Unit consisting of 2.667 shares of the Company's common stock and a warrant to purchase 1.333 shares of common stock (266,667 total) with an exercise price of $4.50 and a term of 3 years. The aggregate estimated fair value of the warrants was approximately $489,000 and these warrants were determined to be classified as equity. The fair value was estimated at the date of issuance using the Black-Scholes based valuation model. The table below outlines the assumptions for the warrants issued.

November 9, 2015

Fair value of common stock	$4.41
Contractual term	3.0 years
Volatility	62%
Risk-free rate	1.27%
Expected dividends	0%

In Fiscal Year 2014, the Company issued 42,202 shares of common stock to vendors to settle outstanding payables balances of approximately $146,000.

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Note 12. Warrants

The following table summarizes activity of warrants at December 31, 2016, January 2, 2016 and January 3, 2015 and changes during the years then ended:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 28, 2013	-	$-	-	-
Warrants Issued	156,341	3.21	4.68	
Warrants Exercised	-	-		
Warrants Expired	-	-		
Outstanding and exercisable at January 3, 2015	156,341	3.21	4.43	
Warrants Issued	266,667	4.50		
Warrants Exercised	-	-		
Warrants Expired	-	-		
Outstanding and exercisable at January 2, 2016	423,008	4.02	3.07	
Warrants Issued	64,103	4.80		
Warrants Exercised	-	-		
Warrants Expired	(16,667)	3.30		
Outstanding and exercisable at December 31, 2016	470,444	$4.15	2.17	$17,000

The aggregate intrinsic values in the table above are based on the Company's closing stock price of $3.31 on the last day of business for the year ended December 31, 2016.

The fair values of warrants issued were estimated at the date of issuance using the Black-Scholes based valuation model. The table below outlines the weighted average assumptions for the warrants issued during the years ended December 31, 2016, January 2, 2016 and January 3, 2015.

	2016	2015	2014
Fair value of common stock	$4.41	$4.41	$3.20
Contractual term	3.0 years	3.0 years	4.7 years
Volatility	60%	62%	72%
Risk-free rate	1.16%	1.27%	1.62%
Expected dividends	0%	0%	0%

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Note 13. Commitments and Contingencies

Lease

The Company leases its office and research facilities in California, Colorado and Maryland under operating lease agreements that expire at various dates from September 2017 through February 2024. Monthly lease payments range from $1,460 per month to $23,472 per month, and minimum lease payments escalate during the terms of the leases. Generally accepted accounting principles require total minimum lease payments to be recognized as rent expense on a straight-line basis over the term of the lease. The excess of such expense over amounts required to be paid under the lease agreement is carried as a liability on the Company's consolidated balance sheet.

Minimum future rental payments under all of the leases as of December 31, 2016 are as follows:

Fiscal years ending:	
2017	$682,000
2018	682,000
2019	644,000
2020	479,000
2021	462,000
Thereafter	737,000
	$3,686,000

Rent expense was approximately $606,000, $536,000, and $537,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively.

As of December 31, 2016, deferred rent from these operating lease agreements increased to $641,000 compared to $138,000 as of January 2, 2016. In February 2016, the Company renewed its lease for its laboratory facility located in Boulder, Colorado. Pursuant to the term of the renewal, the landlord made improvements to the facility's HVAC system for approximately $180,000. Also, in April 2016, the Company entered into a lease to lease its research facility located in Longmont, Colorado. Pursuant to the term of the lease, the landlord provided tenant improvements for approximately $352,000. These landlord provided lease incentives (a) have been recorded as leasehold improvement assets and are amortized over the respective lease terms which are through April 2023 and February 2024, respectively;and (b) have been recorded as deferred rent and are amortized as reductions to lease expense over the lease terms.

Purchase obligations

The Company enters into purchase obligations with various vendors for goods and services that we need for our operations. The purchase obligations for goods and services include inventory, research and development, and outsourced laboratory services. Minimum future payments under purchase obligations as of December 31, 2016 are as follows:

Fiscal years ending:

2017	$3,096,000
2018	428,000
	$3,524,000

Royalty

The Company has 10 licensing agreements with leading research universities and other patent holders, pursuant to which the Company acquired patents related to certain products the Company offers to its customers. These agreements afford for future royalty payments based on contractual minimums and expire at various dates from December 31, 2019 through April 12, 2032. Yearly minimum royalty payments including license maintenance fees range from $10,000 per year to $50,000 per year, however, these minimum payments escalate each year with a maximum of $200,000 per year. In addition, the Company is required to pay a range of 2% to 8% of sales related to the licensed products under these agreements. Total royalty expenses including license maintenance fees from continuing operations for the years ended December 31, 2016, January 2, 2016 and January 3, 2015 were approximately $773,000, $583,000 and $323,000, respectively under these agreements. Minimum royalties including license maintenance fees for the next five years are as follows:

Fiscal years ending:

2017	$358,000
2018	396,000
2019	533,000
2020	367,000
2021	385,000
	$2,039,000

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Legal proceedings

On December 29, 2016, ChromaDex, Inc. filed a complaint (the "Complaint") in the United States District Court for the Central District of California, naming Elysium Health, Inc. as defendant. Among other allegations, ChromaDex, Inc. alleges in the Complaint that (i) Elysium breached the Supply Agreement, dated June 26, 2014, by and between ChromaDex, Inc. and Elysium Health, LLC ("Elysium") (the "pTeroPure® Supply Agreement"), by failing to make payments to ChromaDex, Inc. for purchases of pTeroPure® pursuant to the pTeroPure® Supply Agreement, (ii) Elysium breached the Supply Agreement, dated February 3, 2014, by and between ChromaDex, Inc. and Elysium, as amended (the "NIAGEN® Supply Agreement"), by failing to make payments to ChromaDex, Inc. for purchases of NIAGEN® pursuant to the NIAGEN® Supply Agreement, (iii) Elysium breached the Trademark License and Royalty Agreement, dated February 3, 2014, by and between ChromaDex, Inc. and Elysium (the "License Agreement"), by failing to make payments to ChromaDex, Inc. for royalties due pursuant to the License Agreement and (iv) certain officers of Elysium made false promises and representations to induce ChromaDex, Inc. into providing large supplies of pTeroPure® and NIAGEN® to Elysium pursuant to the pTeroPure® Supply Agreement and NIAGEN® Supply Agreement. ChromaDex, Inc. is seeking punitive damages, money damages and interest.

On January 25, 2017, Elysium filed an answer and counterclaims (the "Counterclaim") in response to the Complaint. Among other allegations, Elysium alleges in the Counterclaim that (i) ChromaDex, Inc. breached the NIAGEN® Supply Agreement by not issuing certain refunds or credits to Elysium and for violating certain confidential information provisions, (ii) ChromaDex, Inc. breached the implied covenant of good faith and fair dealing pursuant to the NIAGEN® Supply Agreement, (iii) ChromaDex, Inc. breached certain confidential provisions of the pTeroPure® Supply Agreement, (iv) ChromaDex, Inc. fraudulently induced Elysium into entering into the License Agreement (the "Fraud Claim"), (v) ChromaDex, Inc.'s conduct constitutes misuse of its patent rights (the "Patent Claim") and (vi) ChromaDex, Inc. has engaged in unlawful or unfair competition under California state law (the "Unfair Competition Claim"). Elysium is seeking damages for ChromaDex, Inc.'s alleged breaches of the NIAGEN® Supply Agreement and pTeroPure® Supply Agreement, and compensatory damages, punitive damages and/or rescission of the License Agreement and restitution of any royalty payments conveyed by Elysium pursuant to the License Agreement.

On February 15, 2017, ChromaDex, Inc. filed an amended complaint (the "Amended Complaint"). In the Amended Complaint, ChromaDex, Inc. re-alleges the claims in the Complaint, and also alleges that Elysium willfully and maliciously misappropriated ChromaDex, Inc.'s trade secrets. On February 15, 2017, ChromaDex, Inc. also filed a motion to dismiss the Fraud Claim, the Patent Claim and the Unfair Competition Claim. While ChromaDex, Inc. expresses no opinion as to the ultimate outcome of this matter, ChromaDex, Inc. believes Elysium's allegations are without merit and will vigorously defend against them.

As of December 31, 2016, ChromaDex, Inc. did not accrue a potential loss for the Counterclaim because ChromaDex, Inc. believes that the allegations are without merit and thus it is not probable that a liability had been incurred, and the amount of loss cannot be reasonably estimated.

From time to time we are involved in legal proceedings arising in the ordinary course of our business. We believe that there is no other litigation pending that is likely to have, individually or in the aggregate, a material adverse effect on our financial condition or results of operations.

Severance payments to executive officers

As of December 31, 2016, the Company has three executive officers, Frank Jaksch, Jr., Chief Executive Officer, Thomas Varvaro, Chief Financial Officer and Troy A. Rhonemus, Chief Executive Officer. Upon termination, Mr. Jaksch, Mr. Varvaro and Mr. Rhonemus will receive severance payments per the terms of the respective employment

agreements entered with the Company. The key terms of the employment agreements, including the severance terms are as follows:

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Employment Agreement with Frank L. Jaksch Jr.

On April 19, 2010, the Company entered into an Amended and Restated Employment Agreement (the "Jaksch Agreement") with Frank L. Jaksch Jr. The Jaksch Agreement automatically renews unless terminated in accordance with its terms. On January 2, 2014, the Board approved raising the annual base salary of Mr. Jaksch to $275,000 per year and the annual cash bonus target up to 50% of his base salary. On March 14, 2016, the Board increased the base salary of Mr. Jaksch to $320,000. On April 25, 2016, Mr. Jaksch's base salary increased to $370,000 as the Company's common stock was listed on Nasdaq Stock Market.

The severance terms provide that in the event Mr. Jaksch's employment with the Company is terminated voluntarily, he will be entitled to any accrued but unpaid base salary, any stock vested through the date of his termination and a pro-rated portion of 50% of his salary for the bonus. In addition, if Mr. Jaksch leaves the Company for "Good Reason", (as defined in Jaksch Agreement), he will also be entitled to severance equal to 50% of his salary, and he will be deemed to have been employed for the entirety of such year. Severance will then consist of 16 weeks of paid salary, unless Mr. Jaksch signs a release, in which case he will receive compensation up to 12 months paid salary.

In the event the Company terminates Mr. Jaksch's employment "without Cause" (as defined in the Jaksch Agreement), Mr. Jaksch will be entitled to severance in the form of any stock vested through the date of his termination and continuation of his base salary for a period of eight weeks, or, if Mr. Jaksch enters into a standard separation agreement, Mr. Jaksch will receive continuation of base salary and health benefits, together with applicable fringe benefits until 24 months from the date of termination (the "Severance Period"), and he will receive a bonus of 50% of his base salary as well as the full vesting of any otherwise unvested stock.

Employment Agreement with Thomas C. Varvaro

On April 19, 2010, the Company entered into an Amended and Restated Employment Agreement (the "Varvaro Agreement") with Thomas C. Varvaro. The Varvaro Agreement automatically renews unless terminated in accordance with its terms. On January 2, 2014, the Board approved raising the annual base salary of Mr. Varvaro to $225,000 per year and raising the annual cash bonus target up to 40% of his base salary. On March 14, 2016, the Board increased the base salary of Mr. Varvaro to $250,000. On April 25, 2016, Mr. Varvaro's base salary increased to $300,000 as the Company's common stock was listed on Nasdaq Stock Market.

The severance terms provide that in the event Mr. Varvaro's employment with us is terminated voluntarily, he will be entitled to any accrued but unpaid base salary, any stock vested through the date of his termination and a pro-rated portion of 40% of his salary for the bonus. In addition, if Mr. Varvaro leaves the Company for "Good Reason" (as defined in the Varvaro Agreement), he will also be entitled to severance equal to 50% of his salary, and he shall be deemed to have been employed for the entirety of such year. Severance will then consist of 16 weeks of paid salary, unless Mr. Varvaro signs a release, in which case he will receive compensation up to 12 months paid salary.

In the event the Company terminates Mr. Varvaro's employment "without Cause," Mr. Varvaro will be entitled to severance in the form of any stock vested through the date of his termination and continuation of his base salary for a period of eight weeks, or, if Mr. Varvaro enters into a standard separation agreement, Mr. Varvaro will receive continuation of base salary and health benefits, together with applicable fringe benefits until 24 months from the date of termination (the "Severance Period"), will receive a bonus of 40% of his base salary as well as the full vesting of any otherwise unvested stock.

Employment Agreement with Troy A. Rhonemus

On March 6, 2014, the Company entered into an Employment Agreement (the “Rhonemus Agreement”) with Mr. Troy Rhonemus pursuant to which Mr. Rhonemus was appointed to serve as the Chief Operating Officer of the Company. On March 17, 2015, the Board increased the base salary to $190,000. The Rhonemus Agreement provides for an annual cash bonus (based on performance targets) of up to 30% of his base salary. On March 14, 2016, the Board increased the base salary of Mr. Rhonemus to $210,000. On April 25, 2016, Mr. Rhonemus’ base salary increased to $235,000 as the Company’s common stock was listed on Nasdaq Stock Market.

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Upon termination, Mr. Rhonemus will be entitled to any accrued but unpaid base salary and any accrued but unpaid welfare and retirement benefits up to the termination date. In addition, if Mr. Rhonemus leaves the Company for "Good Reason" (as defined in the Rhonemus Agreement), he will also be entitled to severance equal to two weeks of base salary for each full year of service to a maximum of eight weeks of the base salary.

In the event the Company terminates Mr. Rhonemus' employment "without Cause," Mr. Rhonemus will be entitled to severance equal to two weeks of base salary for each full year of service to a maximum of eight weeks of the base salary, or, if Mr. Rhonemus enters into a standard separation agreement, Mr. Rhonemus will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided until the expiration of the term or renewal term then in effect, however, that in the case of medical and dental insurance, until the expiration of 12 months from the date of termination.

Note 14. Related Party Transactions

On August 28, 2015, the Company entered into an Exclusive Supply Agreement (the "Supply Agreement") with Healthspan Research, LLC ("Healthspan"). Under the terms of the Supply Agreement, Healthspan agreed to purchase NIAGEN® from the Company and the Company granted to Healthspan worldwide rights for resale of specific dietary supplements containing NIAGEN® in certain direct response channels.

Pursuant to the terms of the Supply Agreement, in exchange for a 4% equity interest in Healthspan, the Company agreed to initially supply NIAGEN® to Healthspan up to a certain amount, and in exchange for an additional 5% equity interest in Healthspan, the Company will grant to Healthspan certain exclusive rights to resell NIAGEN®. Healthspan will pay the Company royalties on the cumulative worldwide net sales of its finished products containing NIAGEN®. The exclusivity rights will remain for so long as Healthspan meets certain minimum purchase requirements. In the event that, during the initial term, the Company terminates the exclusivity rights due to failure to meet the minimum purchase requirements or for any reason other than a material breach of the Supply Agreement by Healthspan, then the 5% equity interest shall be automatically redeemed for a purchase price of $1.00 effective upon the date of termination of the exclusivity rights.

In connection with the foregoing, also on August 28, 2015, the Company and Healthspan entered into an interest purchase agreement and limited liability company agreement pursuant to which the Company was issued 9% of the outstanding equity interests of Healthspan. Rob Fried, a director of the Company, is the manager of Healthspan and owns 91% of the outstanding equity interests of Healthspan. The Supply Agreement, interest purchase agreement and limited liability company agreement were unanimously approved by the independent directors of the Company.

During the year ended December 31, 2016, the Company shipped NIAGEN® to Healthspan to satisfy part of our obligation to supply a certain amount of NIAGEN® in exchange for the 4% equity interest in Healthspan, which our cost was approximately $20,000. This was recorded as a long-term investment at our cost.

The Company accounts for its ownership interest under the cost method of accounting as the Company does not have an ability to exercise significant influence on Healthspan.

Subsequent to the year ended December 31, 2016, the Company acquired all of the outstanding equity interests of Healthspan. Please refer to Note 17. Subsequent Events for more details on the acquisition of Healthspan.

Note 15. Business Segmentation and Geographical Distribution

The Company has the following three reportable segments:

Ingredients segment develops and commercializes proprietary-based ingredient technologies and supplies these ingredients to the manufacturers of consumer products in various industries including the nutritional supplement, food and beverage and animal health industries.

Core standards, and contract services segment includes supply of phytochemical reference standards, which are small quantities of plant-based compounds typically used to research an array of potential attributes, reference materials, and related contract services.

Scientific and regulatory consulting segment which consist of providing scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks.

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The “Other” classification includes corporate items not allocated by the Company to each reportable segment. Further, there are no intersegment sales that require elimination. The Company evaluates performance and allocates resources based on reviewing gross margin by reportable segment.

Year ended

December 31, 2016	Ingredients segment	Core Standards and Contract Services segment	Regulatory Consulting segment	Other	Total
Net sales	$16,774,641	$9,371,001	$665,444	$-	$26,811,086
Cost of sales	7,920,516	6,504,005	465,433	-	14,889,954
Gross profit	8,854,125	2,866,996	200,011	-	11,921,132
Operating expenses:					
Sales and marketing	1,196,711	1,042,878	11,000	-	2,250,589
Research and development	2,487,978	34,790	-	-	2,522,768
General and administrative	-	-	-	9,393,209	9,393,209
Operating expenses	3,684,689	1,077,668	11,000	9,393,209	14,166,566
Operating income (loss)	$5,169,436	$1,789,328	$189,011	$(9,393,209)	$(2,245,434)

Year ended

January 2, 2016	Ingredients segment	Core Standardsand Contract Services segment	RegulatoryConsulting segment	Other	Total

Net sales	$12,542,314	$8,418,672	$1,053,154	$-	$22,014,140
Cost of sales	6,664,164	6,346,903	522,065	-	13,533,132
Gross profit	5,878,150	2,071,769	531,089	-	8,481,008
Operating expenses:					
Sales and marketing	1,111,993	1,201,455	13,340	-	2,326,788
Research and development	891,601	-	-	-	891,601
General and administrative	-	-	-	7,416,451	7,416,451
Operating expenses	2,003,594	1,201,455	13,340	7,416,451	10,634,840
Operating income (loss)	$3,874,556	$870,314	$517,749	$(7,416,451)	$(2,153,832)

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Year ended January 3, 2015	Ingredientssegment	Core Standards and Contract Servicessegment	RegulatoryConsulting segment	Other	Total
Net sales	$6,857,177	$7,487,189	$968,813	$-	$15,313,179
Cost of sales	4,257,347	5,141,667	588,500	-	9,987,514
Gross profit	2,599,830	2,345,522	380,313	-	5,325,665
Operating expenses:					
Sales and marketing	1,081,209	975,800	79,575	-	2,136,584
Research and development	513,671	-	-	-	513,671
General and administrative	-	-	-	7,860,930	7,860,930
Loss from investment in affiliate	-	-	-	45,829	45,829
Operating expenses	1,594,880	975,800	79,575	7,906,759	10,557,014
Operating income (loss)	$1,004,950	$1,369,722	$300,738	$(7,906,759)	$(5,231,349)

At December 31, 2016	Ingredients segment	Core Standards and Contract Services segment	Scientific and RegulatoryConsulting segment	Other	Total
Total assets	$13,257,289	$3,806,248	$112,192	$2,576,339	$19,752,068

At January 2, 2016	Core Standards	Scientific and

	Ingredients segment	and Contract Services segment	RegulatoryConsulting segment	Other	Total
Total assets	$9,105,502	$3,306,624	$111,765	$6,225,318	$18,749,209

Revenues from international sources for the ingredients segment approximated $502,000, $277,000 and $35,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively. Revenues from international sources for the core standards and contract services segment approximated $1,720,000, $1,651,000 and $1,756,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively. Revenues from international sources for the scientific and regulatory consulting segment approximated $154,000, $283,000 and $104,000 for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively. International sources which the Company generates revenue include Europe, North America, South America, Asia, and Oceania.

The Company’s long-lived assets are located within the United States.

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Disclosure of major customers

Major customers who accounted for more than 10% of the Company’s total sales were as follows:

	Years Ended		
Major Customers	2016	2015	2014
Customer C (Ingredients segment)	19.3%	*	*
Customer B (Ingredients segment)	*	11.0%	*
Customer A (Ingredients segment)	*	*	10.2%

* Represents less than 10%.

Major customers who accounted for more than 10% of the Company's total trade receivables were as follows:

	Percentage of the Company's Total Trade Receivables	
Major Customers	At December 31, 2016	At January 2, 2016
Customer D (Ingredients and Core segment)	10.2%	22.8%
Customer C (Ingredients segment)	45.8%	*
Customer A (Ingredients segment)	*	14.7%

* Represents less than 10%.

Disclosure of major vendors

Major vendors who accounted for more than 10% of the Company's total accounts payable were as follows:

	Percentage of the Company's Total Accounts Payable	
Major Vendors	At December 31, 2016	At January 2, 2016

Vendor A (Ingredients segment)	39.5%	78.7%
Vendor B (Ingredients segment)	20.8%	*

* Represents less than 10%.

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Note 16. Quarterly Financial Information (unaudited)

	Three Months Ended			
	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016
Sales, net	$7,331,945	$8,829,579	$5,007,450	$5,642,112
Cost of sales	3,880,526	4,702,132	2,964,980	3,342,316
Gross profit	3,451,419	4,127,447	2,042,470	2,299,796
Operating expenses	2,997,353	3,756,316	2,989,186	4,423,711
Operating income (loss)	454,066	371,131	(946,716)	(2,123,915)
Nonoperating expenses	(187,701)	(457,885)	(10,827)	(26,338)
Provision for income taxes	(10,740)	4,087	3,153	3,500
Net income (loss)	$255,625	$(82,667)	$(954,390)	$(2,146,753)
Basic earnings (loss) per common share	$0.01	$(0.00)	$(0.03)	$(0.06)
Diluted earnings (loss) per common share	$0.01	$(0.00)	$(0.03)	$(0.06)
Basic weighted average common shares outstanding	36,414,041	36,990,032	37,868,672	37,904,534
Diluted weighted average common shares outstanding	37,472,579	36,990,032	37,868,672	37,904,534

	Three Months Ended			
	April 4, 2015	July 4, 2015	October 3, 2015	January 2, 2016
Sales, net	$5,260,971	$6,101,380	$6,287,309	$4,364,480
Cost of sales	3,333,347	3,630,688	3,805,679	2,763,418

Gross profit	1,927,624	2,470,692	2,481,630	1,601,062
Operating expenses	2,833,708	2,654,752	2,304,500	2,841,880
Operating income (loss)	(906,084)	(184,060)	177,130	(1,240,818)
Nonoperating expenses	(119,431)	(131,132)	(180,846)	(181,299)
Provision for income taxes	-	-	-	(4,527)
Net loss	$(1,025,515)	$(315,192)	$(3,716)	$(1,426,644)
Basic and Diluted loss per common share	$(0.03)	$(0.01)	$(0.00)	$(0.04)
Basic and Diluted weighted average common shares outstanding	35,732,866	35,803,298	35,814,305	36,158,895

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	Three Months Ended			
	March 29, 2014	June 28, 2014	September 27, 2014	January 3, 2015
Sales, net	$3,074,138	$3,856,154	$4,139,710	$4,243,177
Cost of sales	2,089,130	2,457,388	2,616,764	2,824,232
Gross profit	985,008	1,398,766	1,522,946	1,418,945
Operating expenses	2,823,773	3,040,194	2,170,380	2,522,667
Operating loss	(1,838,765)	(1,641,428)	(647,434)	(1,103,722)
Nonoperating expenses	(9,251)	(11,714)	(12,219)	(123,652)
Net loss	$(1,848,016)	$(1,653,142)	$(659,653)	$(1,227,374)
Basic and Diluted loss per common share	$(0.05)	$(0.05)	$(0.02)	$(0.03)
Basic and Diluted weighted average common shares outstanding	35,358,787	35,395,195	35,536,800	35,643,016

Note 17. Subsequent Events

Acquisition of Healthspan Research, LLC

On March 12, 2017, ChromaDex Corporation acquired all of the outstanding equity interests of Healthspan Research, LLC (“Healthspan”) pursuant to a Membership Interest Purchase Agreement (the “Purchase Agreement”) by and among (i) Robert Fried, Jeffrey Allen and Dr. Charles Brenner (the “Sellers”) and (ii) ChromaDex Corporation (the “Acquisition”). Pursuant to the Purchase Agreement, ChromaDex purchased all of the outstanding membership interests from the Sellers.

Upon the closing of, and as consideration for, the Acquisition, ChromaDex Corporation issued an aggregate of 367,648 unregistered shares of ChromaDex Corporation’s common stock to the Sellers (the “Stock Consideration”) and, in cancellation of a loan owed by Healthspan to Mr. Fried, paid $32,500 to Mr. Fried and will also pay Mr. Fried $100,000 on March 12, 2018. The issuance of the Stock Consideration was not registered under the Securities Act of 1933, as amended (the “Securities Act”), and therefore may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. ChromaDex Corporation is relying on the exemption from federal registration under Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

Hiring of Robert Fried as President and Chief Strategy Officer

Also on March 12, 2017, the Board of Directors ("Board") of ChromaDex Corporation appointed Robert Fried, a member of the Board since July 2015, as President and Chief Strategy Officer, effective immediately. Mr. Fried will continue to serve as a member of the Board, but resigned as a member of the Nominating and Corporate Governance Committee of the Board.

In connection with his appointment as President and Chief Strategy Officer, ChromaDex and Mr. Fried entered into an Executive Employment Agreement (the "Employment Agreement"). Pursuant to the Employment Agreement, Mr. Fried is entitled to: (i) an annual base salary of $300,000; (ii) an annual cash bonus equal to (a) 1% of net direct-to-consumer sales of products with nicotinamide riboside as a lead ingredient by ChromaDex plus (b) 2% of direct to consumer net sales of products with nicotinamide riboside as a lead ingredient for the portion of such sales that exceeded prior year sales plus (c) 1% of the gross profit derived from nicotinamide riboside ingredient sales to dietary supplement producers; (iii) an option to purchase up to 500,000 shares of ChromaDex common stock under the ChromaDex Second Amended and Restated 2007 Equity Incentive Plan or any subsequent equity plan (the "Plan"), subject to monthly vesting over a three-year period; and (iv) 166,667 shares of restricted ChromaDex Corporation common stock, subject to annual vesting over a three-year period.

Subject to requisite stockholder approval and Mr. Fried's continuous service through such date, Mr. Fried is also eligible to receive (i) on March 12, 2018, 166,667 shares of restricted ChromaDex Corporation common stock, subject to annual vesting over a two-year period, (ii) on March 12, 2019, 166,666 shares of restricted ChromaDex Corporation common stock that vest in full on the one year anniversary of the grant date and (iii) up to 500,000 shares of fully-vested restricted ChromaDex Corporation common stock that will be granted upon the achievement of certain performance goals.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer carried out an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2016. Pursuant to Rule13a−15(e) promulgated by the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") "disclosure controls and procedures" means controls and other procedures that are designed to insure that information required to be disclosed by us in the reports that we file with the Commission is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. "Disclosure controls and procedures" include, without limitation, controls and procedures designed to insure that information that we are required to disclose in the reports we file with the Commission is accumulated and communicated to our principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Inherent Limitations on Disclosure Controls and Procedures

The effectiveness of our disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures, no matter how well conceived, will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

Changes in Internal Control over Financial Reporting

There were no change in internal controls over financial reporting (as defined in Rule 13a−15(f) promulgated under the Exchange Act) that occurred during our fourth fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our internal control over financial reporting include those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

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Our management, including the undersigned principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In conducting its assessment, our management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework in 2013. Based on this assessment, our management concluded that, as of December 31, 2016, our internal control over financial reporting was effective based on those criteria.

Inherent Limitations on Internal Control

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of control. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, our internal control over financial reporting is designed to provide reasonable assurance of achieving their objectives.

Attestation Report of the Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting has been audited by Marcum LLP, an independent registered public accounting firm, as stated in their attestation report herein, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2016.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Audit Committee of the
Board of Directors and Shareholders of
ChromaDex Corporation

We have audited ChromaDex Corporation and Subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management Annual Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

In our opinion, ChromaDex Corporation and Subsidiaries maintained, in all material aspects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2016 and January 2, 2016 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2016, January 2, 2016 and January 3, 2015 of the Company and our report dated March 16, 2017 expressed an unqualified opinion on those financial statements.

/s/ Marcum LLP

Marcum LLP
New York, NY
March 16, 2017

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Item 9B. Other Information

Acquisition of Healthspan Research, LLC

On March 12, 2017, ChromaDex Corporation acquired all of the outstanding equity interests of Healthspan Research, LLC ("Healthspan") pursuant to a Membership Interest Purchase Agreement (the "Purchase Agreement") by and among (i) Robert Fried, Jeffrey Allen and Dr. Charles Brenner (the "Sellers") and (ii) ChromaDex Corporation (the "Acquisition"). Pursuant to the Purchase Agreement, ChromaDex purchased all of the outstanding membership interests from the Sellers.

Upon the closing of, and as consideration for, the Acquisition, ChromaDex Corporation issued an aggregate of 367,648 unregistered shares of ChromaDex Corporation's common stock to the Sellers (the "Stock Consideration") and, in cancellation of a loan owed by Healthspan to Mr. Fried, paid $32,500 to Mr. Fried and will also pay Mr. Fried $100,000 on March 12, 2018. The issuance of the Stock Consideration was not registered under the Securities Act of 1933, as amended (the "Securities Act"), and therefore may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. ChromaDex Corporation is relying on the exemption from federal registration under Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

Hiring of Robert Fried as President and Chief Strategy Officer

Also on March 12, 2017, the Board of Directors ("Board") of ChromaDex Corporation appointed Robert Fried, a member of the Board since July 2015, as President and Chief Strategy Officer, effective immediately. Mr. Fried will continue to serve as a member of the Board, but resigned as a member of the Nominating and Corporate Governance Committee of the Board.

Mr. Fried, age 57, has served as a director of ChromaDex since July 2015. Mr. Fried served as Chairman of the Board of Directors of IDI, Inc. (formerly Tiger Media, Inc.), an information solutions provider focused on the data fusion market and formerly a Chinese advertising company prior to its merger with the parent company of Interactive Data, LLC, from 2011 until June 2015. From 2007 through 2009, he was the president, Chief Executive Officer and a director of Ideation Acquisition Corporation, a special purpose acquisition company. Mr. Fried is the founder and Chief Executive Officer of Feeln, a subscription streaming video service, which was acquired by Hallmark Cards Inc. in 2012. Since then, Mr. Fried manages digital businesses for Hallmark including Feeln, Hallmark e-cards, and Hallmark Print on Demand. Mr. Fried is also an Academy Award winning motion picture producer whose credits include Rudy, Collateral, Boondock Saints, So I Married an Axe Murderer, Godzilla, and numerous others. From December 1994 until June 1996, he was President and Chief Executive Officer of Savoy Pictures, a unit of Savoy Pictures Entertainment, Inc., which was sold in 1996 to Silver King Communications, which is now a part of InterActive Corp. Mr. Fried has also held several executive positions including Executive Vice President in charge of Production for Columbia Pictures, Director of Film Finance and Special Projects for Columbia Pictures, and Director of Business Development at Twentieth Century Fox. Mr. Fried holds an M.S. from Cornell University and an M.B.A. from the Columbia University Graduate School of Business.

In connection with his appointment as President and Chief Strategy Officer, ChromaDex and Mr. Fried entered into an Executive Employment Agreement (the "Employment Agreement"). Pursuant to the Employment Agreement, Mr. Fried is entitled to: (i) an annual base salary of $300,000; (ii) an annual cash bonus equal to (a) 1% of net direct-to-consumer sales of products with nicotinamide riboside as a lead ingredient by ChromaDex plus (b) 2% of direct to consumer net sales of products with nicotinamide riboside as a lead ingredient for the portion of such sales that exceeded prior year sales plus (c) 1% of the gross profit derived from nicotinamide riboside ingredient sales to

dietary supplement producers; (iii) an option to purchase up to 500,000 shares of ChromaDex common stock under the ChromaDex Second Amended and Restated 2007 Equity Incentive Plan or any subsequent equity plan (the “Plan”), subject to monthly vesting over a three-year period; and (iv) 166,667 shares of restricted ChromaDex Corporation common stock, subject to annual vesting over a three-year period. Subject to requisite stockholder approval and Mr. Fried’s continuous service through such date, Mr. Fried is also eligible to receive (i) on March 12, 2018, 166,667 shares of restricted ChromaDex Corporation common stock, subject to annual vesting over a two-year period, (ii) on March 12, 2019, 166,666 shares of restricted ChromaDex Corporation common stock that vest in full on the one year anniversary of the grant date and (iii) up to 500,000 shares of fully-vested restricted ChromaDex Corporation common stock that will be granted upon the achievement of certain performance goals. Any unvested options or shares of restricted stock will vest in full upon (a) a change of control of ChromaDex Corporation, (b) Mr. Fried’s death, (c) Mr. Fried’s disability, (d) termination by ChromaDex Corporation of Mr. Fried’s employment without cause or (e) Mr. Fried’s resignation for good reason, subject in each case to Mr. Fried’s continuous service as an employee or consultant of ChromaDex Corporation or any of its subsidiaries though such event.

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If (i) Mr. Fried's employment is terminated by ChromaDex Corporation without cause, for death or disability, or Mr. Fried resigns for good reason, or (ii) (a) a change of control of ChromaDex Corporation occurs and (b) within one month prior to the date of such change of control or twelve months after the date of such change of control R. Fried's employment is terminated by ChromaDex Corporation other than for cause, then, subject to executing a release, Mr. Fried will receive (w) continuation of his base salary for 12 months, (x) COBRA premiums for 12 months, (y) a prorated annual cash bonus and (z) an extended exercise period for his options.

Mr. Fried is a party to ChromaDex Corporation's form of indemnity agreement for directors and officers. Mr. Fried will receive no additional compensation for his service on the Board.

The foregoing summary of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the complete Employment Agreement, a copy of which is attached hereto as Exhibit 10.65, and is incorporated herein by reference.

Prior to the Acquisition, Mr. Fried owned approximately 84.7% of the outstanding equity interest of Healthspan. On August 28, 2015, ChromaDex entered into an Exclusive Supply Agreement (the "Supply Agreement") with Healthspan. Under the terms of the Supply Agreement, Healthspan agreed to purchase NIAGEN® from ChromaDex and ChromaDex granted to Healthspan worldwide rights for resale of specific dietary supplements containing NIAGEN® in certain direct response channels. Pursuant to the terms of the Supply Agreement, in exchange for a 4% equity interest in Healthspan, ChromaDex agreed to initially supply NIAGEN® to Healthspan up to a certain amount, and in exchange for an additional 5% equity interest in Healthspan, ChromaDex would grant to Healthspan certain exclusive rights to resell NIAGEN®. In connection with the foregoing, also on August 28, 2015, ChromaDex and Healthspan entered into an interest purchase agreement and limited liability company agreement pursuant to which ChromaDex was issued 9% of the outstanding equity interests of Healthspan. During the year ended December 31, 2016, ChromaDex shipped NIAGEN® to Healthspan to satisfy part of its obligation to supply a certain amount of NIAGEN® in exchange for the 4% equity interest in Healthspan, which ChromaDex's cost was approximately $20,000.

In connection with the Acquisition, Mr. Fried received 339,595 unregistered shares of ChromaDex's common stock and, in cancellation of a loan owed by Healthspan to Mr. Fried, a cash payment of $32,500, and will receive an additional cash payment of $100,000 on March 12, 2018.

There are no arrangements or understandings between Mr. Fried and any other persons pursuant to which he was selected as ChromaDex Corporation's President and Chief Strategy Officer. There are also no family relationships between Mr. Fried and any of ChromaDex Corporation's directors or executive officers and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, other than the transactions listed above.

Cash Bonuses

On March 14, 2017, the Board approved 2016 incentive cash bonus payments to our executive officers. The bonus payments were based on an assessment of the achievement of corporate goals set out and approved by the Board of Directors in 2016. The 2016 cash bonuses approved for each of our named executive officers were as follows:

Name	2016 Cash Bonus

Frank L. Jaksch, Jr.	$122,562
Thomas Varvaro	$79,500
Troy Rhonemus	$46,706

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be contained in the Proxy Statement under the headings “Management and Corporate Governance,” and “Section 16(a) Beneficial Ownership Reporting Compliance,” and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item regarding executive compensation is incorporated by reference to the information set forth in the sections titled “Executive Compensation” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth in the section titled “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

The information required by Item 201(d) of Regulation S-K is incorporated by reference to the information set forth in the section titled “Executive Compensation” in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item regarding certain relationships and related transactions and director independence is incorporated by reference to the information set forth in the sections titled “Certain Relationships and Related Transactions” and “Management and Corporate Governance – Director Independence,” respectively, in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this item regarding principal accountant fees and services is incorporated by reference to the information set forth in the section titled “Audit Fees” in the Proxy Statement.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

Reference is made to Item 8 of this Form 10-K.

(a)(2) Financial Statement Schedules

All schedules have been omitted because they are not required or because the required information is given in the Financial Statements or Notes thereto set forth under Part II, Item 8 of this Form 10-K.

(a)(3) List of Exhibits

Reference is made to the Exhibit Index immediately following the signature page of this Form 10-K. The exhibits listed in the Exhibit Index are filed or incorporated by reference as part of this Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on the 16th day of March 2017.

CHROMADEX CORPORATION

By: /s/ FRANK L. JAKSCH JR.
Frank L. Jaksch Jr.
Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Frank L. Jaksch Jr. and Thomas C. Varvaro, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ FRANK L. JAKSCH JR. Frank L. Jaksch Jr.	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2017
/s/ THOMAS C. VARVARO Thomas C. Varvaro	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	March 16, 2017
/s/ ROBERT FRIED Robert Fried	President, Chief Strategy Officer and Director	March 16, 2017
/s/ STEPHEN ALLEN Stephen Allen	Chairman of the Board and Director	March 16, 2017
/s/ STEPHEN BLOCK Stephen Block	Director	March 16, 2017
/s/ JEFF BAXTER Jeff Baxter	Director	March 16, 2017
/s/ KURT GUSTAFSON	Director	March 16, 2017

Kurt Gustafson

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EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of May 21, 2008, among Cody, CDI Acquisition, Inc. and ChromaDex, Inc. as amended on June 10, 2008 (incorporated by reference from, and filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
3.1	Amended and Restated Certificate of Incorporation of ChromaDex Corporation, a Delaware corporation
3.2	Certificate of Amendment to the Certificate of Incorporation of ChromaDex Corporation, a Delaware corporation (incorporated by reference from, and filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on April 12, 2016)
3.3	Bylaws of ChromaDex Corporation, a Delaware corporation (incorporated by reference from, and filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
3.4	Amendment to Bylaws of ChromaDex Corporation, a Delaware corporation (incorporated by reference from, and filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on July 19, 2016)
4.1	Form of Stock Certificate representing shares of ChromaDex Corporation Common Stock (incorporated by reference from, and filed as Exhibit 4.1 of the Company's Annual Report on Form 10-K filed with the Commission on April 3, 2009)
4.2	Investor's Rights Agreement, effective as of December 31, 2005, by and between The University of Mississippi Research Foundation and ChromaDex (incorporated by reference from, and filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
4.3	Tag-Along Agreement effective as of December 31, 2005, by and among the Company, Frank Louis Jaksch, Snr. & Maria Jaksch, Trustees of the Jaksch Family Trust, Margery Germain, Lauren Germain, Emily Germain, Lucie Germain, Frank Louis Jaksch, Jr., and the University of Mississippi Research Foundation (incorporated by reference from, and filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
4.4	Form of Stock Certificate representing shares of ChromaDex Corporation Common Stock (New design effective as of January 1, 2016, incorporated as by reference from and filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K filed with the Commission on March 17, 2016)
10.1	ChromaDex, Inc. 2000 Non-Qualified Incentive Stock Option Plan effective October 1, 2000 (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)(1)+
10.2	Second Amended and Restated 2007 Equity Incentive Plan effective March 13, 2007, as amended May 20, 2010 (incorporated by reference from, and filed as Appendix B to the Company's Current Definitive Proxy Statement on Schedule 14A filed with the Commission on May 4, 2010)(1)+
10.3	Form of Stock Option Agreement under the ChromaDex, Inc. Second Amended and Restated 2007 Equity Incentive Plan (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)(1)+
10.4	Form of Restricted Stock Purchase Agreement under the ChromaDex, Inc. 2007 Equity Incentive Plan (incorporated by reference from, and filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)(1)+
10.5	Amended and Restated Employment Agreement dated April 19, 2010, by and between Frank L. Jaksch, Jr. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on April 22, 2010)(1)+
10.6	Amended and Restated Employment Agreement dated April 19, 2010, by and between Thomas C. Varvaro and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on April 22, 2010)(1)+

10.7	Standard Industrial/Commercial Multi-Tenant Lease – Net dated December 19, 2006, by and between ChromaDex, Inc. and SCIF Portfolio II, LLC (incorporated by reference from, and filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)

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10.8	First Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of July 18, 2008, between SCIF Portfolio II, LLC (“Lessor”) and ChromaDex, Inc. (“Lessee”) (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on July 23, 2008)
10.9	Second Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of May 7, 2013, between SCIF Portfolio II, LLC (“Lessor”) and ChromaDex, Inc. (“Lessee”) (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on May 7, 2013)
10.10	First Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of July 18, 2008, between SCIF Portfolio II, LLC (“Lessor”) and ChromaDex, Inc. (“Lessee”) (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on July 23, 2008)
10.11	Lease Agreement dated October 26, 2001, by and between Railhead Partners, LLC and NaPro BioTherapeutics, Inc., as assigned to ChromaDex Analytics, Inc. on April 9, 2003 and amended on September 24, 2003 (incorporated by reference from, and filed as Exhibit 10.8 to the Company’s Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.12	Second Addendum to Lease Agreement, made as of April 27, 2009, by and between Railhead Partners, LLC and ChromaDex Analytics, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on April 28, 2009)
10.13	Third Addendum to Lease Agreement, made as of February 29, 2016, by and between Railhead Partners, LLC and ChromaDex Analytics, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Commission on March 3, 2016)
10.14	Licensing Agreement Nutraceutical Standards effective as of December 31, 1999 between the University of Mississippi Research Foundation and ChromaDex (incorporated by reference from, and filed as Exhibit 10.9 to the Company’s Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.15	Equity Based License Agreement dated October 25, 2001, by and between the Company and Bayer Innovation, as amended as of October 30, 2003 (incorporated by reference from, and filed as Exhibit 10.10 to the Company’s Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.16	Stock Redemption Agreement, dated June 18, 2008 between ChromaDex, Inc. and Bayer Innovation GmbH (formerly named Bayer Innovation Beteiligungsgesellschaft mbH) (incorporated by reference from, and filed as Exhibit 10.13 to the Company’s Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.17	License Agreement, dated March 25, 2010 between the University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 18, 2010)*
10.18	First Amendment to License Agreement, made as of June 3, 2011 between the University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the Commission on August 11, 2011)*
10.19	Restated and Amended License Agreement, effective as of June 3, 2015 between the University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed with the Commission on August 13, 2015)*
10.20	License Agreement, dated July 5, 2011 between ChromaDex, Inc. and Cornell University (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the Commission on November 10, 2011)*
10.21	Exclusive License Agreement, dated September 8, 2011 between the Regents of the University of California and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed with the Commission on November 10, 2011)*
10.22	First Amendment to the License Agreement, effective as of September 5, 2014 between the Regents of the University of California and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the Commission on November 6, 2014)*
10.23	Second Amendment to the License Agreement, effective as of December 31, 2015, between the Regents of the University of California and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.8 to the

Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)*

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10.24	Exclusive License Agreement, dated July 13, 2012 between Dartmouth College and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)
10.25	Exclusive License Agreement, dated March 7, 2013 between Washington University and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)
10.26	Amendment #1 to Exclusive License Agreement, effective as of December 15, 2015, between Washington University and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)
10.27	Niagen Supply Agreement, dated July 9, 2013, by and between ChromaDex, Inc. and Thorne Research, Inc. (incorporated by reference from, and filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on July 12, 2013)
10.28	Addendum to the Nicotinamide Riboside Supply Agreement, dated July 24, 2015, by and between ChromaDex, Inc. and Thorne Research, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)*
10.29	Second Addendum to the Nicotinamide Riboside Supply Agreement, dated September 14, 2016, by and between ChromaDex, Inc. and Thorne Research, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)*
10.30	License Agreement, made as of August 1, 2013, between Green Molecular S.L., Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)
10.31	NIAGEN® Supply Agreement by and between ChromaDex, Inc. and 5Linx Enterprises, Inc. effective as of January 3, 2014 (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 8, 2014)*
10.32	Purenergy Supply Agreement by and between ChromaDex, Inc. and 5Linx Enterprises, Inc. effective as of January 3, 2014 (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 8, 2014)*
10.33	Addendum to NIAGEN® Supply Agreement, effective as of June 26, 2014, between 5Linx Enterprises, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 12, 2016)
10.34	First Amendment to NIAGEN® Supply Agreement, effective as of March 31, 2015, between 5Linx Enterprises, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 12, 2016)*
10.35	Second Amendment to NIAGEN® Supply Agreement, effective as of March 3, 2016, between 5Linx Enterprises, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 12, 2016)*
10.36	Employment Agreement by and between ChromaDex Corp. and Troy Rhonemus dated March 6, 2014 (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 10, 2014)+
10.37	Exclusive License Agreement, effective as of May 16, 2014 between Dartmouth College and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 12, 2014)*
10.38	First Amendment to Exclusive License Agreement, effective as of June 13, 2016, between Dartmouth College and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)*
10.39	Loan and Security Agreement by and between ChromaDex Corporation and Hercules Technology II, L.P., as Lender and Hercules Technology Growth Capital, Inc., as agent dated September 29, 2014 (incorporated by reference from, and filed as Exhibit 10.39 to the Company's Annual report on Form 10-K filed with the

Commission on March 19, 2015)

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10.40	Amendment No. 1 to Loan and Security Agreement by and between ChromaDex Corporation and Hercules Technology II, L.P., as Lender and Hercules Technology Growth Capital, Inc., as agent dated June 17, 2015 (incorporated by reference from and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 19, 2015)
10.41	License Agreement, effective as of October 15, 2014 between University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.40 to the Company's Annual report on Form 10-K filed with the Commission on March 19, 2015)*
10.42	First Amendment to Exclusive License Agreement, effective as of July 6, 2015, between University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.7 to the Company's Quarterly report on Form 10-Q filed with the Commission on November 10, 2016)
10.43	Exclusive License and Supply Agreement, effective as of May 12, 2015 between Suntava, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 13, 2015)*
10.44	Exclusive Supply Agreement, effective as of August 27, 2015 between Healthspan Research, LLC and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 12, 2015)*
10.45	Limited Liability Company Agreement, effective as of August 27, 2015 between Healthspan Research LLC and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 12, 2015)*
10.46	Interest Purchase Agreement, effective as of August 27, 2015 between Healthspan Research LLC and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 12, 2015)*
10.47	Take or Pay Purchase Agreement for nicotinamide riboside chloride, effective as of September 21, 2015, between W.R. Grace & Co. Conn. And ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 12, 2015)*
10.48	Supply Agreement, effective as of August 28, 2015 and First Addendum to Supply Agreement, effective as of September 30, 2015 between Nectar7 LLC and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 12, 2015)*
10.49	Second Addendum to Supply Agreement, effective as of January 28, 2016, between Nectar7 LLC and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2016)*
10.50	Form of Securities Purchase Agreement, dated as of November 4, 2015, between existing stockholders and ChromaDex Corporation. (incorporated by reference from and filed as Exhibit 10.01 to the Company's Current Report on Form 8-K filed with the Commission on November 5, 2015)
10.51	Form of Warrant under the Securities Purchase Agreement, dated as of November 4, 2015, between existing stockholders and ChromaDex Corporation (incorporated by reference from and filed as Exhibit 10.02 to the Company's Current Report on Form 8-K filed with the Commission on November 5, 2015)
10.52	Joint Development Agreement, effective as of October 30, 2015, between the Procter & Gamble Company and ChromaDex, Inc.*
10.53	Form of Securities Purchase Agreement, dated as of March 11, 2016, between an existing stockholder and ChromaDex Corporation (incorporated by reference from and filed as Exhibit 10.01 to the Company's Current Report on Form 8-K filed with the Commission on March 11, 2016)
10.54	Form of Warrant under the Securities Purchase Agreement, dated as of March 11, 2016, between an existing stockholder and ChromaDex Corporation (incorporated by reference from and filed as Exhibit 10.02 to the Company's Current Report on Form 8-K filed with the Commission on March 11, 2016)
10.55	Lease Agreement, made as of April 14, 2016, by and between Longmont Diagonal Investments LLC and ChromaDex Analytics, Inc. (incorporated by reference from and filed as Exhibit 10.1 to the Company's Current

Report on Form 8-K filed with the Commission on April 20, 2016)

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10.56	Supply Agreement, effective as of February 3, 2014, between Elysium Health, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 12, 2016)*
10.57	Supply Agreement, effective as of June 26, 2014, between Elysium Health, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 12, 2016)*
10.58	Amendment to Supply Agreement, effective as of February 19, 2016, between Elysium Health, Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 12, 2016)*
10.59	Form of Securities Purchase Agreement, dated as of June 3, 2016, between an existing stockholder and ChromaDex Corporation (incorporated by reference from and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 6, 2016)
10.60	Business Financing Agreement, dated as of November 4, 2016, between Western Alliance Bank and ChromaDex Corporation
10.61	First Business Financing Modification Agreement, dated as of February 16, 2017, between Western Alliance Bank and ChromaDex Corporation
10.62	Second Business Financing Modification Agreement, dated as of March 12, 2017, between Western Alliance Bank and ChromaDex Corporation
10.63	Form of Indemnity Agreement, between ChromaDex Corporation and each of its existing directors and executive officers. (incorporated by reference from and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 16, 2016)+
10.64	Amended and Restated Non-Employee Director Compensation Policy +
10.65	Executive Employment Agreement, dated as of March 12, 2017, between Robert Fried and ChromaDex Corporation +
21.1	Subsidiaries of ChromaDex Corporation
23.1	Consent of Marcum, LLP, Independent Registered Public Accounting Firm
31.1	Certification of the Chief Executive Officer pursuant to §240.13a-14 or §240.15d-14 of the Securities Exchange Act of 1934, as amended
31.2	Certification of the Chief Financial Officer pursuant to §240.13a-14 or §240.15d-14 of the Securities Exchange Act of 1934, as amended
32.1	Certification pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

Filed herewith.

(1)

Plan and related Forms were assumed by ChromaDex Corporation pursuant to Agreement and Plan of Merger, dated as of May 21, 2008, among ChromaDex Corporation (formerly Cody Resources, Inc.), CDI Acquisition, Inc. and ChromaDex, Inc.

+

Indicates management contract or compensatory plan or arrangement.

*

This Exhibit has been granted confidential treatment and has been filed separately with the Commission. The confidential portions of this Exhibit have been omitted and are marked by an asterisk.